

**CONDENSED INTERIM CONSOLIDATED FINANCIAL
STATEMENTS AS AT 30 JUNE 2023**
(Translation into English of the original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,461,355.84
COMPANY REGISTER OF MILAN MONZA-BRIANZA LODI AND TAX CODE 00607460201
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.
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CORPORATE BODIES

Honorary Chairman CARLO DE BENEDETTI

BOARD OF DIRECTORS

Chairman MONICA MONDARDINI (1)

Chief Executive Officer FRÉDÉRIC SIPAHI (1)

Directors PATRIZIA ARIENTI (3) - (4)
MAHA DAOUDI (3)
RODOLFO DE BENEDETTI
MAURO MELIS (2) - (3) - (4) - (5)
RAFFAELLA PALLAVICINI
MASSIMILIANO PICARDI (2) - (4)
CHRISTIAN STREIFF (2)

Secretary to the Board NICCOLO' MORESCHINI

BOARD OF STATUTORY AUDITORS

Chairman DANIELA DELFRATE

Acting Auditors RITA ROLLI
GIOVANNI BARBARA

Alternate Auditors LUCA DEL PICO
ANNA MARIA ALLIEVI
MARIA PIA MASPE

INDEPENDENT AUDITORS

KPMG S.p.A.

Disclosure under Consob Recommendation no. 97001574 of 20 February 1997:

- (1) Powers as per Corporate Governance.
- (2) Members of the Appointment and Remuneration Committee.
- (3) Members of the Control, Risk and Sustainability Committee.
- (4) Members of the Committee on Related Party Transactions.
- (5) Lead independent director

BOARD OF DIRECTORS' REPORT

ON OPERATIONS OF THE SOGEFI GROUP

FOR THE FIRST HALF YEAR 2023

THE AUTOMOTIVE MARKET IN THE FIRST HALF YEAR 2023

In the first half of 2023, global motor vehicle production grew by 11.2% compared to the same period of 2022, with an increase in all geographical areas.

Growth was particularly strong in Europe (+20.2%) and NAFTA (+12.2%) and significant in Mercosur (+9.7%), India (+6.5%) and China (+7%), where, after a negative first quarter 2023 (-4.7%), there was a sharp recovery in the second quarter (+20.3%).

For the whole 2023, S&P Global (IHS), a commonly used source in the industry, expects global production to grow by 5.3% compared to 2022, with increases in all major geographies. The reduction of the expected growth index for the whole year compared to that recorded in the first half of 2023 is due to the strong recovery in production in the second half of 2022.

KEY MANAGEMENT INFORMATION

The Group's consolidated revenues recorded double-digit growth compared to H1 2022 (+12.8% and +14% at constant exchange rates), reflecting the increase in production volumes (+9.4%) and sales prices (+4.2%).

The results were positive and significantly improved compared to the first half of 2022:

- EBITDA¹, amounting to Euro 111.1 million, increased by 11.3% compared to the first half of 2022, thanks to the growth in volumes and a quite stable contribution margin.
- EBIT, at Euro 54.8 million, grew by 35.6%, with an EBIT margin at 6.4% of sales, compared to 5.3% in H1 2022.
- Net result amounts to Euro 31.4 million (+ 51% compared to Euro 20.8 million in the first half of 2022).
- Free cash flow was positive at Euro 45.0 million (Euro 41.2 million in the first half of 2022).
- Net indebtedness (Pre-IFRS 16) as at 30 June 2023 was Euro 185.3 million, compared to Euro 216.4 million as at the end of June 2022.

Sales were positive with a significant component of E-mobility contracts (32% of the value of new contracts acquired in the first half-year) and significant new contracts also in China, India and the USA.

Filtration concluded important agreements in Europe for both the OEM (Original Equipment Manufacturer) and the IAM (Independent Automotive Aftermarket) channels: it was awarded contracts for the supply of filters for truck brake circuits and signed a 3-year exclusive agreement with a leading distributor of automotive

¹ EBITDA is calculated by adding "EBIT", the item "Depreciation and amortization" and the amount of writedowns/writeups of tangible and intangible assets posted in "Other non-operating expenses (income)" for Euro -0.4 million at 30 June 2023 (Euro 0.8 million in the corresponding period last year).

components in the Aftermarket channel. Development also continued in India, where the business unit is progressively gaining market shares.

Suspensions acquired new business in the Indian market, with local players, in particular entering into a contract for the supply of stabiliser bars for light commercial vehicles with an innovative player aspiring to become one of the leading E-mobility manufacturers in the Indian market. The division was also awarded several contracts in Europe, namely for the supply of stabiliser bars for high-end electric SUVs and coil springs for E-mobility platforms.

Air and Cooling continues its development in China, with the acquisition of a key order from BYD to supply air manifolds for a Plug-in-Hybrid platform and a contract to supply oil manifolds used in electric cars to lubricate the inside of the gearbox. These parts, traditionally produced in metal, are offered by Sogefi in plastic, allowing weight reduction and optimisation of design and cost. Contracts were also finalised in North America for the supply of thermal management products and in Europe for thermostat assemblies for E-mobility and intake manifolds. 47% of the value of new contracts entered into in 2023 by the Air & cooling division concerns parts for E-mobility platforms.

RESULTS FOR THE FIRST HALF YEAR 2023

Revenues for the first half of 2023 amounted to Euro 852.4 million, up 12.8% at current exchange rates or 14% at constant exchange rates, compared to the corresponding period of 2022.

Sales revenues by geographic area

	1st Half 2023	1st Half 2022	reported change 2023 vs 2022	constant exchange rates 2023 vs 2022	reference market production
(in millions of Euro)	<i>Amount</i>	<i>Amount</i>	%	%	%
Europe	513.3	450.3	14.0	14.4	20.2
North America	188.1	162.5	15.8	17.2	12.2
South America	52.7	49.9	5.6	3.9	9.7
India	53.5	48.5	10.3	17.7	6.5
China	49.0	47.9	2.3	8.2	7.0
Intercompany eliminations	(4.2)	(3.1)			
TOTAL	852.4	756.0	12.8	14.0	11.2

Revenues grew in all geographical areas: +14.0% in Europe, +15.8% in North America (+17.2% at constant exchange rates), +5.6% in South America (+3.9% at constant exchange rates, net of inflation in Argentina), +10.3% in India (+17.7% at constant exchange rates) and +2.3% in China (+8.2% at constant exchange rates).

Sogefi outperformed the market in North America, India and China.

Sales revenues by business sector

	1st Half 2023	1st Half 2022	reported change 2023 vs 2022	constant exchange rates 2023 vs 2022
(in millions of Euro)	<i>Amount</i>	<i>Amount</i>	%	%
Suspensions	310.1	268.8	15.4	15.7
Filtration	297.6	268.1	11.0	12.4
Air&Cooling	248.2	221.2	12.2	14.4
Intercompany eliminations	(3.5)	(2.1)		
TOTAL	852.4	756.0	12.8	14.0

Suspensions reported revenue growth of 15.4% (+15.7% at constant exchange rates).

Filtration reported revenue growth of 11.0% (+12.4% at constant exchange rates), with particularly significant increases in the Aftermarket channel in Europe (+13.6%), North America and India.

Air & Cooling reported revenue growth of 12.2% (+14.4% at constant exchange rates), with a significant growth rate particularly in North America (+18.5% at constant exchange rates).

Economic and financial indicators

Income Statement

(in millions of Euro)	Note(*)	1st half 2023		1st half 2022		Changes	
		<i>Amount</i>	%	<i>Amount</i>	%	<i>Amount</i>	%
Sales revenues		852.4	100.0	756.0	100.0	96.4	12.8
Variable cost of sales		612.8	71.9	543.7	71.9	69.1	12.7
CONTRIBUTION MARGIN		239.6	28.1	212.3	28.1	27.3	12.9
Fixed costs	(a)	121.7	14.3	112.3	14.9	9.4	8.5
Restructuring costs		3.0	0.3	4.1	0.5	(1.1)	(28.0)
Other expenses (income)	(b)	3.8	0.5	(3.9)	(0.5)	7.7	(195.5)
EBITDA	(c)	111.1	13.0	99.8	13.2	11.3	11.3
Depreciation and amortization	(d)	56.3	6.6	59.4	7.9	(3.1)	(5.2)
EBIT		54.8	6.4	40.4	5.3	14.4	35.6
PROFIT (LOSS) FROM OPERATING ACTIVITIES		33.0	3.8	21.1	2.7	11.9	56.3
Net income (loss) from discontinued operations, net of tax effects		-	-	-	-	-	-
NET RESULT INCLUDING THIRD PARTY		33.0	3.8	21.1	2.7	11.9	56.3
Loss (Income) attributable to non - controlling interests		(1.6)	(0.1)	(0.3)	-	(1.3)	414.7
GROUP NET RESULT		31.4	3.7	20.8	2.7	10.6	51.2

(*) The notes explaining the items in the table are given in detail in the appendix at the end of this report.

At Euro 111.1 million, **EBITDA** increased by 11.3% compared to the first half of 2022 (Euro 99.8 million).

The contribution margin increased by 12.9% compared to the first half of 2022, due to the increase in volumes and a stable margin (contribution margin/turnover ratio as a %) at 28.1% compared to 2022, despite the additional costs related to energy prices and inflation in general.

The ratio of fixed costs to revenue is down at 14.3%, from 14.9% of the first half of 2022.

Other expenses, which mainly include exchange rate differences, made a negative contribution of Euro 3.8 million to EBITDA, compared to a positive contribution of Euro 3.9 million in the first half of 2022.

EBIT amounted to Euro 54.8 million, up by 35.6% compared to Euro 40.4 million in the first half of 2022. The impact on revenue increased from 5.3% in H1 2022 to 6.4% in H1 2023.

Financial expenses amounted to Euro 11 million, up compared to the first half of 2022 (Euro 9.1 million) due to higher interest rates on the floating-rate loan component.

Tax expenses were basically steady at Euro 10.8 million (Euro 10.3 million in the same period of 2022).

The group recorded a **net profit** of Euro 31.4 million (Euro 20.8 million in the first half of 2022).

Free Cash Flow was positive in the amount of Euro 45.0 million (Euro 41.2 million in the first half of 2022), including the effect of increased use of factoring, taking into account the increase in revenue.

Cash flow

(in millions of Euro)	Note (*)	1st half 2023	1st half 2022	Year 2022
SELF-FINANCING	(e)	88.4	77.4	137.4
Change in net working capital		(1.8)	5.7	(11.9)
Other medium/long-term assets/liabilities	(f)	(1.3)	6.6	12.0
CASH FLOW GENERATED BY OPERATIONS		85.3	89.7	137.5
Net decrease from sales of fixed assets	(g)	2.7	0.2	6.9
TOTAL SOURCES		88.0	89.9	144.4
TOTAL APPLICATION OF FUNDS		41.4	44.0	109.5
Net financial position of subsidiaries purchased/sold during the period		0.1	-	-
Exchange differences on assets/liabilities and equity	(h)	(1.7)	(4.7)	(5.6)
FREE CASH FLOW		45.0	41.2	29.3
Dividends paid by subsidiaries to non-controlling interests		-	(2.1)	(2.1)
Change in fair value derivative instruments		(0.7)	3.3	5.5
CHANGES IN SHAREHOLDERS' EQUITY		(0.7)	1.2	3.4
Change in net financial position	(i)	44.3	42.4	32.7
Opening net financial position	(i)	(294.9)	(327.6)	(327.6)
CLOSING NET FINANCIAL POSITION	(i)	(250.6)	(285.2)	(294.9)

.(*) The notes explaining the items in the table are given in detail in the appendix at the end of this report.

As at 30 June 2023, **shareholders' equity**, excluding minority interests, amounted to Euro 258 million, compared to Euro 230.7 million as at 31 December 2022. The increase reflects the net result for the period, exchange losses from translation, the fair value of cash flow hedging instruments, and other changes.

Financial indicators

(in millions of Euro)	Note (*)	June 30, 2023		December 31, 2022		June 30, 2022	
		Amount	%	Amount	%	Amount	%
Short-term operating assets	(l)	386.4	-	334.4	-	344.9	-
Short-term operating liabilities	(m)	(449.7)	-	(392.3)	-	(418.8)	-
Net working capital		(63.3)	(12.1)	(57.9)	(10.7)	(73.9)	(13.9)
Equity investments	(n)	-	-	-	-	-	-
Intangible, tangible fixed assets and other medium and long-term assets	(o)	709.8	136.2	732.2	135.0	755.7	142.3
CAPITAL INVESTED		646.5	124.1	674.3	124.3	681.8	128.4
Deferred Taxes/Pension Funds /Provisions for risks	(p)	(64.6)	(12.3)	(67.5)	(12.4)	(85.0)	(16.0)
Other medium and long-term liabilities	(q)	(60.9)	(11.8)	(64.4)	(11.9)	(65.8)	(12.4)
NET CAPITAL INVESTED		521.0	100.0	542.4	100.0	531.0	100.0
Net financial indebtedness	(r)	250.6	48.1	294.9	54.4	285.2	53.7
Non - controlling interests		12.4	2.4	16.8	3.1	15.5	2.9
Consolidated equity of the Group		258.0	49.5	230.7	42.5	230.3	43.4
TOTAL		521.0	100.0	542.4	100.0	531.0	100.0

(*) The notes explaining the items in the table are given in detail in the appendix at the end of this report.

The **net financial indebtedness** before IFRS16 as at 30 June 2023 was Euro 185.3 million, compared to Euro 224.3 million at 31 December 2022 Euro 216.4 million at 30 June 2022. When financial payables for rights of use are included, in accordance with IFRS 16, net financial indebtedness at 30 June 2023 amounted to Euro 250.6 million, compared to Euro 294.9 million at 31 December 2022 and Euro 285.2 million at 30 June 2022.

Net financial position

(in millions of Euro)	June 30, 2023	December 31, 2022	June 30, 2022
Cash, banks, financial receivables and securities held for trading	143.2	124.6	154.2
Medium/long-term financial receivables	8.6	8.5	6.4
Short-term financial debts (*)	(82.4)	(84.7)	(75.0)
Medium/long-term financial debts	(320.0)	(343.3)	(370.8)
NET FINANCIAL POSITION	(250.6)	(294.9)	(285.2)

(*) including current portions of medium and long-term financial debts

As at 30 June 2023, the Group had committed credit lines in excess of requirements of Euro 284 million.

As at 30 June 2023, the Sogefi Group's **workforce** was 5,473, compared to 5,384 as at 31 December 2022 and 5,484 at 30 June 2022.

Employees

	June 30, 2023		December 31, 2022		June 30, 2022	
	Number	%	Number	%	Number	%
Suspensions	2,185	39.9	2,156	40.0	2,248	41.0
Filtration	2,012	36.8	1,954	36.3	1,994	36.4
Air&Cooling	1,214	22.2	1,218	22.6	1,185	21.6
Others	62	1.1	56	1.1	57	1.0
TOTAL	5,473	100.0	5,384	100.0	5,484	100.0

PERFORMANCE BY BUSINESS DIVISION

Filtration

In the first half of 2023, the business unit achieved revenues of Euro 297.6 million, up 11.0% (+12.4% at constant exchange rates) compared to the same period of 2022, with a positive trend in all geographical areas.

The contribution margin increased by 19.9% compared to the first half of 2022, reflecting the increase in business and margins (contribution margin/turnover ratio as a %) at 31.9%, compared to 29.5% in the same period of 2022, due to the good performance of the aftermarket channel and repricing.

EBITDA amounted to Euro 53.7 million, compared to Euro 39.9 million in the first half of 2022, and the EBITDA margin increased to 18.0%, from 14.9% in the same period of 2022.

EBIT was positive at Euro 38.8 million, Euro 24.4 million in the first half of 2022, with operating profitability increasing to 13.0% compared to 9.1% in the same period last year.

The business unit had 2,012 employees as at 30 June 2023 (1,954 as at 31 December 2022 and 1,994 as at 30 June 2022).

Suspensions

In 2023, the business unit reported revenues of Euro 310.1 million, up by 15.4% (15.7% at constant exchange rates) thanks to the increase in volumes and the adjustment of sales prices.

The contribution margin increased by 14.2% compared to H1 2022, with the contribution margin/turnover ratio % substantially in line with H1 2022.

The EBITDA amounted to Euro 17.1 million, compared to Euro 15.0 million in the first half of 2022, with an EBITDA margin basically steady at 5.5%.

EBIT was at Euro -1.3 million compared to Euro -4.0 million in the same period of 2022. The margin recovery trend underway in Europe, the reduction in energy costs and the structural measures underway should allow a progressive improvement in profitability.

The business unit had 2,185 employees as at 30 June 2023 (2,156 as at 31 December 2022 and 2,248 as at 30 June 2022).

Air & Cooling

In the first half of 2023, the business unit achieved revenues of Euro 248.2 million, up 12.2% (+14.4% at constant exchange rates) thanks to the very strong development in NAFTA.

The contribution margin increased by 2.4% compared to H1 2022, with the contribution margin/turnover ratio % declining from 30.4% to 27.7%, reflecting a different product mix.

The EBITDA amounted to Euro 41.3 million (Euro 39.9 million in the first half of 2022), with an EBITDA margin of 16.7% (18.0% in the first half of 2022).

EBIT amounted to Euro 20.6 million, up compared to Euro 17.9 million in the same period of the previous year.

The business unit had 1,214 employees as at 30 June 2023 (1,218 as at 31 December 2022 and 1,185 as at 30 June 2022).

PERFORMANCE IN THE SECOND QUARTER OF 2023

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

(in millions of Euro)	Note(*)	Q2 2023		Q2 2022		Changes	
		Amount	%	Amount	%	Amount	%
Sales revenues		420.9	100.0	374.9	100.0	46.0	12.3
Variable cost of sales		300.1	71.3	269.4	71.9	30.7	11.4
CONTRIBUTION MARGIN		120.8	28.7	105.5	28.1	15.3	14.5
Fixed costs	(a)	60.2	14.4	56.5	15.1	3.7	6.6
Restructuring costs		2.2	0.5	2.2	0.6	-	(0.5)
Other expenses (income)	(b)	1.0	0.2	(3.0)	(0.8)	4.0	(135.8)
EBITDA	(c)	57.4	13.6	49.8	13.3	7.6	15.4
Depreciation and amortization	(d)	28.2	6.7	30.5	8.2	(2.3)	(7.6)
EBIT		29.2	6.9	19.3	5.1	9.9	51.2
PROFIT (LOSS) FROM OPERATING ACTIVITIES		18.9	4.5	10.2	2.8	8.7	85.3
Net income (loss) from discontinued operations, net of tax effects		-	-	-	-	-	-
NET RESULT INCLUDING THIRD PARTY		18.9	4.5	10.2	2.8	8.7	85.3
Loss (Income) attributable to non - controlling interests		(0.7)	(0.2)	(0.2)	(0.1)	(0.5)	297.3
GROUP NET RESULT		18.2	4.3	10.0	2.7	8.2	81.3

(*) The notes explaining the items in the table are given in detail in the appendix at the end of this report.

In the second quarter of 2023, the Sogefi Group recorded **revenues** of Euro 420.9 million with a growth of 12.3% (+15.0% at constant exchange rates) in line with the market trend (+15.5%). Revenue growth, at constant exchange rates, was positive in all geographical areas, with the exception of South America, which was stable compared to the same period in 2022. Among the business units, Air and Cooling recorded the highest growth at constant exchange rates (+18.3%).

EBITDA amounted to Euro 57.4 million compared to Euro 49.8 million in Q2 2022, reflecting the improvement of the contribution margin/turnover ratio % from 28.1% in the same period of 2022 to 28.7% in Q2 2023.

EBIT was positive at Euro 29.2 million (compared to Euro 19.3 million in the second quarter of 2022).

The **consolidated net result** in the second quarter 2023 was at Euro 18.2 million compared with Euro 10.0 million in the same period of the previous year.

INVESTMENTS AND RESEARCH & DEVELOPMENT ACTIVITIES

Investments in the first half of 2023 amounted to Euro 41.4 million (Euro 44 million in the first half of last year), of which Euro 15.6 million for new products, Euro 3.2 million for the ramp-up of the new Suspensions factory in Romania, and Euro 2.2 million for the acquisition of the 51% stake in the company ATN Molds and Parts S.A.S., a company specialising in the development and production of tooling with a high technical focus.

The table below provides details of the investments.

(in millions of Euro)	June 30, 2023	December 31, 2022	June 30, 2022
Increase in intangible assets	7.8	9.4	18.1
Purchase of tangible assets	18.0	17.5	49.2
Purchase of Tooling	12.1	14.8	31.4
Increase in intangible assets for right of use	1.3	2.3	10.8
Purchase of equity investments	2.2	-	-
TOTAL INVESTMENTS	41.4	44.0	109.5

IMPACTS OF THE MACROECONOMIC ENVIRONMENT, THE COVID-19, THE RUSSIA-UKRAINE CONFLICT AND THE CLIMATE CHANGE ON OPERATIONS

Impact of the macroeconomic environment on operations

With reference to the macroeconomic context, in the first half of 2023, the trend of the economies of the main geographical areas in which Sogefi operates was positive, and global car production increased by 11.2%, with significant progress in all geographical areas. The impact on business was positive with double-digit growth in Group sales.

Energy and commodity prices, after a strong upward trend since 2021, are decreasing in the second half of 2022, but remain high and volatile. Against this backdrop, the Group closely monitors production costs and maintains a constant dialogue with suppliers and customers to safeguard its margins.

High inflation led to a higher increase in personnel costs than in previous years, and the rise in interest rates affected financial expenses, albeit with an impact mitigated by the fixed-rate loan component.

Impacts of the Russia-Ukraine conflict on operations

The direct impact of the Russia-Ukraine conflict on operations was not significant. In fact, Sogefi had a business in Russia and exported to Ukraine and Belarus, with insignificant total revenues (0.7% of Group revenues in 2021). These operations have been discontinued as of March 2022 and the Russian subsidiary is being liquidated. As a result, in 2022 Sogefi recorded impairment losses on assets held in Russia of Euro 0.8 million and an insignificant loss of revenue and no further impact is expected in 2023.

Sogefi, like the entire automotive sector, suffered the indirect impacts of the war, and in particular the increase in energy and raw material prices as well as the difficulties in procurement for some of them. These critical issues were partially alleviated in the final part of the financial year 2022 and in the early months of 2023.

Impact of Covid-19 pandemic on operations

During 2023, the health emergency was eased so that its impact on business also decreased; no industrial and commercial activities were suspended.

Climate change and transition risks

Please refer to the Annual Financial Statements as at 31 December 2022 for an analysis of impacts related to climate change and transition risks.

MANAGEMENT OF THE MAIN BUSINESS RISKS

The main risks to which the Sogefi Group is exposed are related to the business in which the Group operates and are substantially in line with 2022.

These risks, shared with the other players in the automotive sector, include the technological innovation and project management risks associated with the current transition to e-mobility of the industry.

In this context of technological evolution and uncertainty linked to macroeconomic developments, volatility of raw material prices and trends in inflation and interest rates, the Sogefi Group, in order to preserve its profitability, has set up a constant dialogue with its customers and suppliers, with the aim of promptly anticipating new market needs.

TREASURY SHARES

As of 30 June 2023, the Parent Company held 1,809,645 treasury shares in its portfolio, equal to 1.5066% of the share capital at an average unit price of Euro 2.28. In the first half of 2023, treasury shares in portfolio decreased following the allocation to beneficiaries of the Company's stock-based incentive plans. No treasury shares were purchased during the first half of 2023.

RELATED PARTY TRANSACTIONS

The Company's Board of Directors has established a Related Party Transactions Committee and adopted the Procedure for Related Party Transactions (the "Procedure"), which establishes the principles of conduct and the rules adopted by Sogefi S.p.A. to ensure the transparency and substantive and procedural fairness of transactions with its related parties carried out by the Company directly or through its subsidiaries. The Procedure was last updated on 28 June 2021, subject to the favourable opinion of the Committee for Related Party Transactions, in order to incorporate the changes introduced by Consob Regulation no. 21624 of 10 December 2020 and has been in force since 1 July 2021.

The Procedure can be found on the Company's website at www.sogefigroup.com, under "Shareholders - *Corporate Governance*".

We point out that no transactions have been carried out with related parties or with entities or individuals other than related parties that, according to the definition used by Consob, are atypical or unusual, do not relate to the normal business activity or have a significant impact on the Group's results, balance and financial position.

Information on the most important economic transactions and balances with related parties is provided in the explanatory and supplementary notes to the consolidated financial statements, in the section entitled "Related Party Transactions".

Dealings between Group companies are conducted at arm's length, taking into account the quality and type of services rendered.

In accordance with Art. 2497 bis of Italian Civil Code, we point out that Sogefi S.p.A. is subject to policy guidance and coordination by its parent company CIR S.p.A.

DISCLOSURES PURSUANT TO ART. 70 AND 71 OF CONSOB RULES FOR ISSUERS

Under a resolution of the Board of Directors of 23 October 2012, the Company adopted the simplified procedure provided for by art. 70, paragraph 8 and art. 71, paragraph 1-bis of Consob Regulation issued under Consob Resolution no. 11971 of 14 May 1999 as amended, and made use of the exemption from the obligation to publish the information documents required for significant transactions consisting in mergers, spin-offs, capital increases by means of the conferral of assets in kind, takeovers and transfers.

SIGNIFICANT SUBSEQUENT EVENTS AFTER 30 JUNE 2023

No significant events occurred after 30 June 2023 that could have had an impact on the income statement, balance sheet and financial data presented.

OUTLOOK FOR OPERATIONS

The visibility of the automotive market performance in 2023 remains reduced due to uncertainties related to macroeconomic developments, in a context of still high inflation and still rising interest rates.

For 2023, S&P Global (IHS) expects a world car production growth of 5.3% compared to 2022, with Europe at +11.8%, NAFTA at +8.2%, India at +7.2% and South America and China basically steady.

As far as commodities and energy are concerned, the price trend in early 2023 was downward, but prices remain high and characterised by high volatility.

In the absence of any deterioration in the macroeconomic scenario compared to the current one, the Sogefi Group for 2023 expects mid single-digit revenue growth, in line with automotive market forecasts, and an operating result, excluding non-recurring charges, higher than that recorded in 2022.

Milan, 24 July 2023

FOR THE BOARD OF
DIRECTORS
The Chief Executive
Officer
Frédéric Sipahi

ANNEX: NOTES RECONCILING THE FINANCIAL STATEMENTS SHOWN IN THE REPORT ON OPERATIONS AND THE FINANCIAL STATEMENTS CONTAINED IN THE NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IAS/IFRS

Notes relating to the Condensed Interim Consolidated Financial Statements

- 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” of the Consolidated Income Statement;
- 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 of the Consolidated Income Statement;
- 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)” of the Consolidated Income Statement;
- 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)” of the Consolidated Income Statement;
- e) the heading agrees with the sum of the line items “Net result”, “Non-controlling interests”, “Depreciation, amortization and writedowns”, “Accrued costs for stock-based incentive plans”, “Provisions for risks and restructuring” and “Post-retirement and other employee benefits” in the Consolidated Cash Flow Statement with the exception of the financial component relating to pension funds and the deferred taxes included in the item “Income taxes”;
- f) the heading is included in line item “Other medium/long-term assets/liabilities” in the Consolidated Cash Flow Statement;
- g) the heading agrees with the sum of the line items “Losses/(gains) on disposal of fixed assets and non-current assets held for sale”, “Cash receipts from the sale of property, plant and equipment and disposal of non-current assets held for sale” and “Cash receipts from the sale of intangible assets” in the Consolidated Cash Flow Statement;
- h) the heading agrees with the line items “Exchange differences” in the Consolidated Cash Flow Statement, excluding exchange differences on medium/long-term financial receivables and payables;
- i) these headings differ from those shown in the Consolidated Cash Flow Statement as they refer to the total net financial position and not just to cash and cash equivalents;
- l) the heading agrees with the sum of the line items “Inventories”, “Trade receivables”, “Other receivables”, “Current tax assets”, “Other assets” and “Assets held for sale” in the Consolidated Statement Of Financial Position;
- m) the heading agrees with the sum of the line items “Trade and other payables”, “Current tax liabilities”, “Other current liabilities” and “Liabilities directly related to assets held for sale” in the Consolidated Statement Of Financial Position;
- n) the item corresponds to the line “Other financial assets held for sale” included in the line “Other financial assets - non-current” in the Consolidated Statement of Financial Position;
- o) the heading agrees with the sum of the line items “Land”, “Property, plant and equipment”, “Other tangible fixed assets”, “Rights of use”, “Intangible assets”, “Other receivables” and “Deferred tax assets” in the Consolidated Statement Of Financial Position;
- p) the heading agrees with the sum of the line items “Current provisions”, “Non-current provisions” and “Deferred tax liabilities” in the Consolidated Statement of Financial Position;
- q) the heading agrees with the line item “Other payables” in the Consolidated Statement Of Financial Position;
- r) the heading agrees with the sum of the line items “Cash and cash equivalents”, “Other financial assets – current”, “Other financial assets – non-current” (excluded the line “Other financial assets available for sale”), “Bank overdrafts and short-term loans”, “Current portion of medium/long-term financial debts and other loans”, “Current financial payables for rights of use”, “Other short-term liabilities for derivative financial instruments”, “Non-current bank liabilities”, “Non-current portion of medium/long-term financial debts and other loans”, “Medium/long-term financial payables for rights of use” and “Other medium/long-term liabilities for derivative financial instruments” in the Consolidated Statement Of Financial Position.

DEFINITION OF THE PERFORMANCE INDICATORS

In accordance with recommendation CESR/05-178b published on 3 November 2005 and subsequent new ESMA guideline no. 1095/2010/EU of 15 October 2015, the criteria used for constructing the main performance indicators deemed by the management to be useful for the purpose of monitoring Group performance are provided below.

EBITDA: EBITDA is calculated as the sum of “EBIT”, “Depreciation and Amortization” and the impairment losses of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)”.

“Other non-operating expenses (income)” include amounts that do not relate to ordinary business activities such as:

- writedowns of tangible and intangible fixed assets
- imputed cost of stock grant plans
- accruals to provisions for legal disputes with employees and third parties
- product warranty costs
- strategic consulting services

Normalised EBITDA (used to calculate covenants): it is calculated by summing “EBITDA” and the following expenses and revenues arising from non-ordinary operations: “Restructuring costs” and “Losses (gains) on disposal”.

“Restructuring costs” include voluntary redundancy incentives for all employee categories (managers, clerical staff, blue collar workers) and costs relating to the shutdown of a plant or the discontinuation of individual business lines (personnel costs and related costs associated with shutdown).

“Losses (gains) on disposal” include the difference between the net book value of sold assets and selling price.

“Net financial indebtedness” is calculated by adding up the following items from the Statement Of Financial Position: “Cash and cash equivalents”, “Other financial assets – current”, “Other financial assets - non-current” (excluding the amount of “Other financial assets held for sale”), “Financial receivables – non-current”, “Bank overdrafts and short-term loans”, “Current portion of medium/long-term financial debts and other loans”, “Current financial payables for rights of use”, “Other short-term liabilities for derivative financial instruments”, “Non-current bank liabilities”, “Non-current portion of medium/long-term financial debts and other loans”, “Medium/long-term financial payables for rights of use”, “Other medium/long-term liabilities for derivative financial instruments”.

Please note that at 30 June 2023 there are no non-recurring charges as defined by Consob in its communication no. DEM/6064293 of 28 July 2006.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2023 OF THE SOGEFI GROUP

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)

ASSETS	<i>Note</i>	<i>June 30, 2023</i>	<i>December 31, 2022</i>
CURRENT ASSETS			
Cash and cash equivalents	4	140,288	118,488
Other financial assets	5	2,913	6,104
Inventories	6	140,711	129,725
Trade receivables	7	198,013	161,223
Other receivables	7	12,676	11,332
Tax receivables	7	28,078	29,038
Other assets	7	6,930	3,107
ASSETS HELD FOR SALE	<i>14</i>	-	-
TOTAL CURRENT ASSETS		529,609	459,017
NON-CURRENT ASSETS			
Land	8	9,777	9,746
Property, plant and equipment	8	356,387	367,821
Other tangible fixed assets	8	6,335	6,253
Right of use	8	60,029	65,830
Intangible assets	9	214,229	218,231
Investments in joint ventures	10	-	-
Other financial assets	11	3,822	2,999
Financial receivables	12	4,848	5,592
Other receivables	12	33,293	32,493
Deferred tax assets	13	29,711	31,806
TOTAL NON-CURRENT ASSETS		718,431	740,771
TOTAL ASSETS		1,248,040	1,199,788

The “Explanatory and supplementary notes to the consolidated financial statements” are an integral part of these condensed interim consolidated financial statements.

LIABILITIES	Note	June 30, 2023	December 31, 2022
CURRENT LIABILITIES			
Bank overdrafts and short-term loans	15	1,604	1,894
Current portion of medium/long-term financial debts and other loans	15	67,342	69,102
Short-term financial debts for right of use	15	13,441	13,677
Other short-term liabilities for derivative financial instruments	15	18	17
Trade and other payables	16	397,202	347,564
Tax payables	16	6,476	4,688
Other current liabilities	17	46,040	40,095
Current provisions	18	9,535	10,146
LIABILITIES RELATED TO ASSETS HELD FOR SALE	14	-	-
TOTAL CURRENT LIABILITIES		541,658	487,183
NON-CURRENT LIABILITIES			
Financial debts to bank	15	214,067	233,423
Non current portion of medium/long term financial debts and other loans	15	54,105	52,349
Medium/long-term financial debts for right of use	15	51,821	57,543
Other medium/long-term financial liabilities for derivative financial instruments	15	-	-
Non-current provisions	18	32,799	33,708
Other payables	18	60,930	64,363
Deferred tax liabilities	13	22,239	23,731
TOTAL NON-CURRENT LIABILITIES		435,961	465,117
SHAREHOLDERS' EQUITY			
Share capital	19	62,461	62,461
Reserves and retained earnings (accumulated losses)	19	164,121	138,643
Group net result for the period	19	31,381	29,562
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY		257,963	230,666
Non-controlling interests	19	12,458	16,822
TOTAL SHAREHOLDERS' EQUITY		270,421	247,488
TOTAL LIABILITIES AND EQUITY		1,248,040	1,199,788

The “Explanatory and supplementary notes to the consolidated financial statements” are an integral part of these condensed interim consolidated financial statements.

CONSOLIDATED INCOME STATEMENT
(in thousands of Euro)

	Note	1st half 2023		1st half 2022	
		Amount	%	Amount	%
Sales revenues	21	852,449	100.0	756,013	100.0
Variable cost of sales	23	612,825	71.9	543,746	71.9
CONTRIBUTION MARGIN		239,624	28.1	212,267	28.1
Manufacturing and R&D overheads	24	66,721	7.8	60,944	8.1
Depreciation and amortization	25	56,671	6.7	58,612	7.8
Distribution and sales fixed expenses	26	16,116	1.9	15,898	2.1
Administrative and general expenses	27	38,939	4.6	35,389	4.7
Restructuring costs	29	2,974	0.3	4,132	0.5
Losses (gains) on disposal	30	(71)	-	(7)	-
Exchange (gains) losses	31	1,990	0.2	(3,878)	(0.5)
Other non-operating expenses (income)	32	1,452	0.2	738	0.1
EBIT		54,832	6.4	40,439	5.3
Financial expenses	33	14,840	1.7	10,788	1.4
Financial (income)	33	(3,778)	(0.4)	(1,663)	(0.2)
Losses (gains) from equity investments	34	-	-	-	-
RESULT BEFORE TAXES		43,770	5.1	31,314	4.1
Income taxes	35	10,825	1.3	10,250	1.4
NET INCOME (LOSS) OF OPERATING ACTIVITIES		32,945	3.8	21,064	2.7
Net income (loss) from discontinued operations, net of tax effects		-	-	-	-
NET RESULT INCLUDING THIRD PARTY		32,945	3.8	21,064	2.7
Loss (Income) attributable to non-controlling interests		(1,564)	(0.1)	(304)	-
GROUP NET RESULT		31,381	3.7	20,760	2.7
Earnings per share (EPS) (Euro):	37				
Basic		0.265		0.176	
Diluted		0.265		0.176	

The “Explanatory and supplementary notes to the consolidated financial statements” are an integral part of these condensed interim consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
(in thousands of Euro)

	<i>Note</i>	<i>1st half 2023</i>	<i>1st half 2022</i>
Net result before non-controlling interests		32,945	21,064
<i>Other Comprehensive Income:</i>			
<i>Items that will not be reclassified to profit or loss</i>			
- Actuarial gain (loss)	19	798	11,290
- Tax on items that will not be reclassified to profit or loss	19	(163)	(2,291)
<i>Total items that will not be reclassified to profit or loss</i>		635	8,999
<i>Items that may be reclassified to profit or loss</i>			
- Profit (loss) booked to cash flow hedging reserve	19	(435)	3,637
- Tax on items that may be reclassified to profit or loss	19	104	(873)
- Profit (loss) booked to translation reserve	19	(7,712)	6,529
<i>Total items that may be reclassified to profit or loss</i>		(8,043)	9,293
<i>Other Comprehensive Income</i>		(7,408)	18,292
Total comprehensive result for the period		25,537	39,356
Attributable to:			
- Shareholders of the Holding Company		23,982	39,038
- Non-controlling interests		1,555	318

The “Explanatory and supplementary notes to the consolidated financial statements” are an integral part of these condensed interim consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
(in thousands of Euro)

	<i>1st half 2023</i>	<i>1st half 2022</i>
Cash flows from operating activities		
Net result	31,381	20,760
Adjustments:		
- non-controlling interests	1,564	304
- depreciation, amortization and writedowns	56,258	59,385
- expenses recognised for share-based incentive plans	253	94
- exchange rate differences on private placement	-	1,311
- provision in income statement of fair value derivatives in cash flow hedge	-	(1,311)
- losses/(gains) on disposal of fixed assets and non-current assets held for sale	(71)	(7)
- provisions for risks, restructuring and deferred taxes	(982)	(2,606)
- post-retirement and other employee benefits	(1,086)	(1,858)
- net financial expenses	11,062	9,125
- income taxes	10,825	10,250
- change in net working capital	(6,599)	5,182
- other medium/long-term assets/liabilities	(891)	5,383
CASH FLOWS FROM OPERATING ACTIVITIES	101,714	106,012
Interests paid	(11,627)	(7,109)
Income tax paid	(6,284)	(8,667)
NET CASH FLOWS FROM OPERATING ACTIVITIES	83,803	90,236
INVESTING ACTIVITIES		
Interest received	3,785	1,570
Net financial position of entities acquired/sold during the period	1,131	-
Price paid for business combination	(1,300)	-
Purchase of property, plant and equipment	(30,131)	(32,288)
Purchase of intangible assets	(7,748)	(9,365)
Net change in other securities	146	-
Sale of property, plant, equipment and businesses held for sale	2,757	208
Sale of intangible assets	-	-
Dividends collected	-	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(31,360)	(39,875)
FINANCING ACTIVITIES		
Capital increase in subsidiaries from third parties	-	-
Net change in capital	-	-
Dividends paid to Holding Company shareholders and non-controlling interests	(3)	(2,067)
New (repayment of) bonds	(15,403)	(14,505)
New (repayment of) long-term loans	(4,998)	5,484
New (repayment of) finance leases	-	-
New (repayment of) leases	(8,529)	(7,037)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(28,932)	(18,125)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	23,511	32,236
Balance at the beginning of the period	116,594	118,929
(Decrease) increase in cash and cash equivalents	23,511	32,236
Exchange differences	(1,421)	(2,392)
BALANCE AT THE END OF THE PERIOD	138,684	148,773

Note: this table shows the elements that bring about the change in cash and cash equivalents, as expressly required by IAS 7. The cash flow statement included in the Report of the board of directors on operations shows the various operational components of cash flow, thereby explaining all of the changes in the overall net financial position.

The “Explanatory and supplementary notes to the consolidated financial statements” are an integral part of these condensed interim consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (in thousands of Euro)

	Attributable to the shareholders of the parent company											Total				
	Share capital	Share premium reserve	Reserve for treasury shares	Treasury shares	Legal reserve	Stock-based incentive plans revenue	Translation reserve	Cash flow hedging reserve	Actuarial gain (loss) reserve	Tax on items booked in Other Comprehensive Income	Other reserves		Retained earnings	Net result for the period	Total	
<i>Balance at December 31, 2021</i>	62,461	19,289	4,600	(4,600)	12,640	813	(45,765)	(933)	(36,952)	12,933	12,201	149,049	1,951	187,687	17,297	204,984
Paid share capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of 2021 net profit:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	1,951	(1,951)	-	(2,067)	(2,067)
Recognition of share-based incentive plans	-	92	(92)	-	-	94	-	-	-	-	-	-	-	94	-	94
Other changes	-	-	-	-	-	(82)	-	-	-	-	-	3,476	-	3,486	(8)	3,478
<i>Comprehensive result for the period</i>	-	-	-	-	-	-	-	3,637	-	-	-	-	-	3,637	-	3,637
Fair value cash flow hedging instruments	-	-	-	-	-	-	-	11,290	-	-	-	-	-	11,290	-	11,290
Actuarial gain (loss)	-	-	-	-	-	-	-	-	-	(3,164)	-	-	-	(3,164)	-	(3,164)
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	6,515	-	-	-	-	-	-	6,515	14	6,529
Currency translation differences	-	-	-	-	-	-	6,515	3,637	11,290	(3,164)	-	-	20,760	20,760	304	21,064
Net result for the period	-	-	-	-	-	-	(59,250)	2,704	(25,662)	9,769	12,201	154,476	20,760	230,305	318	39,356
<i>Total comprehensive result for the period</i>	-	-	-	-	-	825	(51,369)	5,267	(27,364)	9,661	12,201	157,184	29,562	230,606	16,822	247,488
<i>Balance at June 30, 2022</i>	62,461	19,381	4,508	(4,508)	12,640	825	(59,250)	2,704	(25,662)	9,769	12,201	154,476	20,760	230,305	15,540	245,845
<i>Balance at December 31, 2022</i>	62,461	19,445	4,444	(4,444)	12,640	978	(51,369)	5,267	(27,364)	9,661	12,201	157,184	29,562	230,606	16,822	247,488
Paid share capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of 2022 net profit:	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	29,562	(29,562)	-	(6,303)	(6,303)
Recognition of share-based incentive plans	-	309	(309)	-	-	253	-	-	-	-	-	-	-	253	-	253
Other changes	-	-	-	-	-	(141)	-	-	-	-	-	2,894	-	3,062	384	3,446
<i>Comprehensive result for the period</i>	-	-	-	-	-	-	-	(435)	-	-	-	-	-	(435)	-	(435)
Fair value cash flow hedging instruments	-	-	-	-	-	-	-	798	-	-	-	-	-	798	-	798
Actuarial gain (loss)	-	-	-	-	-	-	-	-	-	(59)	-	-	-	(59)	-	(59)
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	(7,703)	-	-	-	-	-	-	(7,703)	(9)	(7,712)
Currency translation differences	-	-	-	-	-	-	-	-	-	-	-	-	31,381	31,381	1,564	32,945
Net result for the period	-	-	-	-	-	-	(7,703)	(435)	798	(59)	-	-	31,381	23,982	1,555	25,537
<i>Total comprehensive result for the period</i>	-	-	-	-	-	1,090	(59,072)	4,832	(26,566)	9,602	12,201	189,640	31,381	257,963	12,458	270,421
<i>Balance at June 30, 2023</i>	62,461	19,754	4,135	(4,135)	12,640	1,090	(59,072)	4,832	(26,566)	9,602	12,201	189,640	31,381	257,963	12,458	270,421

The “Explanatory and supplementary notes to the consolidated financial statements” are an integral part of these condensed interim consolidated financial statements.

EXPLANATORY AND SUPPLEMENTARY NOTES TO THE CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS: CONTENTS

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A) GENERAL ASPECTS

1. CONTENT AND FORMAT OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Condensed Interim Consolidated Financial Statements for the period 1 January - 30 June 2023 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and adopted by the European Union and have been prepared according to IAS 34 – “Interim Financial Reporting”, applying the same accounting policies used in the preparation of the Consolidated Financial Statements at 31 December 2022 except as provided by note no. 2 “Consolidation principles and accounting policies”. “IFRS” also means the International Accounting Standards (“IAS”) currently in force, as well as all of the interpretation documents issued by the International Financial Reporting Standards Interpretations Committee (“IFRS IC”, formerly “IFRIC”) previously called the Standing Interpretations Committee (“SIC”). To this end, the figures of the financial statements of the consolidated subsidiaries have been appropriately reclassified and adjusted.

As a partial exception to IAS 34 provisions, these condensed interim consolidated financial statements provide detailed as opposed to condensed statements in order to provide a better and clearer overview of the changes that have taken place in the Company’s assets and liabilities, financial position and results during the half-year. They also contain the disclosures required by IAS 34 with the explanatory and supplementary information considered useful for a clearer understanding of these condensed interim consolidated financial statements.

The condensed interim consolidated financial statements as at 30 June 2023 should be read in conjunction with the annual financial statements as at 31 December 2022.

With reference to IAS 1, the Board Directors confirm that, considering the economic forecasts, the capitalisation and the financial position of the Group, the same operates as a going concern.

The condensed interim consolidated financial statements as at 30 June 2023 were approved by the Board of Directors on 24 July 2023.

1.1 Format of the consolidated financial statements

The financial statements as at 30 June 2023 are consistent with those used for the annual report as at 31 December 2022.

The Income Statement also provides the following intermediate results in order to give a clearer understanding of the typical results of normal manufacturing activities, the financial side of the business and the impact of taxation:

- Contribution margin;
- EBIT (earnings before interest and tax);
- Result before taxes;
- Profit (loss) from operations;
- Net result before non-controlling interests;
- Profit (loss) of the Group.

1.2 Content of the condensed interim consolidated financial statements

The condensed interim consolidated financial statements for the six-month period ending 30 June 2023 include the Parent Company Sogefi S.p.A. and its controlled subsidiaries.

Section H of these notes gives a list of the companies included in the scope of consolidation and the percentages held.

These financial statements are presented in Euro and all figures are rounded up or down to the nearest thousand Euro, unless otherwise indicated.

Group companies prepare their financial statements in the local functional currency of the country concerned.

The functional currency of the Parent Company is the Euro and this is the presentation currency in which the condensed interim consolidated financial statements are prepared and published.

The condensed interim consolidated financial statements have been prepared according to the consolidation method on a line-by-line basis of the statements of Sogefi S.p.A., the Parent Company, and those of all Italian and foreign companies under its control.

During the period the following change occurred in the scope of consolidation:

- in March 2023, the subsidiary Sogefi Air & Cooling S.A.S. acquired a 51% stake in the share capital of the French company ATN Molds & Parts S.A.S.. For more details, please refer to the section “Business combinations”.

1.3 Group composition

As required by IFRS 12, Group composition as at 30 June 2023 and 31 December 2022 was as follows:

<i>Business Unit</i>	<i>Region</i>	<i>Wholly-owned subsidiaries</i>	
		June 30, 2023	December 31, 2022
Air&Cooling	Canada	1	1
	France	1	1
	Mexico (*)	1	1
	Romania	1	1
	China (*)	2	2
	USA	1	1
Filtration	Italy	1	1
	France	1	1
	Great Britain	1	1
	Spain	1	1
	Slovenia	1	1
	USA (**)	1	1
	India	1	1
	Russia (***)	1	1
	Morocco	1	1
Suspensions	France	2	2
	Italy	2	2
	Great Britain	2	2
	Germany	2	2
	The Netherlands	1	1
	Romania	1	1
	Brazil	1	1
	Argentina	1	1
Sogefi Gestion S.A.S.	France	1	1
TOTAL		29	29

(*) These subsidiaries work also for Suspensions business unit.

(**) These subsidiaries work also for Air and Cooling business units.

(***) This Subsidiary is in liquidation

<i>Business Unit</i>	<i>Region</i>	<i>Non-wholly-owned subsidiaries</i>	
		June 30, 2023	December 31, 2022
Suspensions	France	1	1
	Spain	1	1
	India	1	1
Air&Cooling	France	1	-
TOTAL		4	3

2. CONSOLIDATION PRINCIPLES AND ACCOUNTING POLICIES

The consolidation and accounting policies applied in preparing the condensed consolidated financial statements for the six-month period ended 30 June 2023 are consistent with those used for the annual financial statements as of 31 December 2022 to which the reader should refer.

Business combinations

Business combinations are recognised under the acquisition method. According to this method, the consideration transferred to a business combination is measured at fair value calculated as the aggregate of the acquisition-date fair value of the assets transferred and liabilities assumed by the Group and of the equity instruments issued in exchange for the control of the acquired entity. Incidental transaction costs are generally recognised in the income statement when they are incurred.

On the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition-date fair value; the following items represent exception to the above and are valued according to their reference principle:

- deferred tax assets and liabilities;
- assets and liabilities relating to employee benefits;
- liabilities or equity instruments relating to share-based payments of the acquired entity or share-based payments relating to the Group, issued as a replacement of contracts of the acquired entity;
- assets held for sale and discontinued assets and liabilities.

Goodwill is measured as the surplus between the sum of the consideration transferred to the business combination, the value of non-controlling interests and the fair value of previously-held equity interest in the acquiree with respect to the fair value of the net assets transferred and liabilities assumed as at the acquisition-date. If the fair value of the net assets transferred and liabilities assumed as at the acquisition-date exceeds the sum of the consideration transferred, the value of non-controlling interests and the fair value of the previously-held equity interest in the acquiree, said surplus is immediately booked to the Income Statement as gain resulting from said transaction.

The share of non-controlling interests as at the acquisition-date may be measured at fair value or as a proportion of the value of net assets in the acquiree. The measurement method adopted is decided on a transaction-by-transaction basis.

Acquisition of ATN Molds & Parts S.A.S.

On 1 March 2023, the French subsidiary Sogefi Air & Cooling S.A.S. acquired 51% of the share capital of ATN Molds & Parts S.A.S. from EGH Industries, which holds the remaining 49%.

ATN has been involved in the development and production of highly technical tooling for more than 30 years.

With this acquisition, Sogefi will benefit from synergies resulting from the combination of the respective know-how, thus reducing development time and strengthening competitiveness, particularly in the world of electric mobility. ATN is located in Alsace (France), near Sogefi's main Air and Cooling plant.

The total consideration transferred in the business combination, i.e. 51% of the share transfer Price, amounted to Euro 2,241 thousand. This consideration was paid in the amount of Euro 1,300 thousand at the date of the acquisition and the remainder, amounting to Euro 941 thousand, will be paid on 31 January 2024.

It should be noted that the minority shareholders of the subsidiary ATN Molds & Parts S.A.S. (EGH Industries) hold a put option, with reference to 49% of the share capital, that can be exercised from 1 March 2030 until 31 January 2031. In the financial statements as at 30 June 2023, the Group recognised a liability equal to the fair value of the liability arising from the exercise of this option (Euro 1,723 thousand) in the item “Non-current portion of medium/long-term financial debts and other loans”. As a counterpart to this liability, the Group has chosen as an accounting policy to reduce the Group's equity balance. The fair value of the liability, which represents a reasonable estimate of the exercise price of the option, was determined provisionally by applying a 20% discount to the fair value of 49% of the share capital.

Costs directly related to the acquisition - for services rendered by consultants who assisted the subsidiary Sogefi Air & Cooling S.A.S. during the legal, financial and tax due diligence phase - amounted to Euro 46 thousand and were recognised in the income statement under “Other non-operating expenses (income)”.

The assets and liabilities of ATN Molds & Parts S.A.S. have been measured on a provisional basis, as the relevant measurement processes had not yet been finalised at the date of preparation of these financial statements. In accordance with IFRS 3, the fair value of assets, liabilities and contingent liabilities will be determined definitively within twelve months from the acquisition date.

The excess of the acquisition price over the fair value of the net assets and liabilities acquired was recognised as goodwill, quantified at Euro 1,842 thousand on a provisional basis. Such goodwill is not deductible.

The following table provides, in thousands of Euro, details of the provisional fair values of the assets and liabilities acquired and details of goodwill at the date of acquisition of control, 1 March 2023:

ASSETS (in thousand of Euro)	<i>Fair Value (*)</i>
CURRENT ASSETS	
Cash and Cash equivalents	1,131
Other financial assets	-
Inventories	226
Trade receivables	450
Other receivables	-
Tax receivables	1
Other assets	20
ASSETS HELD FOR SALE	-
TOTAL CURRENT ASSETS	1,828
NON-CURRENT ASSETS	
FIXED ASSETS	
Land	96
Property, plant and equipment	13
Right of use	529
Intangible assets	-
Other financial assets	1
Financial receivables	-
Other receivables	50
Deferred tax assets	40
TOTAL OTHER NON-CURRENT ASSETS	729
TOTAL ASSETS (A)	2,557

LIABILITIES (in thousand of Euro)	Fair Value (*)
CURRENT LIABILITIES	
Bank overdrafts and short-term loans	-
Current portion of medium/long-term financial debts and other loans	136
Short-term financial debts for right of use	141
Other short-term liabilities for derivative financial instruments	-
Trade and other payables	549
Tax payables	-
Other current liabilities	8
Current provisions	-
LIABILITIES RELATED TO ASSETS HELD FOR SALE	-
TOTAL CURRENT LIABILITIES	834
NON-CURRENT LIABILITIES	
Financial debts to bank	397
Non current portion of medium/long term financial debts and other loans	-
Medium/long-term financial debts for right of use	388
Other medium/long-term financial liabilities for derivative financial instruments	-
Non-current provisions	155
Other payables	-
Deferred tax liabilities	-
TOTAL OTHER LONG-TERM LIABILITIES	940
TOTAL LIABILITIES (B)	1,774
NET ACQUIRED ASSETS (A)-(B)	783
Consideration paid for the acquisition (C)	2,241
Minority interest value (D)	384
Total (C)+ (D)	2,625
Net acquired assets	783
GOODWILL	1,842
Consideration paid for the acquisition	1,300
Cash held in acquired companies	(1,131)
CASH FLOW FOR ACQUISITION (**)	169

(*) The fair value determination is provisional as of June 30,2023

(**) As reported in consolidated cash flow statement

From the acquisition date (1 March 2023) to 30 June 2023, the acquired business of ATN Molds & Parts S.A.S. contributed Euro 1,325 thousand in revenues and a net profit of Euro 1,201 thousand to the Group.

Critical estimates and assumptions

The preparation of the condensed interim consolidated financial statements requires Directors to make estimates and assumptions, which affect the values of revenues, costs, assets and liabilities and the information regarding potential assets and liabilities as at the date of the interim condensed financial statements. If in the future said estimates and assumptions, which are based on the best estimates of the Directors, should change due to actual circumstances, they will be adjusted accordingly in the period in which said circumstances change.

It should also be noted that some measurement processes, in particular the more complex ones, such as the calculation of any impairment of non-current assets, are generally fully made only when the annual financial statements are prepared, when all of the information that may be required is available, with the exception of the cases in which there are impairment indicators that require the performance of an impairment test.

The main items subjected to such assessments are as follows:

- Goodwill (Euro 123,440 thousand as at 30 June 2023): at 30 June 2023, the Group conducted an analysis to verify the presence of any impairment indicators, taking into consideration the outcome of the analysis conducted at 31 December 2022. The operating results of the business units in the first half of 2023 did not show significant deviations from the trends set out in the 2023 budget, in the 2023-2026 strategic plan and in the more extensive forecasts for the Filtration CGU, as approved by the Board of Directors on 16 December 2022, 20 January and 24 February 2023 respectively which at present represent the best estimate of the CGUs' cash generation expectations. Market capitalisation as at 30 June 2023, up from 31 December 2022, was however lower than the book equity.

Taking into account:

- the differences existing between the value in use and the book value of the CGUs as at 31 December 2022,
- the market rate trend as at 30 June 2023,
- the results for the first half of 2023 and unchanged long-term growth forecasts,
- the absence of other impairment indicators,

the results of the impairment tests performed with reference to the consolidated financial statements as at 31 December 2022, to which reference is made, can be reasonably confirmed for the condensed interim consolidated financial statements as at 30 June 2023;

- recoverability of deferred tax assets on tax losses (Euro 5,541 thousand as at 30 June 2023), recognised to “Deferred tax assets”: as at 30 June 2023, deferred tax assets on tax losses incurred during the current and previous years (mainly referred to the subsidiaries Sogefi Suspensions S.A., Sogefi PC Suspensions Germany GmbH and to the Parent Company Sogefi S.p.A.) were accounted for to the extent that it is probable that taxable income will be available in the future against which they can be utilised. Such probability is also determined based on the fact that such losses have originated mainly under extraordinary circumstances that are unlikely to occur again in the future and that the same could be recovered throughout an unlimited or long-term time frame.

With reference to the Parent Company Sogefi S.p.A., taxes are recognised in the income statement under “Current taxes” to the extent that the loss is

actually offset against taxable income generated within the CIR Group tax filing system. Any tax losses carried forward in excess of the offset amount will be recognised as deferred tax assets as they are likely to be recovered taking into account that the Parent Company has joined the CIR Group tax filing system permanently. Any ability to recover such tax will be based on expected future taxable income according to the forecasts involving the companies participating in the CIR Group tax filing system;

- pension plans (Euro 19,425 thousand as at 30 June 2023, of which 25,660 thousand recognised to “Non-current provisions” under liabilities and Euro 6,235 thousand to “Other non-current receivables” under assets): actuarial consultants who offer their consulting services to the Group use different statistic assumptions in order to anticipate future events for the purpose of estimating pension plan expenses, liabilities and assets. Such assumptions concern discount rate, expected return on pension plan assets (this particular assumption concerns nearly exclusively British pension funds), future wage inflation rates, mortality and turnover rates;
- derivatives (Euro 5,032 thousand for assets and Euro 18 thousand for liabilities as at 30 June 2023): the estimate of derivatives fair value and the efficacy test on derivatives held for “hedge accounting” were performed with the aid of external consultants based on valuation models commonly used in the industry.

IFRS accounting standards, amendments and interpretations applicable since 1 January 2023

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group as from 1 January 2023:

- IFRS 17 “Insurance Contracts” and its amendments (issued respectively on 18 May 2017 and on 25 June 2020). This amendment as at 30 June 2023 did not have any impact on the Sogefi Group's condensed interim consolidated financial statement.
- Amendments to IAS 1 “Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies” (issued on 12 February 2021). This amendment as at 30 June 2023 did not have any impact on the Sogefi Group's condensed interim consolidated financial statement.
- Amendments to IAS 8 “Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimate” (issued on 12 February 2021). This amendment as at 30 June 2023 did not have any impact on the Sogefi Group's condensed interim consolidated financial statement.
- Amendments to IAS 12 “Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction” (issued on 7 May 2021). This amendment as at 30 June 2023 did not have any impact on the Sogefi Group's condensed interim consolidated financial statement.
- Amendment to IFRS 17 “Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information” (issued on 9 December 2021). This amendment as at 30 June 2023 did not have any impact on the Sogefi Group's condensed interim consolidated financial statement.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union but not yet mandatory applicable and not early adopted by the Group as at 30 June 2023

As at the date of this financial report, there were no new and amended Standards issued but not yet in force.

IFRS and IFRIC accounting standards, amendments and interpretations not yet endorsed by the European Union

The European Union has not yet completed its endorsement process for the standards and amendments below reported at the date of these Financial Statements. The Directors are evaluating the possible effects of applying these amendments to the Group's Condensed interim consolidated financial statement:

- Amendments to IAS 12: *“Income taxes: International Tax Reform – Pillar Two Model Rules”* (issued on 23 May 2023). The amendments apply as from 1 January 2023.
- Amendments to IAS 1: *“Presentation of Financial Statements: Classification of liabilities as current or non-current”*, *“Classification of Liabilities as Current or Non-current - Deferral of Effective Date”* and *“Non-current Liabilities with Covenants”* (issued on 23 January 2020, 15 July 2020 and 31 October 2022, respectively). These amendments are to be applied for financial periods beginning on 1 January 2024.
- Amendments to IFRS 16 *“Leases: Lease Liability in a Sale and Leaseback”* (issued on 22 September 2022). These amendments are to be applied for financial periods beginning on 1 January 2024.
- Amendments to IAS 7: *“Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements”* (issued on 25 May 2023). These amendments are to be applied for financial periods beginning on 1 January 2024.

Exchange rates

The following exchange rates have been used for translation purposes:

	<i>1st half 2023</i>		<i>1st half 2022</i>		<i>2022</i>
	<i>Average</i>	<i>06.30</i>	<i>Average</i>	<i>06.30</i>	<i>12.31</i>
US dollar	1.0811	1.0866	1.0940	1.0387	1.0666
Pound sterling	0.8766	0.8583	0.8422	0.8582	0.8869
Brazilian real	5.4834	5.2788	5.5577	5.4229	5.6386
Argentine peso	278.5022	278.5022	129.8984	129.8984	188.5033
Chinese renminbi	7.4895	7.8983	7.0827	6.9624	7.3582
Indian rupee	88.8889	89.2065	83.3333	82.1130	88.1710
New romanian Leu	4.9339	4.9635	4.9456	4.9464	4.9495
Canadian dollar	1.4569	1.4415	1.3905	1.3425	1.4440
Mexican peso	19.6541	18.5614	22.1729	20.9641	20.8560
Moroccan dirham	11.0241	10.7560	10.6033	10.5420	11.1580

B) SEGMENT INFORMATION

3. OPERATING SEGMENTS

In compliance with the provisions of IFRS 8, the following information is provided by operating segments (business segments).

The operating segments and performance indicators have been determined on the basis of the reports used by corporate management to take strategic decisions.

Business segments

With regard to the business segments, disclosures concerning the three business units are as follows: Suspensions, Filtration, and Air and Cooling. Figures for the Parent Company Sogefi S.p.A. and the subsidiary Sogefi Gestion S.A.S. are also provided for the purpose of reconciliation with consolidated values. For further details, please refer to note 38 “Related party transactions”.

The tables below provide the income statement and statement of financial position figures of the Group for the first half of 2023 and 2022:

(in thousands of Euro)	June 30, 2023					
	Air & Cooling	Suspensions	Filtration	Sogefi SpA / Sogefi Gestion S.A.S.	Adjustments	Sogefi Group consolidation
REVENUES						
Sales to third parties	247,790	307,846	296,813	-	-	852,449
Intersegment sales	377	2,206	786	12,542	(15,911)	0
TOTAL REVENUES	248,167	310,052	297,599	12,542	(15,911)	852,449
RESULTS						
EBIT	20,591	(1,272)	38,832	(3,269)	(49)	54,832
Financial expenses, net						(11,062)
Income from equity investments						-
Losses from equity investments						-
Result before taxes						43,770
Income taxes						(10,825)
NET INCOME (LOSS) OF OPERATING ACTIVITIES						32,945
Net income (loss) from discontinued operations						-
NET RESULT INCLUDED THIRD PARTY SHARE						32,945
Profit (loss) from third parties						(1,564)
GROUP NET RESULT						31,381
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	468,730	544,755	438,745	753,130	(1,086,135)	1,119,225
Unallocated assets	-	-	-	-	128,815	128,815
TOTAL ASSETS	468,730	544,755	438,745	753,130	(957,320)	1,248,040
LIABILITIES						
Segment liabilities	256,605	512,563	349,671	537,403	(678,622)	977,619
TOTAL LIABILITIES	256,605	512,563	349,671	537,403	(678,622)	977,619
OTHER INFORMATION						
Increase in tangible and intangible fixed assets	15,958	14,508	7,111	356	(54)	37,879
Depreciation, amortization and writedowns	19,391	18,401	16,239	1,564	663	56,258

(in thousands of Euro)	June 30, 2022					
	Air & Cooling	Suspensions	Filtration	Sogefi SpA / Sogefi Gestion S.A.S.	Adjustments	Sogefi Group consolidation
REVENUES						
Sales to third parties	220,902	267,432	267,679	-	-	756,013
Intersegment sales	281	1,330	393	11,270	(13,274)	0
TOTAL REVENUES	221,183	268,762	268,072	11,270	(13,274)	756,013
RESULTS						
EBIT	17,904	(4,007)	24,356	2,749	(563)	40,439
Financial expenses, net						(9,125)
Income from equity investments						-
Losses from equity investments						-
Result before taxes						31,314
Income taxes						(10,250)
NET INCOME (LOSS) OF OPERATING ACTIVITIES						21,064
Net income (loss) from discontinued operations						-
NET RESULT INCLUDED THIRD PARTY SHARE						21,064
Profit (loss) from third parties						(304)
GROUP NET RESULT						20,760
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	438,791	525,189	400,786	786,370	(1,025,318)	1,125,818
Unallocated assets	-	-	-	-	135,508	135,508
TOTAL ASSETS	438,791	525,189	400,786	786,370	(889,810)	1,261,326
LIABILITIES						
Segment liabilities	245,594	468,827	343,090	496,125	(538,156)	1,015,480
TOTAL LIABILITIES	245,594	468,827	343,090	496,125	(538,156)	1,015,480
OTHER INFORMATION						
Increase in tangible and intangible fixed assets	17,206	13,349	10,860	278	(40)	41,653
Depreciation, amortization and writedowns	20,320	19,021	17,149	2,284	611	59,385

Please note that the Air and Cooling Business Unit figures include the net book value of the Systèmes Moteurs Group (company name is now Sogefi Air & Cooling S.A.S.), deriving from local accounts – in other words, not including the fair value adjustment of net assets after the Purchase Price Allocation of 2011 – and only the adjustments arising from the Purchase Price Allocation and relating to the change in product warranty provisions (contingent liabilities booked upon PPA); the remaining adjustments arising from the Purchase Price Allocation are posted in column “Adjustments”.

Adjustments to “Intersegment sales” mainly refer to services provided by the Parent Company Sogefi S.p.A. and by subsidiary Sogefi Gestion S.A.S. to other Group companies (see note 38 for further details on the nature of the services provided). This item also includes intersegment sales between the business units. Intersegment transactions are conducted according to the Group's transfer pricing policy.

The adjustments to “EBIT” mainly refer to depreciation and amortization linked to the revaluation of assets resulting from the acquisition of the Systèmes Moteurs Group in 2011.

In the Statement of Financial Position, the adjustments to the item “Segment assets” refer to the consolidation entry of investments in subsidiaries and intercompany receivables.

Adjustments to “Unallocated assets” mainly include the goodwill and the fixed assets revaluations resulting from the acquisitions of: the Allevard Ressorts Automobile Group, Sogefi Rejna S.p.A., the Filtrauto Group, 60% of Sogefi M.N.R. Filtration India Private Ltd (now merged into Sogefi Engine Systems India Pvt Ltd) and Systèmes Moteurs Group.

“Depreciation, amortization and writedowns” include net revaluation of tangible and intangible fixed assets of Euro 413 thousand.

These assets were written down based on the recoverable amount of assets at the end of the first half of 2023.

Information on the main customers

Revenues from sales to third parties as of 30 June 2023 accounting for over 10% of Group revenues are shown in the following table:

(in thousands of Euro)	June 30, 2023				
	Group		BU Filtration	BU Air & Cooling	BU Suspensions
	Amount	%			
Stellantis	174,385	20.5	68,055	46,233	60,097
Ford	98,411	11.5	37,930	46,658	13,823

Information on geographic areas

The breakdown of revenues by geographical area is analysed in note 21 “Sales Revenues”.

The following table shows a breakdown of total assets by geographical area:

(in thousands of Euro)	June 30, 2022					
	Europe	South America	North America	Asia	Adjustments	Sogefi Group consolidation
TOTAL ASSETS	1,635,272	55,401	183,796	208,943	(822,086)	1,261,326

(in thousands of Euro)	June 30, 2023					
	Europe	South America	North America	Asia	Adjustments	Sogefi Group consolidation
TOTAL ASSETS	1,699,558	58,429	187,324	165,755	(863,026)	1,248,040

C) NOTES ON THE MAIN INCOME STATEMENT ITEMS: STATEMENT OF FINANCIAL POSITION

C 1) ASSETS

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to Euro 140,288 thousand compared to Euro 118,488 thousand as of 31 December 2022 and break down as follows:

<i>(in thousands of Euro)</i>	<i>June 30, 2023</i>	<i>December 31, 2022</i>
Short-term cash investments	140,263	118,488
Cash on hand	25	-
TOTAL	140,288	118,488

Bank deposits earn interest at a floating rate.

For further details on changes in the various components of the net financial position, please see note 20.

As of 30 June 2023, the Group has unused lines of credit for the amount of Euro 238,620 thousand. These funds are available for use on demand, because the conditions required for their availability are met.

5. OTHER FINANCIAL ASSETS

“Other financial assets” can be broken down as follows:

<i>(in thousands of Euro)</i>	<i>June 30, 2023</i>	<i>December 31, 2022</i>
Financial receivables	-	216
Held-to-maturity investments	2,729	3,127
Assets for derivative financial instruments	184	2,761
TOTAL	2,913	6,104

Financial receivables mainly refer to financial instruments issued by leading Chinese banks, at the request of some customers, as payment for supplies made by the Chinese subsidiaries.

6. INVENTORIES

The breakdown of inventories is as follows:

<i>(in thousands of Euro)</i>	<i>June 30, 2023</i>			<i>December 31, 2022</i>		
	<i>Gross</i>	<i>Write-downs</i>	<i>Net</i>	<i>Gross</i>	<i>Write-downs</i>	<i>Net</i>
Raw, ancillary and consumable materials	77,547	5,759	71,788	78,537	6,035	72,502
Work in progress and semi-finished products	22,428	1,214	21,214	19,901	924	18,977
Finished goods and goods for resale	53,373	5,664	47,709	43,918	5,672	38,246
TOTAL	153,348	12,637	140,711	142,356	12,631	129,725

The net value of inventories increased by Euro 10,986 thousand (the increase would be Euro 12,462 thousand at constant exchange rates) compared to 31 December 2022; the increase is mainly referred to the European subsidiaries.

7. TRADE AND OTHER RECEIVABLES

Current receivables break down as follows:

(in thousands of Euro)	<i>June 30, 2023</i>	<i>December 31, 2022</i>
Trade receivables	198,013	161,223
of which:		
Due to Parent Company	1,951	1,178
<i>Trade receivables</i>	<i>200,368</i>	<i>164,734</i>
<i>Less: Allowance for bad debts</i>	<i>(4,306)</i>	<i>(4,689)</i>
Trade receivables, net	196,062	160,045
Tax receivables	28,078	29,038
Other receivables	12,676	11,332
Other assets	6,930	3,107
TOTAL	245,697	204,700

“Trade receivables” are non-interest bearing and have an average due date of 33 days, against 35 days at the end of the previous year.

It should be noted that as at 30 June 2023, the Group factored trade receivables for Euro 113,304 thousand (Euro 101,667 thousand as at 31 December 2022), including an amount of Euro 73,445 thousand which was not notified (Euro 71,553 thousand as at 31 December 2022) and for which the Group continues to manage collection services. The risks and benefits related to these receivables have been transferred to the factor; therefore these receivables have been derecognised in the Statement of Financial Position debiting the consideration received from the factoring company.

Excluding the factoring transactions (Euro 113,304 thousand as at 30 June 2023 and Euro 101,667 thousand as at 31 December 2022) and the negative effect of exchange rates equal to Euro 3,399 thousand, net trade receivables show an increase of Euro 51,053 thousand mainly as a result of the higher revenues from sales in the second quarter of 2023 with respect to the fourth quarter 2022.

“Due to Parent Company” includes net receivables resulting from the participation in the Group tax filing system, due to Italian companies from the Parent Company CIR S.p.A.. Outstanding receivables as at 31 December 2022 collected in the first half-year 2023 amounted to Euro 433 thousand. For further details, please refer to note 38.

“Current tax assets” include tax credits due to Group companies by the tax authorities of various countries for direct and indirect taxation. It does not include deferred tax assets which are treated separately.

“Other receivables” break down as in the following table:

(in thousands of Euro)	June 30, 2023	December 31, 2022
Amounts due from social security institutions	97	80
Amounts due from employees	164	144
Advances to suppliers	4,408	4,370
Due from others	8,007	6,738
TOTAL	12,676	11,332

Receivables from others include the current portion, equal to Euro 2,058 thousand, of the consideration for the sale (in 2020 and 2021) of the subsidiaries Sogefi Filtration do Brasil Ltda and Sogefi Filtration Argentina S.A.U. and other receivables.

“Other assets” mainly consist of accrued income and prepayments on insurance premiums and indirect taxes on buildings.

The increase in this item is seasonal and it is mainly due to the prepaid insurance policies, the indirect taxes on buildings, and the IT maintenance fees paid in the first few months of the year but relative to the year as a whole.

8. LAND, PROPERTY, PLANT AND EQUIPMENT, OTHER TANGIBLE FIXED ASSETS AND RIGHTS OF USE

The net carrying amount of tangible fixed assets as of 30 June 2023 amounted to Euro 432,528 thousand versus Euro 449,650 thousand at the end of the previous year and breaks down as follows:

(in thousands of Euro)	Land	Property, plant and equipment					Right of use / finance leases IAS 17	TOTAL
		Buildings, plant and machinery, commercial and industrial equipment	Assets under construction and payments on account	Other tangible fixed assets	Tooling	Tooling under construction		
<i>Balance at December 31, 2022</i>								
Historical cost	10,190	940,918	45,515	33,942	215,808	34,656	121,966	1,402,995
Accumulated depreciation	444	715,328	651	27,689	153,000	97	56,136	953,345
Net value	9,746	225,590	44,864	6,253	62,808	34,559	65,830	449,650
Additions of the period	-	1,732	15,920	335	301	11,842	1,283	31,413
Disposals/reductions during the period	-	(536)	(661)	(1)	-	-	(1,488)	(2,686)
Exchange differences	31	(2,436)	(531)	(431)	(770)	(709)	(623)	(5,469)
Depreciation for the period (Writedowns)/revaluations during the period	-	(22,688)	-	(1,014)	(13,949)	-	(5,728)	(43,379)
Variation of consolidation perimeter	-	96	13	-	-	-	529	638
Other changes	-	25,125	(24,907)	1,193	11,341	(10,728)	226	2,250
<i>Balance at June 30, 2023</i>	9,777	226,856	34,698	6,335	59,936	34,897	60,029	432,528
Historical cost	10,221	954,918	35,349	34,915	220,037	35,059	118,313	1,408,812
Accumulated depreciation	444	728,062	651	28,580	160,101	162	58,284	976,284
Net value	9,777	226,856	34,698	6,335	59,936	34,897	60,029	432,528

Investments during the period amounted to Euro 31,413 thousand; of which Euro 12,143 thousand related to tooling, Euro 1,283 thousand related to rights of use, and Euro 17,987 thousand related to other investments. Other investments include Euro 3,162 thousand for the new plant in Romania, Euro 3,518 thousand for the development of new products, including products for electric vehicles, Euro 3,192 thousand for the improvement of production efficiency, and Euro 8,115 thousand for miscellaneous investments, including investments to increase production capacity, replace machinery, and investments in health and safety.

Disinvestments for the period amounted to Euro 2,686 thousand and mainly refer to the category “Rights of use” for the early termination of a lease agreement of the subsidiary Sogefi Filtration S.A..

“Depreciation for the period” has been recorded in the appropriate item in the Income Statement.

Impairment losses less reversals are booked to “Other non-operating expenses (income)”.

“Other changes” mainly refer to the completion of projects that were under way at the end of the previous year and their reclassification under the pertinent items.

The item also includes the revaluation of the tangible fixed assets of the Argentine subsidiary Sogefi Suspension Argentina S.A. as a result of the application of IAS 29.

“Variation of consolidation perimeter” refers to the acquisition of new subsidiary ATN Molds &Parts S.A.S..

Guarantees

For information on the guarantees, see note 40 “Guarantees given”.

Purchase commitments

For information on commitments, please refer to note 40 “Guarantees given”.

Rights of use

The net carrying amount of rights of use as of 30 June 2023 amounted to Euro 60,029 thousand versus Euro 65,830 thousand at 31 December 2022 and breaks down as follows:

(in thousands of Euro)	<i>Industrial Buildings</i>	<i>Other buildings</i>	<i>Plant and machinery</i>	<i>Commercial and industrial equipment</i>	<i>Other assets</i>	<i>TOTAL</i>
<i>Balance at December 31, 2022</i>						
Historical cost	90,202	11,664	8,590	943	10,567	121,966
Accumulated depreciation	36,127	6,196	8,173	518	5,122	56,136
Net value	54,075	5,468	417	425	5,445	65,830
Additions of the period	101	80	1	39	1,062	1,283
Disposals during the period	-	(1,440)	(34)	(4)	(10)	(1,488)
Exchange differences	(463)	(11)	(2)	-	(147)	(623)
Depreciation for the period	(3,625)	(713)	(207)	(60)	(1,123)	(5,728)
Variation of consolidation perimeter	529	-	-	-	-	529
Other changes	82	-	-	21	123	226
<i>Balance at June 30, 2023</i>	50,699	3,384	175	421	5,350	60,029
Historical cost	88,084	10,286	8,384	976	10,583	118,313
Accumulated depreciation	37,385	6,902	8,209	555	5,233	58,284
Net value	50,699	3,384	175	421	5,350	60,029

Increases for the period amounted to Euro 1,283 thousand.

“Depreciation for the period” has been recorded in the appropriate item in the Income Statement.

9. INTANGIBLE ASSETS

At 30 June 2023 intangible assets amount to Euro 214,229 thousand against Euro 218,231 thousand at the end of the previous year and break down as follows:

(in thousands of Euro)	Develop- ment costs	Industrial patents and intellectual property rights, concessions licences and trademarks	Other, assets under constructi- on and payments on account	Customer Relationship	Trade name Systemes Moteurs	Goodwill	TOTAL
<i>Balance at December 31, 2022</i>							
Historical cost	246,746	68,557	15,067	19,214	8,437	149,537	507,558
Accumulated amortization	188,450	51,439	5,241	11,298	4,960	27,939	289,327
Net value	58,296	17,118	9,826	7,916	3,477	121,598	218,231
Additions of the period	4,350	60	3,338	-	-	1,842	9,590
Disposals during the period, net	-	-	-	-	-	-	-
Exchange differences	(740)	(63)	(114)	-	-	-	(917)
Amortization for the period	(11,083)	(1,380)	(117)	(495)	(217)	-	(13,292)
(Writedowns) / revaluations during the period	324	-	(22)	-	-	-	302
Other changes	6,440	224	(6,349)	-	-	-	315
<i>Balance at June 30, 2023</i>	57,587	15,959	6,562	7,421	3,260	123,440	214,229
Historical cost	249,505	68,580	11,918	19,214	8,438	151,379	509,034
Accumulated amortization	191,918	52,621	5,356	11,793	5,178	27,939	294,805
Net value	57,587	15,959	6,562	7,421	3,260	123,440	214,229

Investments in the half year amounted to Euro 9,590 thousand.

The increases in “Development costs” for the amount of Euro 4,350 thousand refer to the capitalisation of costs incurred by Group companies to develop new products in collaboration with leading motor vehicle manufacturers (after obtaining the nomination letter from the customer). The most significant investments refer to the subsidiaries Sogefi Air & Cooling Canada Corp., Sogefi (Suzhou) Auto Parts Co., Ltd, Sogefi Suspensions S.A. and Sogefi Engine Systems Mexico S. de R.L. de C.V..

Increases in “Other, assets under construction and payments on account”, for the amount of Euro 3,339 thousand, refer mainly to a large number of investments in the development and implementation of the new products not yet flowed into production. Of these, the most significant ones were recognised for the subsidiaries Sogefi Air & Cooling S.A.S., Sogefi U.S.A., Inc., Sogefi Engine Systems India Pvt Ltd, Sogefi Filtration S.A., Sogefi Suspension S.A. and Sogefi Suspensions Passenger Car Italy S.p.A.

Increases in “Goodwill” refer to the provisional determination of goodwill related to the acquisition of ATN Molds & Parts S.A.S. For more details, please refer to section 2. Business combinations.

“Writedowns/revaluations during the period” totalled Euro 302 thousand and mainly relates to writeups of research and development projects.

There are no intangible assets with an indefinite useful life except for goodwill.

The specific goodwill of CGU “filtration” amounts to Euro 77,030 thousand; the goodwill of CGU “air and cooling”, which also includes the goodwill provisionally

determined with reference to the acquisition of ATN Molds & Parts S.A.S., amounts to Euro 34,402 thousand and the goodwill of CGU “Car Suspension” amounts to Euro 12,008 thousand.

As at 30 June 2023, the Group conducted an analysis aimed at verifying the presence of any impairment indicators, taking into consideration the outcome of the analysis conducted at 31 December 2022. The operating results of the business units in the first half of 2023 do not show significant deviations from the trends expected in the 2023 budget, the 2023-2026 strategic plan, and the extended forecasts for the CGU Filtration, approved by the Board of Directors at 16 December 2022, 20 January, and 24 February 2023, respectively, and currently represent the best estimate of the cash generation expectations of the CGUs.

The market capitalization as at 30 June 2023, has increased compared to December 31, 2022, but it remains lower than the net book value.

Considering the following factors:

- Existing differentials between the fair value and the book value of the CGUs as of December 31, 2022,
- Market rate trends as of June 30, 2023,
- Results of the first half of 2023 and unchanged long-term growth forecasts,
- Absence of other impairment indicators,

the results of the impairment tests conducted with reference to the consolidated financial statements as at 31 December 2022, to which we refer, can reasonably be confirmed for the condensed interim consolidated financial statement as at 30 June 2023.

10. INVESTMENTS IN JOINT VENTURES

As at 30 June 2023, this item amounts to zero (as at 31 December 2022).

11. OTHER FINANCIAL ASSETS

As at 30 June 2023, they amounted to Euro 3,822 thousand, compared with Euro 2,999 thousand at December 2022.

(in thousands of Euro)	<i>June 30, 2023</i>	<i>December 31, 2022</i>
Other financial assets available for sale	47	46
Other financial assets valued at amortized cost	3,775	2,953
TOTAL	3,822	2,999

The item “Other financial assets valued at amortized cost” amounted to Euro 3,775 thousand (Euro 2,953 thousand at December 2022) and refers to investments made by the Argentine subsidiary Sogefi Suspension Argentina S.A. in dollar-linked bond instruments to mitigate the effects of the devaluation of the local currency.

12. FINANCIAL RECEIVABLES AND OTHER NON-CURRENT RECEIVABLES

Non-current financial receivables total Euro 4,848 thousand (Euro 5,592 thousand as at 31 December 2022) and refer to the fair value of interest rate swap hedging contracts. For further details, please refer to note 45.

“Other non-current receivables” break down as follows:

(in thousands of Euro)	June 30, 2023	December 31, 2022
Surplus pension funds	6,235	6,053
Other receivables	27,058	26,440
TOTAL	33,293	32,493

The pension fund surplus relates to the subsidiary Sogefi Filtration Ltd. For further details, please refer to note “Current provisions, Non-current provisions and Other payables”.

The item “Other receivables”, amounting to Euro 27,058 thousand (Euro 26,440 thousand as at 31 December 2022), includes tax receivables for the research and development activities of the French subsidiaries, other tax receivables, the non-current portion amounting to Euro 4,229 thousand of the consideration for the sale of the subsidiaries Sogefi Filtration do Brasil Ltda and Sogefi Filtration Argentina S.A.U. (occurred in 2020 and 2021) and non-interest-bearing security deposits paid for leased properties. These receivables will be collected over the coming years.

13. DEFERRED TAX ASSETS AND LIABILITIES

The net balance of deferred tax assets and deferred tax liabilities as at 30 June 2023 can be broken down as follows:

(in thousands of Euro)	June 30, 2023	December 31, 2022
Deferred tax assets	29,711	31,806
Deferred tax liabilities	(22,239)	(23,731)
TOTAL	7,472	8,075

As at 30 June 2023, deferred tax assets amount to Euro 29,711 thousand compared to Euro 31,806 thousand as at 31 December 2022.

This amount mainly relates to the expected benefits on deductible temporary differences, booked to the extent that it is likely to be recovered.

Deferred tax assets pertaining to tax losses amounted to Euro 5,541 thousand as at 30 June 2023 (Euro 7,306 thousand as at 31 December 2022) and mainly related to the subsidiaries Sogefi Suspensions S.A., Sogefi PC Suspensions Germany GmbH and the Parent Company Sogefi S.p.A.). These taxes were recognised because it is believed to be probable that taxable income will be available in the future against which such tax losses can be utilised. Such probability is determined based on the fact that losses have originated under extraordinary circumstances that are unlikely to occur again, such as restructuring plans currently under way or occurred in the past. With reference to the Parent Company Sogefi S.p.A., taxes are recognised in the income statement under “Current taxes” to the extent that the loss is actually offset against taxable income generated within the CIR Group tax filing system. Any tax losses carried forward in excess of the offset amount will be recognised as deferred

tax assets as they are likely to be recovered taking into account that the Parent Company has joined the CIR Group tax filing system permanently. Any ability to recover such tax will be based on expected future taxable income according to the forecasts involving the companies participating in the CIR Group tax filing system. Moreover, please note that the losses of the French subsidiaries can be carried forward indefinitely but there is a limit for the amount that can be utilised each year making recovery time longer. Losses of the German subsidiary can be carried forward indefinitely to cover possible future profits, there is no limitation on the use of losses carried forward of less than Euro 1 million, while there is a limit of 60% of income for losses above this threshold.

As at 30 June 2023, deferred tax liabilities amount to Euro 22,239 thousand compared to Euro 23,731 thousand as at 31 December 2022.

This amount relates to the expected taxation on taxable temporary differences.

14. ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY RELATED TO ASSETS HELD FOR SALE

As at 30 June 2023, this item amounts to zero (as at 31 December 2022).

C 2) LIABILITIES

15. FINANCIAL DEBTS TO BANKS, OTHER FINANCING CREDITORS

These break down as follows:

Current portion

(in thousands of Euro)	June 30, 2023	December 31, 2022
Bank overdrafts and short-term loans	1,604	1,894
Current portion of medium/long-term financial debts and other loans	67,342	69,102
Short-term financial debts for right of use	13,441	13,677
TOTAL SHORT-TERM FINANCIAL DEBTS	82,387	84,673
Other short-term liabilities for derivative financial instruments	18	17
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	82,405	84,690

Non-current portion

(in thousands of Euro)	June 30, 2023	December 31, 2022
Financial debts to banks	214,067	233,423
Non current portion of medium/long-term financial debts and other loans	54,105	52,349
Medium/long-term financial debts for right of use	51,821	57,543
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	319,993	343,315
Other medium/long-term liabilities for derivative financial instruments	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	319,993	343,315

Bank overdrafts and short-term loans

Further details can be found in the Analysis of the net financial position contained in note 20.

Current and non-current portions of medium/long-term financial debts

Below the details as at 30 June 2023 (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guarantees
Sogefi S.p.A.	Banca Nazionale del Lavoro S.p.A.	Apr - 2022	Apr - 2027	80,000	Euribor 3m. + 190 bps	-	79,844	79,844	N/A
Sogefi S.p.A.	Banco do Brasil AG	Mar - 2020	Mar - 2025	25,000	Euribor 3m. + 180 bps	-	14,947	14,947	N/A
Sogefi S.p.A.	Unicredit S.p.A. (guaranteed by Sace)	Oct - 2020	Jun - 2026	20,000	Euribor 3m. + 190 bps	6,667	13,292	19,959	N/A
Sogefi S.p.A.	Intesa SanPaolo S.p.A. (guaranteed by sace)	Oct - 2020	Jun - 2026	20,000	Euribor 3m. + 190 bps	6,667	13,292	19,959	N/A
Sogefi S.p.A.	Mediobanca S.p.A. (guaranteed by sace)	Oct - 2020	Jun - 2026	20,000	Euribor 3m. + 190 bps	6,667	13,292	19,959	N/A
Sogefi S.p.A.	ING Bank N.V. (guaranteed by Sace)	Oct - 2020	Jun - 2026	20,000	Euribor 3m. + 190 bps	6,667	13,292	19,959	N/A
Sogefi S.p.A.	ING Bank N.V.	Dec - 21	May - 2025	20,000	Euribor 3m + 250 bps	-	14,950	14,950	N/A
Sogefi S.p.A.	Cassa depositi e prestiti S.p.A.	Nov - 2021	Jul - 2026	10,000	Euribor 6m. + 200 bps	2,857	7,107	9,964	N/A
Sogefi S.p.A.	Cassa depositi e prestiti S.p.A.	Jun - 2021	Jun - 2026	10,000	Euribor 6m. + 200 bps	2,857	5,681	8,538	N/A
Sogefi S.p.A.	Private placement	Nov - 2019	Nov - 2025	75,000	Fixed coupon 3% year	7,500	(*)	7,500	N/A
Sogefi Suspensions Eastern Europe S.r.l.	ING Bank	Jul - 2021	Mar - 2026	20,000	Euribor 3m + 225 bps	6,154	10,769	16,923	YES
Sogefi Filtration S.A.	CIC S.A.	Oct - 2020	Oct - 2026	10,000	Euribor 3m. + 300 bps	2,000	5,000	7,000	N/A
Sogefi Air&Cooling S.A.S	CIC S.A.	Oct - 2020	Oct - 2026	7,000	Euribor 3m. + 300 bps	1,400	3,500	4,900	N/A
Sogefi Suspensions S.A.	CIC S.A.	Oct - 2020	Oct - 2026	3,000	Euribor 3m. + 300 bps	600	1,500	2,100	N/A
Sogefi Air&Cooling S.A.S	LCL PGE	Oct - 2020	Oct - 2026	9,500	0,75 % Fixed	1,900	4,750	6,650	N/A
Sogefi Filtration S.A.	LCL PGE	Oct - 2020	Oct - 2026	3,500	0,75 % Fixed	700	1,750	2,450	N/A
Sogefi Suspensions S.A.	LCL PGE	Oct - 2020	Oct - 2026	2,000	0,75 % Fixed	400	1,000	1,400	N/A
Sogefi Air&Cooling S.A.S	BNP PGE	Oct - 2020	Oct - 2026	9,000	0,75 % Fixed	1,800	4,500	6,300	N/A
Sogefi Filtration S.A.	BNP PGE	Oct - 2020	Oct - 2026	6,500	0,75 % Fixed	1,300	3,250	4,550	N/A
Sogefi Suspensions S.A.	BNP PGE	Oct - 2020	Oct - 2026	4,000	0,75 % Fixed	800	2,000	2,800	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ICBC Bank	Jan - 2023	Mar - 2024	4,431	2,94 % Fixed	4,431	-	4,431	YES
S.C. Sogefi Air & Cooling S.r.l.	ING Bank	Sept - 2019	Mar - 2024	2,418	ROBOR 3m + 190 bps	453	-	453	N/A
Other loans/ deferrals of up front fees						5,522	351	5,873	
Total						67,342	214,067	281,409	

(*) The medium/long-term portion of the bonds of the Parent company Sogefi S.p.A. is detailed in the following paragraph "Other medium/long-term financial debts".

The line "Other medium/long-term financial debts" includes other minor loans.

Balance at 31 December 2022 (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guarantees
Sogefi S.p.A.	Banca Nazionale del Lavoro S.p.A.	Apr - 2022	Apr - 2027	80,000	Euribor 3m. + 190 bps	-	79,818	79,818	N/A
Sogefi S.p.A.	Banco do Brasil AG	Mar - 2020	Mar - 2025	25,000	Euribor 3m. + 180 bps	-	24,926	24,926	N/A
Sogefi S.p.A.	Unicredit S.p.A. (guaranteed by Sace)	Oct - 2020	Jun - 2026	20,000	Euribor 3m. + 190 bps	3,333	16,619	19,952	N/A
Sogefi S.p.A.	Intesa SanPaolo S.p.A. (guaranteed by Sace)	Oct - 2020	Jun - 2026	20,000	Euribor 3m. + 190 bps	3,333	16,619	19,952	N/A
Sogefi S.p.A.	Mediobanca S.p.A. (guaranteed by Sace)	Oct - 2020	Jun - 2026	20,000	Euribor 3m. + 190 bps	3,333	16,619	19,952	N/A
Sogefi S.p.A.	ING Bank N.V. (guaranteed by Sace)	Oct - 2020	Jun - 2026	20,000	Euribor 3m. + 190 bps	3,333	16,619	19,952	N/A
Sogefi Suspensions Eastern Europe S.r.l.	ING Bank	Jul - 2021	Mar - 2026	20,000	Euribor 3m. + 225 bps	6,154	13,846	20,000	YES
Sogefi S.p.A.	Cassa depositi e prestiti S.p.A.	Nov - 2021	Jul - 2026	10,000	Euribor 6m. + 210 bps	1,429	8,530	9,959	N/A
Sogefi S.p.A.	Cassa depositi e prestiti S.p.A.	Jun - 2021	Jun - 2026	10,000	Euribor 6m. + 200 bps	2,857	7,104	9,961	N/A
Sogefi S.p.A.	Private Placement	May - 2013	May - 2023	USD 115,000	Fixed coupon 600 bps	15,385	-	15,385	N/A
Sogefi S.p.A.	Private Placement	Nov - 2019	Nov - 2025	75,000	Fixed coupon 3% annuo	7,500	(*)	7,500	N/A
Sogefi Filtration S.A.	CIC S.A.	Oct - 2020	Oct - 2026	10,000	Euribor 3m. + 300 bps	2,000	6,000	8,000	N/A
Sogefi Air&Cooling S.A.S	CIC S.A.	Oct - 2020	Oct - 2026	7,000	Euribor 3m. + 300 bps	1,400	4,200	5,600	N/A
Sogefi Suspensions S.A.	CIC S.A.	Oct - 2020	Oct - 2026	3,000	Euribor 3m. + 300 bps	600	1,800	2,400	N/A
Sogefi Air&Cooling S.A.S	LCL PGE	Oct - 2020	Oct - 2026	9,500	0.75% fixed	1,900	5,700	7,600	N/A
Sogefi Filtration S.A.	LCL PGE	Oct - 2020	Oct - 2026	3,500	0.75% fixed	700	2,100	2,800	N/A
Sogefi Suspensions S.A.	LCL PGE	Oct - 2020	Oct - 2026	2,000	0.75% fixed	400	1,200	1,600	N/A
Sogefi Air&Cooling S.A.S	BNP PGE	Oct - 2020	Oct - 2026	9,000	0.75% fixed	1,800	5,400	7,200	N/A
Sogefi Filtration S.A.	BNP PGE	Oct - 2020	Oct - 2026	6,500	0.75% fixed	1,300	3,900	5,200	N/A
Sogefi Suspensions S.A.	BNP PGE	Oct - 2020	Oct - 2026	4,000	0.75% fixed	800	2,400	3,200	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	Aug - 2022	Feb - 2023	680	4.05 % fixed	680	-	680	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ICBC Bank	Sep - 2022	Oct - 2023	6,795	3.36 % fixed	6,795	-	6,795	YES
Other loans/ deferrals of up front fees						4,070	23	4,093	
TOTAL						69,102	233,423	302,525	

(*) The medium/long-term portion of the bonds of the Parent company Sogefi S.p.A. is detailed in the following paragraph "Other medium/long-term financial debts".

During the first semester 2023, the Parent Company Sogefi S.p.A. carried out the following transactions:

- repayment in June of the current portion, for the amount of Euro 1,429 million, of the loan from Cassa Depositi e Prestiti S.p.A. for Euro 10 million, expiring in June 2026 and taken out in June 2021.
- repayment in advance, in February, of a partial amount of Euro 10 million of the loan from Banco do Brasil, for the amount of Euro 25 million, taken out in March 2020, the terms of which were renegotiated during the 2021 financial year;
- partial use (for an amount of Euro 15 million), as from May, of the revolving loan from ING Bank N.V., expiring in May 2025 and taken out in December 2021.

The existing loans of the Parent Company Sogefi S.p.A. are not secured by the Company's assets. Furthermore, note that, contractually, the spreads relating to some of the loans of the Parent Company are reviewed every six months on the basis of the computation of the consolidated NFP/normalised consolidated EBITDA ratio. For an analysis of the covenants relating to loans outstanding at the end of the period, please refer to the note 20 below entitled "Analysis of the financial position".

Other short-term liabilities for derivative financial instruments

The item includes the short-term portion of the fair value of exchange risk hedging contracts and interest risk hedging contracts.

Reference should be made to chapter G “45. Financial Instruments” for a further discussion of this matter.

Other medium/long-term financial debts

Details are as follows (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Total amount at June 30, 2023 (in thousands of Euro)	Real guarantees
Sogefi S.p.A.	Private placement	Nov - 2019	Nov - 2025	EUR 75,000	Fixed coupon 3% year	52,337	N/A
Fair value option ATN						1,723	
Other financial debts						45	
TOTAL						54,105	

Item “Fair value option ATN” reflects the fair value of the liability generated when the non-controlling shareholders of subsidiary ATN Molds & Parts S.A.S. would exercise their put option. For more details, please refer to section “2. Business combinations”.

The line "Other medium/long-term financial debts" includes other minor loans.

As at 31 December 2022, details are as follows (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Total amount at December 31, 2022 (in thousands of Euro)	Real guarantees
Sogefi S.p.A.	Private Placement	Nov - 2019	Nov - 2025	Euro 75.000	Fixed coupon 3% year	52,304	N/A
Other financial debt						45	
TOTAL						52,349	

With reference to the bond loan originally for USD 115 million expiring in May 2023, as per the relative contract the Parent Company Sogefi S.p.A. paid the seventh and last instalment in May, for an amount of USD 16.4 million.

Other medium/long-term financial liabilities for derivative financial instruments

Please refer to chapter G for a further discussion of this matter.

Financial payables for rights of use

Details are as follows:

<i>(in thousands of Euro)</i>	<i>June 30, 2023</i>	<i>December 31, 2022</i>
Short-term financial debts for right of use	13,441	13,677
Medium / long-term financial debts for rights of use	51,821	57,543
TOTAL	65,262	71,220

The item includes payables for Rights of Use recorded following the application of the accounting standard IFRS 16 “Leases”.

This item mainly refers to the residual debt of property rental agreements. The main property rental agreements refer to the subsidiaries Sogefi Suspensions Eastern Europe S.r.l. (Euro 17.5 million), Sogefi Engine Systems Mexico S. de R.L. de C.V. (Euro 10.9 million), Sogefi (Suzhou) Auto Parts Co., Ltd (Euro 5.5 million), Filter Systems Maroc S.a.r.l. (Euro 5.2 million), Sogefi Filtration Ltd (Euro 4.6 million), Sogefi Engine Systems India Pvt Ltd (Euro 2.9 million) and Sogefi Air & Cooling Canada Corp. (Euro 2.7 million).

16. TRADE PAYABLES, OTHER PAYABLES AND TAX PAYABLES

The amounts shown in the financial statements can be broken down into the following categories:

(in thousands of Euro)	June 30, 2023	December 31, 2022
Trade and other payables	397,202	347,564
Tax payables	6,476	4,688
TOTAL	403,678	352,252

Details of trade and other payables are as follows:

(in thousands of Euro)	June 30, 2023	December 31, 2022
Due to suppliers	292,301	239,194
Due to the parent company	810	785
Due to tax authorities for indirect and other taxes	9,877	8,307
Due to social and security institutions	14,850	14,784
Due to employees	32,760	31,767
Other commercial payables to customers	34,824	39,015
Other payables	11,780	13,712
TOTAL	397,202	347,564

As at 30 June 2023, Trade payables amounted to Euro 292,301 thousand compared to Euro 239,194 thousand as at 31 December 2022. The increase of Euro 53,107 thousand (Euro 56,885 thousand at constant exchange rates) is mainly due to higher business in Q2 2023 compared to Q4 2022.

Amounts “Due to the parent company” refer to the debt amounting to Euro 17 thousand due to the Parent Company CIR S.p.A. for services rendered in the first half of 2023; Euro 226 thousand reflect the consideration due for the fiscal surplus transferred by companies that have joined the CIR Group tax filing system; the amount of Euro 458 thousand reflects the tax liabilities in connection with the CIR Group tax filing system; the amount of Euro 24 thousand refers to compensations to be liquidated to the directors to be paid to the Parent Company CIR S.p.A. and the amount of Euro 85 thousand refers to insurance for the third-party liability of directors, statutory auditors and managers. For further details, please refer to note 38.

The item “Other commercial payables to customers” includes credit notes to be issued to customers for price reductions and discounts granted to Aftermarket customers upon reaching certain levels of turnover.

17. OTHER CURRENT LIABILITIES

“Other current liabilities” mainly includes liabilities recognised for the adoption of IFRS 15. These liabilities represent the amounts received from customers for the sale of tooling and prototypes that will be recognised in the income statement over the life of the product.

This item also includes adjustments to costs and revenues for the period so as to ensure compliance with the accruals based principle (accrued expenses and deferred income) and advances received from customers for orders still to be delivered.

In addition, the item includes the payable (Euro 6,300 thousand) related to dividends, pertaining to third parties, as resolved by the subsidiary Iberica de Suspensiones S.L. but not yet paid as at 30 June 2023.

18. CURRENT PROVISIONS, NON-CURRENT PROVISIONS AND OTHER PAYABLES

Current provisions and non-current provisions

These are made up as follows:

(in thousands of Euro)	June 30, 2023		
	Current	Non-current	Total
Pension funds	-	25,660	25,660
Employment termination indemnities	-	2,220	2,220
Provision for restructuring	2,244	135	2,379
Provision for product warranties	4,109	-	4,109
Provision for rights of use restoration	203	3,740	3,943
Provision for disputes in progress and other risks	2,979	1,044	4,023
TOTAL	9,535	32,799	42,334
(in thousands of Euro)	December 31, 2022		
	Current	Non-current	Total
Pension funds	-	26,609	26,609
Employment termination indemnities	-	2,335	2,335
Provision for restructuring	3,124	436	3,560
Provision for product warranties	3,769	50	3,819
Provision for rights of use restoration	501	3,246	3,747
Provision for disputes in progress and other risks	2,752	1,032	3,784
TOTAL	10,146	33,708	43,854

Details of the main items are given below.

Pension funds

Changes in this item over the period are shown below:

(in thousands of Euro)	June 30, 2023	December 31, 2022
Opening balance	20,556	39,127
Cost of benefits charged to income statement	1,398	3,918
Amounts recognised in "Other Comprehensive Income"	(735)	(9,286)
Contributions paid	(2,081)	(12,720)
Change in the scope of consolidation	155	-
Exchange differences	132	(483)
TOTAL	19,425	20,556
<i>of which booked to Liabilities</i>	<i>25,660</i>	<i>26,609</i>
<i>of which booked to Assets</i>	<i>6,235</i>	<i>6,053</i>

The following table shows the balances of pension funds by geographical area of the relevant subsidiaries:

(in thousands of Euro)	June 30, 2023	December 31, 2022
Great Britain	3,632	5,351
France	12,867	12,463
Other	2,926	2,742
TOTAL	19,425	20,556

Employment termination indemnities

Changes in this item over the period are shown below:

(in thousands of Euro)	June 30, 2023	December 31, 2022
Opening balance	2,335	3,008
Accruals for the period	47	55
Amounts recognised in "Other Comprehensive Income"	(63)	(302)
Contributions paid	(99)	(426)
TOTAL	2,220	2,335

Provision for restructuring

These are amounts set aside for restructuring operations that have been officially announced and communicated to those concerned, as required by IAS/IFRS.

The provision changed as follows during the period:

(in thousands of Euro)	June 30, 2023	December 31, 2022
Opening balance	3,560	11,957
Accruals for the period	121	1,142
Utilizations	(964)	(8,705)
Provisions not used during the period	(275)	(1,207)
Other changes	(140)	491
Exchange differences	77	(118)
TOTAL	2,379	3,560

The "Accruals for the period" (Euro 121 thousand) and "Utilizations" (recorded as a reduction of the provisions previously allocated) (Euro 964 thousand) mainly refer to the European subsidiaries.

"Accruals for the period" net of the "Provisions not used during the period" (amounts set aside during previous years in excess of amounts actually paid); this figure is booked to the Income Statement under "Restructuring costs".

"Other changes" essentially include the reclassification of liabilities that have become certain to accounts payable.

Provision for product warranties

The provision changed as follows during the period:

(in thousands of Euro)	June 30, 2023	December 31, 2022
Opening balance	3,819	3,539
Accruals for the period	479	2,130
Utilizations	-	(225)
Provisions not used during the period	(201)	(1,640)
Other changes	-	-
Exchange differences	12	15
TOTAL	4,109	3,819

The item includes provisions for risks concerning the cost of replacing products under warranty made by Group companies.

The provision of Euro 479 thousand mainly refers to the European subsidiaries.

Provisions not used, amounting to Euro 201 thousand, mainly relating to European subsidiaries, refer to the release of funds that are no longer required.

Provision for restoration of rights of use

This item, for the amount of Euro 3,943 thousand, includes an estimate of the costs that the lessees of leased assets will have to incur in order to dismantle and remove the asset and restore the site or asset to the condition provided for in the lease terms.

Provision for lawsuits and other risks

The provision changed as follows during the period:

<i>(in thousands of Euro)</i>	<i>June 30, 2023</i>	<i>December 31, 2022</i>
Opening balance	3,784	5,429
Accruals for the period	530	1,634
Utilizations	(28)	(1,617)
Provisions not used during the period	(236)	(1,402)
Variation of consolidation perimeter	-	-
Other changes	-	(158)
Exchange differences	(27)	(102)
Total	4,023	3,784

The provision includes liabilities toward employees and other individuals or entities. Amounts stated in the financial statements represent the best possible estimates of liabilities at the reporting date.

The provision of Euro 530 thousand mainly refers to the European subsidiaries.

The provision at 30 June 2023 mainly refers to liabilities for risks connected with the European subsidiaries.

Provisions not used, amounting to Euro 236 thousand, mainly relating to European subsidiaries, refer to the release of funds that are no longer required.

Other payables

The item “Other payables” mainly reflects the non-current portion of liabilities recorded in connection with the adoption of IFRS 15. These liabilities represent the amounts received from customers for the sale of tooling and prototypes that will be recognised in the income statement over the life of the product.

19. SHARE CAPITAL AND RESERVES

Share capital

The share capital of the Parent Company Sogefi S.p.A. is fully paid in and amounts to Euro 62,461 thousand as of 30 June 2023 (not changed compared to 31 December 2022), split into 120,117,992 ordinary shares with a par value of Euro 0.52 each.

As at 30 June 2023, the Company has 1,809,645 treasury shares (1,945,864 as at 31 December 2022) in its portfolio, corresponding to 1.51% of share capital (1.62% as at 31 December 2022), at an average price of Euro 2.28 each.

Share premium reserve

It amounts to Euro 19,754 thousand compared to Euro 19,445 thousand in the previous year.

In the first half year 2023, the Parent Company Sogefi S.p.A. credited Euro 309 thousand to the Share premium reserve after the free grant of 136,219 treasury shares to Stock Grant beneficiaries.

Treasury shares

Item "Treasury shares" reflects the purchase price of treasury shares. Movements during the year amount to Euro 309 thousand and reflect the free grant of 136,219 treasury shares as reported in the note to "Stock-based incentive plans reserve".

Translation reserve

This reserve is used to record the exchange differences arising from the translation of foreign subsidiaries' financial statements.

Reserve for actuarial gains/losses

The reserve includes actuarial gains (losses) recognised in Other Comprehensive Income, as required by IAS 19 "Employee Benefits".

Cash flow hedging reserve

This reserve has changed as a result of accounting for the cash flows deriving from instruments that for IAS 39 purposes are designated as "cash flow hedging instruments". Changes during the period show a decrease of Euro 435 thousand, that can be broken down as follows:

- Increase of Euro 303 thousand reflecting the portion of the negative reserve relating to contracts no longer in hedge accounting that will be recognised to the Income Statement over the same period of time as the differentials relating to the underlying hedged item;
- Negative value of Euro 738 thousand referred to the change in the fair value of the IRS contracts in hedge accounting.

Stock-based incentive plans reserve

The reserve refers to credit to equity for stock-based incentive plans, assigned to Directors and employees.

In the first half of 2023, further to Stock Grant Plan beneficiaries exercising their rights and due to the corresponding free grant of 136,219 treasury shares, the amount of Euro 141 thousand, corresponding to the fair value at right (Unit) allocation date, was reclassified from "Stock-based incentive plans reserve" to "Share premium

reserve” (increased of Euro 309 thousand) and “Retained earnings reserve” (decreased of Euro 168 thousand).

While the increase by Euro 253 thousand refers to the cost of accruing plans.

Other reserves

This item amounts to Euro 12,201 thousand (unchanged compared to 31 December 2022).

Retained earnings

These totalled Euro 189,640 thousand and include amounts of profit that have not been distributed.

The increase of Euro 2,894 thousand refers to the following events:

- reclassification from the above mentioned “Stock-based incentive plans reserve” as outlined above (decrease of Euro 168 thousand);
- the effect of the adoption of IAS 29 “Financial Reporting in Hyperinflationary Economies” in the Argentine subsidiaries (increase of Euro 4,785 thousand);
- initial recognition of the provisionally determined fair value of the liability arising from the exercise of the put option held by the minority shareholders of the subsidiary ATN Molds & Parts S.A.S. (decrease of Euro 1,723 thousand). For more details, please refer to section 2. Business combinations.

Tax on items booked in Other Comprehensive Income

The table below shows the amount of income taxes relating to each item of Other Comprehensive Income:

(in thousands of Euro)	<i>1st half 2023</i>			<i>1st half 2022</i>		
	Gross Amount	Tax effect	Net Amount	Gross Amount	Tax effect	Net Amount
- Profit (loss) booked to cash flow hedge reserve	(435)	104	(331)	3,637	(873)	2,764
- Actuarial profit (loss)	798	(163)	635	11,290	(2,291)	8,999
- Profit (loss) booked to translation reserve	(7,712)	-	(7,712)	6,529	-	6,529
Total Profit (loss) booked in Other Comprehensive Income	(7,349)	(59)	(7,408)	21,456	(3,164)	18,292

NON-CONTROLLING INTERESTS

The balance amounts to Euro 12,458 thousand and refers to the portion of shareholders' equity attributable to non-controlling interests.

Details of non-controlling interests are given below:

(in thousands of Euro)	Region	% owned by third parties			Loss (profit) attributable to non-controlling interests		Shareholders' equity attributable to non-controlling interests	
		06.30.2023	12.31.2022	06.30.2022	06.30.2023	06.30.2022	06.30.2023	12.31.2022
Subsidiary's name								
S.ARA Composite S.A.S.	France	4.21%	4.21%	4.21%	(1)	(1)	17	18
Iberica de Suspensiones S.L. (ISSA)	Spain	50.00%	50.00%	50.00%	1,342	199	11,153	16,112
Sogefi ADM Suspensions Private Limited	India	25.77%	25.77%	25.77%	121	106	751	639
Sogefi Filtration Italy S.p.A.	Italy	0.12%	0.12%	0.12%	-	-	29	28
Sogefi Suspensions Passenger Car Italy S.p.A.	Italy	0.12%	0.12%	0.12%	-	-	14	12
Sogefi Suspensions Heavy Duty Italy S.p.A.	Italy	0.12%	0.12%	0.12%	3	(0)	12	13
ATN Molds & Parts S.A.S	Italy	49.00%	0.00%	0.00%	99	-	482	-
TOTAL					1,564	304	12,458	16,822

It should be noted that company Iberica de Suspensiones S.L. (ISSA) – which is 50% owned – is treated as a subsidiary because the Group controls the majority of votes of the board of directors, which is the corporate body tasked with deciding on the entity's relevant activities.

20. ANALYSIS OF THE NET FINANCIAL POSITION

The following table provides details of the net financial position as required by Consob in its communication no. DEM/6064293 of 28 July 2006 referred to by ESMA in Communication no. ESMA32-382-1138 dated 4 March 2021:

(in thousands of Euro)	June 30, 2023	December 31, 2022
A. Cash	140,288	118,488
B. Cash equivalent	-	-
C. Other current financial assets	2,913	6,104
D. Liquidity (A) + (B) + (C)	143,201	124,592
E. Current Financial Debt (including debt instruments, but excluding current portion of non-current financial debt)	1,622	2,591
F. Current portion of non-current financial debt	80,783	82,099
G. Current financial indebtedness (E) + (F)	82,405	84,690
H. Net current financial indebtedness (G) - (D)	(60,796)	(39,902)
I. Non-current financial debt (excluding the current portion and debt instruments)	261,085	285,419
J. Debt instruments	60,360	52,304
K. Non-current trade and other payables	-	-
L. Non-current financial indebtedness (I) + (J) + (K)	321,445	337,723
M. Net indebtedness (H) + (L)	260,649	297,821
Other non-current financial assets	3,775	2,953
Other current liabilities	6,300	-
Net Indebtedness (as per the "Net financial position" included in the Report on Operations)	250,574	294,868

It should be noted that item “F. Current portion of non-current financial debt” includes short-term liabilities related to lease agreements for Euro 13,441 thousand (Euro 13,677 thousand as at 31 December 2022) and item “I. Non-current financial debt (excluding the current portion and debt instruments)” includes long-term liabilities for Euro 51,821 thousand (Euro 57,543 thousand as at 31 December 2022).

Furthermore, with reference to derivative contracts, it should be noted that item “C. Other current financial assets” includes the positive fair value of derivatives not in cash flow hedge and item “E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)” includes the negative fair value of derivatives not in cash flow hedge. Item “I. Non-current financial debt (excluding the current portion and debt instruments)” includes the fair value of derivatives in cash flow hedge, positive for Euro 4,848 thousand (Euro 5,592 thousand as at December 2022).

Item “J. Debt instruments” includes the fair value (Euro 1,723 thousand) of the liability generated when the non-controlling shareholders of subsidiary ATN Molds & Parts S.A.S. would exercise their put option (for more details, please refer to section 2. Business combinations) and the payable (Euro 6,300 thousand) related to dividends, pertaining to third parties, as resolved by the subsidiary Iberica de Suspensiones S.L. but not yet paid as at 30 June 2023.

Details of the covenants applying to loans outstanding at the end of H1 2023 are as follows (please read note 15 “Financial debts to banks and other financing creditors” above for further details on loans):

- loan of Euro 25,000 thousand from Mediobanca S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 50,000 thousand from Unicredit S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 80,000 thousand from Banca Nazionale del Lavoro S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 20,000 thousand from Ing Bank N.V.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 50,000 thousand from Intesa Sanpaolo S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 25,000 thousand from Banco do Brasil AG: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- bond issue of Euro 75,000 thousand: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 80,000 thousand guaranteed by SACE: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 10,000 thousand from Cassa depositi e prestiti S.p.A. (entered into in June 2021): the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 10,000 thousand from Cassa depositi e prestiti S.p.A. (entered into in November 2021): the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3.

It should also be noted that Sogefi S.p.A. has provided a guarantee to Ing Bank N.V. for the loan of Euro 20,000 thousand obtained by the subsidiary Sogefi Suspensions Eastern Europe S.r.l., to which the following covenants apply: ratio of consolidated net financial position to consolidated normalised EBITDA less than or equal to 4; ratio of consolidated normalised EBITDA to consolidated net financial expenses not less than 3.

As at 30 June 2023, the Company was in compliance with these covenants.

D) NOTES ON THE MAIN INCOME STATEMENT ITEMS: INCOME STATEMENT

21. SALES REVENUES

Revenues from sales and services

In the first half of 2023, the Sogefi Group reported revenues of Euro 852,449 thousand, up by 12.8% at current exchange rates and 14% at constant exchange rates, compared to the same period of 2022.

Revenues by business sector and geographic area break down as follows:

By business sector:

(in thousands of Euro)	1st half 2023		1st half 2022	
	Amount	%	Amount	%
Suspensions	310,052	36.4	268,762	35.5
Filtration	297,599	34.9	268,073	35.5
Air&Cooling	248,167	29.1	221,183	29.3
Intercompany eliminations	(3,369)	(0.4)	(2,005)	(0.3)
TOTAL	852,449	100.0	756,013	100.0

The Suspensions business unit reported revenue growth of 15.4% (+15.7% at constant exchange rates).

The Filtration business unit reported revenue growth of 11.0% (+12.4% at constant exchange rates), with particularly significant increases in the Aftermarket channel in Europe (+13,6%), North America and India.

The business unit Air & Cooling reported revenue growth of 12.2% (+14.4% at constant exchange rates), with a significant growth rate particularly in North America (+18.5% at constant exchange rates).

By geographic area:

(in thousands of Euro)	1st half 2023		1st half 2022	
	Amount	%	Amount	%
Europe	513,312	60.2	450,333	59.6
North America	188,082	22.1	162,479	21.5
South America	52,688	6.2	49,881	6.6
India	53,450	6.3	48,451	6.4
Cina	48,994	5.7	47,874	6.3
Intercompany eliminations	(4,077)	(0.5)	(3,005)	(0.4)
TOTAL	852,449	100.0	756,013	100.0

Revenues grew in all geographical areas: +14.0% in Europe, +15.8% in North America (+17.2% at constant exchange rates), +5.6% in South America (+3.9% at constant exchange rates, net of inflation in Argentina), +10.3% in India (+17.7% at constant exchange rates) and +2.3% in China (+8.2% at constant exchange rates).

22. SEASONAL NATURE OF SALES

The type of products sold by the company and the sectors in which the Group operates mean that revenues record a reasonably linear trend over the course of the year and are not subject to particular cyclical phenomena when considered on a like-for-like basis.

Sales by half-year period for the past two years are shown below:

(in thousands of Euro)	1st half	2nd half	Total year
FY 2022	756,013	796,083	1,552,096
FY 2021	673,428	647,209	1,320,637

23. VARIABLE COST OF SALES

Details are as follows:

(in thousands of Euro)	1st half 2023	1st half 2022
Materials	472,419	420,651
Direct labour cost	59,571	54,116
Energy costs	23,770	22,775
Sub-contracted work	27,463	21,343
Ancillary materials	10,925	8,898
Variable sales and distribution costs	18,924	15,519
Royalties paid to third parties on sales	1,630	1,476
Other variable costs	(1,877)	(1,032)
TOTAL	612,825	543,746

The impact of “Variable cost of sales” on revenues stands at 71.9%, basically in line compared to the previous year.

“Other variable costs” represent the portion of direct labour cost and fixed cost included in the increase in the inventory of finished goods and semi-finished products. Please note that the portion of change in inventory relating to raw materials is included in the row “materials”.

24. MANUFACTURING AND R&D OVERHEADS

Details are as follows:

(in thousands of Euro)	1st half 2023	1st half 2022
Labour cost	45,816	44,648
Materials, maintenance and repairs	15,612	12,965
Rental and hire charges	671	991
Personnel services	3,805	3,319
Technical consulting	3,387	2,760
Sub-contracted work	294	395
Insurance	1,337	1,251
Utilities	1,635	658
Capitalization of internal construction costs	(7,708)	(7,882)
Other	1,872	1,839
TOTAL	66,721	60,944

“Manufacturing and R&D overheads” show an increase of Euro 5,777 thousand compared with the first half year 2022. At constant exchange rates and excluding the inflationary impact of Argentina, the increase would be Euro 6,254 thousand.

“Labour cost”, in particular, increased by Euro 1,168 thousand compared to the first half of 2022, being affected by ongoing inflationary effects.

The heading “Materials, maintenance and repairs” increased by Euro 2,647 thousand compared to the first half of 2022, linked to more maintenance work following the increase in volumes and to the already-mentioned inflationary effects.

Total costs for Research and Development (not reported in the table but included mainly under the headings “Labour cost”, “Materials, maintenance and repairs” and “Technical consulting”) amount to Euro 13,997 thousand compared to Euro 13,827 thousand as of 30 June 2022.

25. DEPRECIATION AND AMORTIZATION

Details are as follows:

(in thousands of Euro)	1st half 2023	1st half 2022
Depreciation of tangible fixed assets	37,651	37,160
Depreciation of Right of Use/finance leases IAS 17	5,728	5,891
Amortization of intangible assets	13,292	15,561
TOTAL	56,671	58,612

Item “Depreciation and amortization” amounts to Euro 56,671 thousand compared with Euro 58,612 thousand in the first half year 2022, with an increase of Euro 1,941 thousand.

At constant exchange rates and excluding the inflationary impact of Argentina, the item would overall increase by Euro 1,126 thousand.

26. DISTRIBUTION AND SALES FIXED EXPENSES

The table below shows the main components of this item:

(in thousands of Euro)	<i>Ist half 2023</i>	<i>Ist half 2022</i>
Labour cost	11,009	11,120
Sub-contracted work	2,254	2,132
Advertising, publicity and promotion	818	721
Personnel services	704	472
Rental and hire charges	434	337
Consulting	296	535
Other	601	581
TOTAL	16,116	15,898

“Distribution and sales fixed expenses” are substantially in line with H1 2022, even at constant exchange rates.

27. ADMINISTRATIVE AND GENERAL EXPENSES

These can be broken down as follows:

(in thousands of Euro)	<i>Ist half 2023</i>	<i>Ist half 2022</i>
Labour cost	16,939	16,105
Personnel services	1,663	1,245
Maintenance and repairs	2,075	1,679
Cleaning and security	947	942
Consulting	3,427	2,642
Utilities	1,168	1,148
Rental and hire charges	1,063	875
Insurance	1,389	1,359
<i>Participation des salaries</i>	2,318	1,027
Administrative, financial and tax-related services provided by Parent Company	231	165
Audit fees and related expenses	1,003	923
Directors' and statutory auditors' remuneration	509	511
Sub-contracted work	336	257
Capitalization of internal construction costs	(147)	(65)
Indirect taxes	2,245	2,868
Other fiscal charges	638	782
Other	3,135	2,926
TOTAL	38,939	35,389

In the first half of 2023, “Administrative and general expenses” increased by Euro 3,550 thousand compared to the previous year. At constant exchange rates and excluding the inflationary impact of Argentina, the increase would be Euro 3,758 thousand.

“Labour cost”, in particular, increased by Euro 834 thousand compared to the first half of 2022, being affected by ongoing inflationary effects.

The increase of item “*Participation des salaries*” of Euro 1,291 thousand is traced back to the better tax results obtained by the French subsidiaries, which are the basis for calculating this cost item.

With reference to the header “Administrative, financial and tax-related services provided by Parent Company”, please refer to Note 38 “Related party transactions” for more details.

“Indirect taxes” include tax charges such as property tax, taxes on sales revenues (*taxe organique* of the French companies), non-deductible VAT and taxes on professional training.

“Other fiscal charges” consist of the *cotisation économique territoriale* (previously called *taxe professionnelle*) relating to the French companies, which is calculated on the value of fixed assets and on added value.

28. PERSONNEL COSTS

Personnel

Personnel costs can be broken down as follows:

(in thousands of Euro)	1st half 2023	1st half 2022
Wages, salaries and contributions	131,891	124,318
Pension costs: defined benefit plans	802	776
Pension costs: defined contribution plans	643	896
<i>Participation des salaries</i>	2,318	1,027
Imputed cost of stock option and stock grant plans	253	94
Other costs	7	5
TOTAL	135,914	127,116

“Personnel costs” were affected by ongoing inflationary effects. Item amounts to Euro 135,914 thousand compared to Euro 127,116 thousand in the first half year 2022, with an increase of Euro 8,798 thousand (+6.9%). At constant exchange rates and excluding the inflationary impact of Argentina, the item "Personnel costs" would increase by Euro 9,694 thousand.

The impact of “Personnel costs” on sales revenues has decreased to 15.9% from 16.8% as at 30 June 2022.

“Wages, salaries and contributions”, “Pension costs: defined benefit plans” and “Pension costs: defined contribution plans” are posted in the tables provided above at line “Labour cost”.

“Other costs” is included in “Administrative and general expenses”.

“Imputed cost of Stock Grant plans” is included in “Other non-operating expenses (income)”. The following paragraph “Personnel benefits” provides details of the Stock Option and Stock Grant plans.

The average number of employees broken down by category is as follows:

(Number of employees)	1st half 2023	1st half 2022
Managers	53	60
Clerical staff	1,415	1,497
Blue collar workers	3,964	3,927
TOTAL	5,432	5,484

Personnel benefits

Sogefi S.p.A. implements stock-based incentive plans for the employees of the Company and of its subsidiaries that hold important positions of responsibility within the Group. The purpose is to foster greater loyalty to the Group and to provide an incentive that will raise their commitment to improving business performance and generating value in the long term.

The stock-based incentive plans of Sogefi S.p.A. are first approved by the Shareholders' Meeting.

Except as outlined at the following paragraphs "*Stock Grant plans*", the Group has not carried out any other transaction that involves the purchase of goods or services with payments based on shares or any other kind of instrument representing portions of equity. As a result, it is not necessary to disclose the fair value of such goods or services.

The Group has issued plans from 2014 to 2022 of which the main details are provided below.

Stock Grant plans

The Stock Grant plans provide for the free assignment of conditional rights (called units) that cannot be transferred to third parties or other beneficiaries; each of them entitles to the free assignment of one Sogefi S.p.A. share.

Until 2019, the plans provided for two categories of units:

- Time-based Units, the vesting of which is subject to the passing of the established time periods;
- Performance Units type A, whose vesting is subject to the passing of the time periods and the achievement of the targets based on the market value of the share, as set out in the regulation.

Starting with the 2020 Stock Grant Plan, an additional category of units was added:

- Performance Units type B, whose vesting is subject to the passing of the time periods and the achievement of the Economic-Financial Targets set out in the regulation.

In this regard, it should be noted that with the issuance of the 2022 Stock Grant Plan, the Type B Performance Units will also be subject to the achievement of the Non-Financial Targets, measured on the basis of the comparison between the Non-Financial Results and the Non-Financial Targets set forth in the regulation.

The regulation provides for a minimum holding period during which the shares held for the plan can not be disposed of.

All shares assigned under these plans will be treasury shares held by Sogefi S.p.A.. According to the regulation, a pre-condition for assigning the shares is a continued

employer-employee relationship or the continued appointment as a director/executive of the Company or one of its subsidiaries throughout the vesting period of the rights.

The main characteristics of the Stock Grant plans approved during previous years and still under way are outlined below:

- 2014 Stock Grant plan to assign a maximum of 750,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 378,567 Units (159,371 of which were Time-based Units and 219,196 Performance Units).

The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 20 April 2016 and ending on 20 January 2018.

The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.

On 30 June 2023, 109,543 Time-based Units and 219,196 Performance Units expired as per regulation. While 50,410 Time-based Units had been exercised.

- 2015 Stock Grant plan to assign a maximum of 1,500,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 441,004 Units (190,335 of which were Time-based Units and 250,669 Performance Units).

The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 20 October 2017 and ending on 20 July 2019.

The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.

On 30 June 2023, 56,397 Time-based Units and 179,805 Performance Units expired as per regulation. While 125,599 Time-based Units and 67,943 Performance Units had been exercised.

- 2016 Stock Grant plan to assign a maximum of 750,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 500,095 Units (217,036 of which were Time-based Units and 283,059 Performance Units).

The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 27 July 2018 and ending on 27 April 2020.

The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.

On 30 June 2023, 77,399 Time-based Units and 100,948 Performance Units expired as per regulation. While 139,638 Time-based Units and 182,111 Performance Units had been exercised.

- 2017 Stock Grant plan to assign a maximum of 750,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a

total of 287,144 Units (117,295 of which were Time-based Units and 169,849 Performance Units).

The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 26 July 2019 and ending on 26 April 2021.

The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.

On 30 June 2023, 36,703 Time-based Units and 169,849 Performance Units expired as per regulation. While 79,236 Time-based Units had been exercised.

- 2018 Stock Grant plan to assign a maximum of 500,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 415,000 Units (171,580 of which were Time-based Units and 243,420 Performance Units).

The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 23 July 2020 and ending on 23 April 2022.

The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.

On 30 June 2023, 95,446 Time-based Units and 243,420 Performance Units expired as per regulation. While 73,245 Time-based Units had been exercised.

- 2019 Stock Grant plan to assign a maximum of 500,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 469,577 Units (213,866 of which were Time-based Units and 255,711 Performance Units).

Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 22 October 2021 and ending on 22 July 2023.

Performance Units will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.

On 30 June 2023, 112,193 Time-based Units and 140,157 Performance Units expired as per regulation. While 84,051 Time-based Units and 14,762 Performance Units had been exercised.

- 2020 Stock Grant plan to assign a maximum of 1,000,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 790,000 Units (235,000 of which were Time-based Units and 277,500 Performance Units type A and 277,500 Performance Units type B).

Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 31 January 2023 and ending on 31 October 2024.

Performance Units type A will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.

Performance Units type B will vest in three annual tranches, each equal to up to one third (1/3) of the total number of Performance Units type B granted, from 31 January 2023 to 31 July 2024, depending on the achievement of the Economic-Financial Targets set out in the regulation.

On 30 June 2023, 83,750 Time-based Units and 181,875 Performance Units type A and 181,875 Performance Units type B expired as per regulation.

- 2021 Stock Grant plan to assign a maximum of 1,000,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 897,500 Units (292,084 of which were Time-based Units and 302,708 Performance Units type A and 302,708 Performance Units type B).

Time-based Units will vest in tranches on a three-monthly basis, accounting for 8.33% of their respective total, starting on 30 April 2023 and ending on 31 January 2026.

Performance Units type A will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.

Performance Units type B will vest in three annual tranches, each equal to up to one third (1/3) of the total number of Performance Units type B granted, from 31 July 2023 to 31 July 2025, depending on the achievement of the Economic-Financial Targets set out in the regulation.

On 30 June 2023, 85,834 Time-based Units and 84,583 Performance Units type A and 84,583 Performance Units type B expired as per regulation.

- 2022 Stock Grant plan to grant a maximum of 1,000,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were granted a total of 995,000 Units (294,166 of which were Time-based Units, 350,417 Performance Units type A and 350,417 Performance Units type B).

Time-based Units will vest in tranches on a three-monthly basis, accounting for 8.33% of their respective total, starting on 30 April 2023 and ending on 31 January 2026.

Performance Units type A will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.

Performance Units type B will vest in three tranches, each equal to up to one third (1/3) of the total number of Performance Units type B granted, from 31 July 2024 to 31 July 2026, depending on the achievement of the Economic-Financial Targets set out in the regulation.

On 30 June 2023, 25,000 Time-based Units and 25,000 Performance Units type A and 25,000 Performance Units type B expired as per regulation.

It should be noted that the 2013 Stock Grant Plan ended in April 2023 as per regulation.

The imputed cost for 2023 for existing Stock Grant plans is Euro 253 thousand, and is booked to the Income Statement under “Other non-operating expenses (income)”.

The following table shows the total number of existing rights with reference to the 2012-2022 plans:

	<i>June 30, 2023</i>	<i>December 31, 2022</i>
Not exercised/not exercisable at the start of the year	2,200,191	1,578,599
Granted during the period	-	995,000
Cancelled during the period	(138,696)	(305,259)
Exercised during the period	(135,487)	(68,149)
Not exercised/not exercisable at the end of the period	1,926,008	2,200,191
Exercisable at the end of the period	39,047	26,832

The line “Not exercised/not exercisable at the end of the period” refers to the total number of options, net of those exercised or cancelled during the current and previous periods.

The line “Exercisable at the end of the period” refers to the total amount of options matured at the end of the period and not yet subscribed.

29. RESTRUCTURING COSTS

The “Restructuring costs” amount to Euro 2,974 thousand (Euro 4,132 thousand in the first half year of the previous year).

The item “Restructuring costs” mainly includes personnel costs and is comprised of costs incurred and paid in the first half of 2023 in the amount of Euro 3,128 thousand and use of allocations of the previous years net of the new provisions made to “Provision for restructuring” in the amount of Euro 154 thousand.

30. LOSSES (GAINS) ON DISPOSAL

Net gains on disposal amounted to Euro 71 thousand compared to Euro 7 thousand net gains in the first six months of the previous year.

31. EXCHANGE (GAINS) LOSSES

Net exchange losses as at 30 June 2023 amount to Euro 1,990 thousand compared to net exchange gains of Euro 3,878 thousand in the first half of 2022.

32. OTHER NON-OPERATING EXPENSES (INCOME)

Net non-operating costs amounted to Euro 1,452 thousand (compared to net non-operating costs of Euro 738 thousand in the first six months of the previous year).

The following table shows the main elements:

<i>(in thousands of Euro)</i>	<i>1st half 2023</i>	<i>1st half 2022</i>
Write-downs of tangible and intangible fixed assets/ (revaluation during the period)	(413)	773
Product warranty costs	535	424
Cost of stock options and stock grant plans	253	94
Litigations	(59)	(959)
Actuarial losses (gains)	223	-
Other ordinary (income) expenses	913	406
TOTAL	1,452	738

The item “Writedowns of tangible and intangible fixed assets (revaluation during the period)”, positive for Euro 413 thousand, includes impairment reversals of tangible fixed assets (for the most part tooling), and of intangible fixed assets (mainly related

to research and development projects) written down in previous years for which the writedown requirements no longer exist.

33. FINANCIAL EXPENSES (INCOME), NET

Financial expenses are detailed as follows:

(in thousands of Euro)	1st half 2023	1st half 2022
Interests on bonds	1,268	1,910
Interest on amounts due to banks	5,884	2,721
Financial charges under lease contracts	1,405	1,616
Financial component of pension funds and termination indemnities	390	291
Financial expenses from IRS in cash flow hedge	-	131
Net financial expenses from fair value of derivatives no more in cash flow hedge	303	595
Financial component IAS 29	894	899
Other interest and commissions	4,696	2,625
TOTAL FINANCIAL EXPENSES	14,840	10,788

Financial income is detailed as follows:

(in thousands of Euro)	1st half 2023	1st half 2022
Gain on Cross currency swap no more in cash flow hedge	(40)	(87)
Financial income from IRS in cash flow hedge	(1,128)	(8)
Interest on amounts given to banks	(852)	(1,435)
Other interest and commissions	(1,758)	(133)
TOTAL FINANCIAL INCOME	(3,778)	(1,663)
	-	-
TOTAL FINANCIAL EXPENSES (INCOME), NET	11,062	9,125

Net financial expenses amounted to Euro 11,062 thousand, an increase of Euro 1,937 thousand compared to the first half of 2022 due to higher interest rates on the floating-rate loan component.

It should be noted that as at 30 June 2023, the impact of the change in fair value of Cross currency swap contracts no longer designated in hedge accounting is negative by an amount of Euro 303 thousand (negative by Euro 595 thousand as at 30 June 2022), and is comprised of:

- the portion of the reserve previously booked to “Other Comprehensive Income” that will be reclassified to Income Statement over the same period of time expected for the differentials relating to the former underlying hedged item;

It should be noted that the item “Other interest and commissions - financial income” includes Euro 1,536 thousand related to dollar-linked bond instruments, measured at amortised cost, held to mitigate the effects of the devaluation of the Argentine Peso (ARS).

34. LOSSES (GAINS) FROM EQUITY INVESTMENTS

This item amounts to zero (unchanged compared to 30 June 2022).

35. INCOME TAXES

The detail is given below:

(in thousands of Euro)	1st half 2023	1st half 2022
Current taxes	10,107	8,939
Deferred tax liabilities (assets)	520	1,013
(Gain) loss from participation to fiscal consolidation	198	298
TOTAL	10,825	10,250

The average tax rate at 30 June 2023 is 24.7% (32.7% as at 30 June 2022). Taxes benefit from a non-recurring income of Euro 1,894 thousand.

36. DIVIDENDS PAID

No dividends were paid to the Parent Company shareholders during the first half year 2023, the situation has not changed compared to the first half year of 2022.

37. EARNINGS PER SHARE (EPS)

Basic EPS

	June 30, 2023	June 30, 2022
Net result attributable to the ordinary shareholders (in thousands of Euro)	31,381	20,760
Weighted average number of shares outstanding during the period (thousands)	118,245	118,144
Basic EPS (Euro)	0.265	0.176

Diluted EPS

The Company has no categories of ordinary shares with a potentially dilutive effect. The diluted earnings are therefore equal to the basic earnings.

E) 38. RELATED PARTY TRANSACTIONS

See IAS 24 and the related communications from Consob for the definition of related party transactions.

The Group is controlled by the Parent Company CIR S.p.A. (which in turn is controlled by the ultimate Parent Company Fratelli De Benedetti S.p.A.), which as at 30 June 2023 held 55.64% of the share capital (56.49% of outstanding shares, excluding treasury shares). The shares of Sogefi S.p.A. are listed on the Euronext Star Milan Market.

The Group's condensed interim consolidated financial statements include the financial statements of the consolidated companies, listed in chapter H "Group companies" along with the stake held in the same by the Group.

Dealings between Group companies are conducted at arm's length, taking into account the quality and type of services rendered.

The Parent Company Sogefi S.p.A., because of its role of Holding company, provides administrative, financial and management services directly to the three French sub-holding operative companies (Sogefi Filtration S.A., Sogefi Suspensions S.A. and Sogefi Air & Cooling S.A.S.) which, in turn, beside dealing with the services provided by the Parent Company to the companies operating in the relevant business units, provide directly to the latter support services as well as operating and business services. The Parent Company also debits and credits interest at a market spread to those subsidiaries that have joined the Group's cash pooling system. The Parent Company is also charging royalties fees on the Group "SAP" information system to those subsidiaries at which implementation has been completed.

The subsidiary Sogefi Gestion S.A.S. carries out centralised functions and charges Group companies for administrative, financial, legal, industrial and IT services as well as royalties for the use of Group-wide IT applications.

As part of its activity, the Parent Company Sogefi S.p.A. makes use of the services provided by CIR S.p.A., its Parent Company, in areas such as strategic development and of an administrative and financial nature, governance and communication. This relationship is regulated by contracts at arm's-length conditions and the cost is commensurate to the effective value of such services to the Sogefi Group in terms of the resources devoted to them and the specific economic advantages obtained as a result. It should be noted that Sogefi Group's interest in the provision of services by the parent company is considered to be preferable to services provided by third parties because of, among other things, its extensive knowledge acquired over time in its specific business and market environment.

Services provided to Sogefi S.p.A. by the Parent Company CIR S.p.A. as at 30 June 2023 amount to Euro 83 thousand, in line compared to the amount as at 30 June 2022. At 30 June 2023, amounts payable to the Parent Company CIR S.p.A. by Sogefi S.p.A. totalled Euro 17 thousand.

The Parent Company Sogefi S.p.A. had entered into a rental contract with the holding company CIR S.p.A. on the offices located in Milan, via Ciovassino 1/A

where Sogefi has its registered offices and administration. The contract expired on 31 December 2022, was tacitly renewed and was recognised as a short-term lease as at 30 June 2023.

The Italian companies of the Sogefi Group had receivables for the amount of Euro 1,951 thousand owed by CIR S.p.A. in connection with their participation in the group tax filing system, and payables for the amount of Euro 684 thousand. Outstanding receivables as at 31 December 2022 collected in the first half-year 2023 amounted to Euro 433 thousand.

At the end of the first half of 2023, the Italian subsidiaries recorded an income of Euro 28 thousand following the transfer of fiscal surplus to companies that have joined the CIR Group tax filing system in order to have an interest cost deduction; the amount receivable as at 30 June 2023 of the Italian subsidiaries from the Parent Company CIR S.p.A. is equal to Euro 28 thousand.

At 30 June 2023, the Parent Company Sogefi S.p.A. records a liability amounting to Euro 226 thousand (Euro 319 thousand as at 30 June 2022) reflecting the consideration due for the fiscal surplus transferred by companies that have joined the CIR Group tax filing system. The amount payable by Sogefi S.p.A. to Parent Company CIR S.p.A. for such consideration as at 30 June 2023 is Euro 226 thousand.

As regards economic transactions with the Board of Directors, Statutory Auditors, the Chief Executive Officer and the Managers with strategic responsibility, please refer to the attached table for remuneration paid in the first half of 2023.

Apart from those mentioned above and shown in the tables below, at the date of these condensed interim consolidated financial statements, we are not aware of any other related party transactions.

The following tables summarise related party transactions:

(in thousands of Euro)	June 30, 2023	December 31, 2022
Receivables		
- for the Group tax filing to CIR S.p.A.	1,923	1,121
- for income following the transfer of fiscal surplus to the CIR Group	28	57
Payables		
- for Director's remuneration	24	14
- for cost recharged from CIR S.p.A.	85	-
- for services received from CIR S.p.A.	17	-
- for the cost of transferring tax surpluses from the CIR Group	226	385
- for the Group tax filing to CIR S.p.A.	458	386

(in thousands of Euro)	1st half 2023	1st half 2022
Costs		
- for services received from CIR S.p.A.	83	88
- for rental contract from CIR S.p.A.	63	3
- for reversal cost from the CIR S.p.A.	85	74
- amortization of right of use (*)	-	56
- for the cost of transferring tax surpluses from the CIR Group	226	319
Revenues		
- for income following the transfer of fiscal surplus to the CIR Group	28	21
Compensation of directors and statutory auditors		
- directors	383	388
- directors charged back to the parent company	10	10
- statutory auditors	47	47
- contribution charges on compensation to directors and statutory auditors	25	24
Compensation and related contributions to the General Manager (**)	421	546
Compensation and related contributions to Manager with strategic responsibilities ex Consob resolution no. 17221/2010 (***)	325	264

(*) This represents the components relating to the rental contract for the premises at Via Ciovassino 1/A, Milan; the contract, which expired on 31 December 2022 and was tacitly renewed, has been recognised as a short-term lease as at 30 June 2023.

(**) The item includes the imputed cost of stock grant plans of Euro 94 thousand (Euro 67 thousand in the first half of 2022) recognised in item "Other non-operating expenses (income)".

(***) The item includes the net imputed cost of stock grant plans of Euro 46 thousand (Euro 24 thousand in the first half of 2022) recognised in item "Other non-operating expenses (income)".

F) COMMITMENTS AND RISKS

39. INVESTMENT COMMITMENTS

At 30 June 2023, Group companies have binding commitments for investments relating to the purchase of property, plant and equipment for Euro 393 thousand (Euro 519 thousand at 31 December 2022).

40. GUARANTEES GIVEN

Details of guarantees are as follows:

(in thousands of Euro)	June 30, 2023	December 31, 2022
PERSONAL GUARANTEES GIVEN		
a) Sureties to third parties	1,332	1,591
b) Other personal guarantees in favour of third parties	3,743	3,743
TOTAL PERSONAL GUARANTEES GIVEN	5,075	5,334
REAL GUARANTEES GIVEN		
a) Against liabilities shown in the financial statement	18,917	19,202
TOTAL REAL GUARANTEES GIVEN	18,917	19,202

The guarantees given in favour of third parties relate to guarantees given to certain customers by subsidiary Sogefi Suspensions Heavy Duty Italy S.p.A., and to guarantees given to tax authorities by subsidiary Sogefi Filtration Ltd; guarantees are shown at a value equal to the outstanding commitment at the end of the reporting period. These accounts indicate risks, commitments and guarantees provided by Group companies to third parties.

The “Other personal guarantees in favour of third parties” relate to the commitment of the subsidiary Sogefi HD Suspensions Germany GmbH to the employee pension fund for the two business lines at the time it was acquired in 1996; this commitment is covered by the contractual obligations of the seller, who is a leading German operator.

“Real guarantees given” refer to subsidiaries Sogefi Suspensions Eastern Europe S.R.L., Sogefi (Suzhou) Auto Parts Co., Ltd and Sogefi ADM Suspensions Private Limited, which pledged tangible fixed assets and trade receivables as real guarantees to secure loans obtained from financial institutions.

41. OTHER RISKS

As at 30 June 2023, the Group had third-party goods and materials held at Group companies worth Euro 2,387 thousand.

42. CONTINGENT ASSETS/LIABILITIES

Potential liabilities

Sogefi Group is managing environmental issues in some production plants. No relevant costs are expected.

In October 2016, the Parent Company Sogefi S.p.A. received four notices of assessment relating to fiscal periods 2011 and 2012, as a result of a tax audit carried out during the first half year 2016, with two irregularities: i) undue deduction of Euro 0.6 million of VAT paid on purchases of goods and services, ii) non-deductibility from IRES tax (and relating non-deductibility for VAT of Euro 0.2 million) of the expense for services performed by parent company CIR S.p.A., for the overall taxable amount of Euro 1.3 million, not including interest and fines. The notices were challenged by the Company before the Province Tax Commission of Mantua, which on 14 July 2017 filed judgement no. 119/02/2017, ruling in favour of the Company on all claims. The Italian Tax Agency filed an appeal against parts of the judgement, requesting that only the notices of VAT assessment be sustained, and finally waiving the notices of IRES assessment (Italian Corporate Income Tax).

The Company has filed its rebuttal arguments against this partial appeal. On 19 November 2019, a hearing was held at the Lombardy Regional Tax Committee, which accepted the Authority's argument.

The judgement of the Regional Tax Committee of Lombardy, Brescia local unit, was challenged by the Company before the Cassation on 30 September 2020. The Authority, through the *Avvocatura Generale dello Stato* (office of State lawyers), filed a defence. The Company is waiting for the hearing to be held.

On 31 December 2020, the Company paid the amount ordered under Regional Tax Committee judgement no. 1/26/2020. This amount of Euro 1.3 million is included in the item "Tax receivables".

Based on the tax advisor's opinion, Directors believe the risk of losing to be possible but not likely.

Consequently, the Company did not set aside any amount for tax risks to contingent liabilities in financial statements as at 30 June 2023.

The subsidiary Sogefi Filtration Italy S.p.A. has a pending dispute with the tax authorities for tax year 2004. The purpose of the proceedings, which were initiated in 2009, is to challenge the elusion/abuse of the merger by incorporation through the cancellation of shares of the "old" Sogefi Filtration S.p.A. into Filtrauto Italia S.r.l., which led to the derecognition of the cancellation deficit (generated by the merger), which was partly booked under goodwill and partly to the revaluation of a property, in addition to interest on the loan granted by Sogefi S.p.A. to Filtrauto S.r.l. as part of the transaction.

The Company challenged the notices of assessment and defended the full legitimacy of its actions.

In 2012, the Milan Provincial Tax Committee voided the notices of assessment for the part concerning the assessment of elusion/abuse. The Authority challenged the above judgements before the Regional Tax Committee of Milan.

On 21 March 2014, the Regional Tax Committee of Milan filed the judgement confirming the annulment of the orders already filed at first instance. On 16 June

2014, the Tax Agency filed an appeal before the Court of Cassation through the Legal Council of State. The Company lodged a defence.

On 5 December 2019, the Supreme Court upheld one of the grounds of appeal raised by the Legal Council of State and, as a result, overruled the judgement passed by the court of second instance. In July 2020, the Company filed again the complaint with the Regional Tax Committee of Lombardy. The hearing before the Regional Tax Committee of Lombardy was held on 10 December 2021. On 9 February 2022, with judgement no. 395/2022, the Regional Tax Committee of Lombardy confirmed, also on remand, the previous judgement on the merits in favour of the Company rendered in 2014.

The Italian Tax Agency filed an appeal at the Court of cassation, which was served on 9 September 2022. Within 40 days from the service of the appeal, the Company filed its defence with a conditional cross-appeal.

The judgement of 9 February 2022 reinforces the conclusion that the Company's position is supported by valid reasons. Hence, based on the opinion offered by the tax advisor who has been following the litigation, as well as on legal theory, that supports the arguments on circumvention of law and abuse of rights put forward by the Company almost without exception, also considering that first and second instance judgements as well as the decision to remand agree with such arguments, the Company believes the risk of losing pending disputes concerning disputed taxes amounting to nearly Euro 3 million, penalties in the same amount as disputed taxes and interest estimated at around Euro 2 million – totalling an estimated Euro 8 million approximately – to be still theoretically possible but not likely as at 30 June 2023.

In light of the provisions of the recent Italian Budget Law 2023 (No. 197, dated 29 December 2022), the Company, together with its consultants, evaluated the possibility of settling the dispute with the payment of an amount equal to 15% of the higher tax alone; considering the settlement of the dispute with the aforementioned payment to be probable, the Company has set aside the relevant taxes of Euro 470 thousand as of 31 December 2022.

43. ATYPICAL OR UNUSUAL TRANSACTIONS

Pursuant to Consob Communication dated 28 July 2006, it is specified that the Group did not implement any atypical and/or unusual transactions during the first half-year 2023.

44. SUBSEQUENT EVENTS

No significant events occurred after 30 June 2023.

G) 45. FINANCIAL INSTRUMENTS

A) Exchange risk – not designated in hedge accounting

As at 30 June 2023 the following forward purchase/sale contracts were maintained to hedge the exchange risk on intercompany financial positions and on commercial positions:

Company	Forward purchase/ Forward sale	Date opened	Currency exchange	Spot price	Date closed	Forward price	Fair value at 06.30.2023 (*)
Sogefi Suspension Brasil Ltda	S USD 300.000	05/26/2023	BRL/value	4.9990	07/13/2023	5.3200	13
Sogefi Suspension Brasil Ltda	S USD 300.000	06/15/2023	BRL/value	4.8462	07/13/2023	5.0004	1
Sogefi Suspension Brasil Ltda	S USD 300.000	06/15/2023	BRL/value	4.8462	07/27/2023	4.6808	1
Sogefi Suspension Brasil Ltda	S USD 250.000	06/29/2023	BRL/value	4.8563	08/24/2023	4.3612	3
Sogefi Suspension Brasil Ltda	S USD 250.000	06/29/2023	BRL/value	4.8563	08/10/2023	4.0416	3
Sogefi Suspension Brasil Ltda	P EUR 150.000	05/11/2023	BRL/value	5.4385	07/20/2023	5.5387	(7)
Sogefi Suspension Argentina S.A.	P USD 400.000	06/12/2023	ARS/value	246.8500	07/31/2023	293.2000	(10)

* Fair values have been recognised under “Other short-term assets for derivative financial instruments” and “Other short-term liabilities for derivative financial instruments”.

B) Exchange risk (Cross currency swap) no longer in hedge accounting

The cross currency swap (CCS) contracts outstanding at 31 December 2022 were terminated in May 2023 at the same time as the repayment of the last instalment of the bond loan USD 15 million.

Details of these contracts are as follows:

Description of CCSwap	Date opened	Contract maturity	Notional (in thousands of USD)	Fixed rate	Fair value at 06.30.2023 (in thousands of Euro)	Fair value at 12.31.2022 (in thousands of Euro)
Private placement USD 115 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	7,858	6,0% USD receivable 5,6775% Euro payables	-	1,309
Private placement USD 115 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	5,714	6,0% USD receivable 5,74% Euro payables	-	950
Private placement USD 115 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	2,857	6,0% USD receivable 5,78% Euro payables	-	475
TOTAL			16,429		-	2,734

At 30 June 2023, a financial expense corresponding to the portion of the reserve previously recognised in “Other comprehensive income” in the amount of Euro 303 thousand was recognised in the income statement.

C) Interest rate risk in hedge accounting

On 23 December 2020, the Parent Company Sogefi S.p.A. entered into four Interest Rate Swap contracts that began to exchange their flows as from 31 December 2020, for a total notional amount of Euro 80 million that will be extinguished in June 2026. These contracts were designated to hedge the four loans guaranteed by SACE for a total amount of Euro 80 million.

Details of these contracts are as follows:

These financial instruments envisage payment by the Group of an agreed fixed rate (-0.196%) and payment by the counterparty of the floating rate (Euribor) that is the basis of the underlying loan.

Description of IRS	Date opened	Contract maturity	Notional (in thousands of Euro)	Fixed rate	Fair value at 06.30.2023	Fair value at 12.31.2022
Hedging of SACE loan Euro 80 millions (10/09/20 expired 06/30/26)	12/31/2020	06/30/2026	20,000	-0.196%	1,212	1,398
Hedging of SACE loan Euro 80 millions (10/09/20 expired 06/30/26)	12/31/2020	06/30/2026	20,000	-0.196%	1,212	1,398
Hedging of SACE loan Euro 80 millions (10/09/20 expired 06/30/26)	12/31/2020	06/30/2026	20,000	-0.196%	1,212	1,398
Hedging of SACE loan Euro 80 millions (10/09/20 expired 06/30/26)	12/31/2020	06/30/2026	20,000	-0.196%	1,212	1,398
TOTAL			80,000		4,848	5,592

The change in fair value compared to 31 December 2022, amounting to Euro 744 thousand, was recognised in the amount of Euro 738 thousand under “Other comprehensive income” and Euro 6 thousand under financial expenses.

D) Fair value of derivatives in hedge accounting and no longer in hedge accounting

The fair value of all derivatives was calculated using the forward curves of exchange and interest rates as at 30 June 2023, also taking into account a credit valuation adjustment/debit valuation adjustment. The fair value amounts of derivatives are classified as Level 2 in fair value hierarchy, based on the significance of the inputs used in fair value measurements.

H) GROUP COMPANIES

46. LIST OF GROUP COMPANIES AS AT 30 June 2023

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Direct equity investments	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
SOGEFI FILTRATION S.A. Guyancourt (France)	Euro	120,596,780	6,029,838	99.99998	20	120,596,760
SOGEFI SUSPENSIONS S.A. Guyancourt (France)	Euro	73,868,383	4,345,198	99.999	17	73,868,366
SOGEFI U.S.A., Inc. Prichard (U.S.A.)	USD	20,055,000	191	100	(2)	20,055,000
SOGEFI GESTION S.A.S. Guyancourt (France)	Euro	100,000	10,000	100	10	100,000
SHANGHAI SOGEFI AUTO PARTS Co., Ltd Shanghai (China)	USD	13,000,000	(1)	100	(2)	13,000,000
SOGEFI AIR & COOLING S.A.S. Guyancourt (France)	Euro	54,938,125	36,025	100	1,525	54,938,125
SOGEFI (SUZHOU) AUTO PARTS CO., Ltd Wujiang (China)	USD	37,400,000	(1)	100	(2)	37,400,000

- (1) The share capital is not divided in shares or quotas.
(2) There is no unit nominal value.

Indirect equity investments	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
FILTRATION BUSINESS UNIT						
SOGEFI FILTRATION Ltd Tredegar (Great Britain) held by Sogefi Filtration S.A.	GBP	5,126,737	5,126,737	100	1	5,126,737
SOGEFI AFTERMARKET SPAIN S.L.U. Cerdanyola (Spain) held by Sogefi Filtration S.A.	Euro	3,000	3,000	100	1	3,000
SOGEFI FILTRATION d.o.o. Medvode (Slovenia) held by Sogefi Filtration S.A.	Euro	10,291,798	1	100	10,291,798	10,291,798
FILTER SYSTEMS MAROC SARL Tanger (Morocco) held by Sogefi Filtration S.A.	MAD	215,548,000	215,548	100	1,000	215,548,000
SOGEFI FILTRATION RUSSIA LLC (*) Russia held by Sogefi Filtration S.A.	RUB	10,800,000	1	100	10,800,000	10,800,000
SOGEFI ENGINE SYSTEMS INDIA Pvt Ltd Bangalore (India) 64.29% held by Sogefi Filtration S.A. 35.71% held by Sogefi Air & Cooling S.A.S.	INR	21,254,640	2,125,464	100	10	21,254,640
SOGEFI FILTRATION ITALY S.p.A. Sant'Antonino di Susa (Italy) held by Sogefi Filtration S.A.	Euro	8,000,000	7,990,043	99.88	1	7,990,043

(*) Subsidiary in liquidation

Indirect equity investments	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
AIR&COOLING BUSINESS UNIT						
SOGEFI AIR & COOLING CANADA CORP. Nova Scotia (Canada) held by Sogefi Air & Cooling S.A.S.	CAD	9,393,000	2,283	100	(2)	9,393,000
SOGEFI AIR & COOLING USA, Inc. Wilmington (U.S.A.) held by Sogefi Air & Cooling S.A.S.	USD	100	1,000	100	0.10	100
S.C. SOGEFI AIR & COOLING S.r.l. Titesti (Romania) held by Sogefi Air & Cooling S.A.S.	RON	7,087,610	708,761	100	10	7,087,610
ATN MOLDS & PARTS (SAS) Alsazia (France) held by Sogefi Air & Cooling S.A.S.	Euro	400,000	2,040	51	100	240,000
SOGEFI ENGINE SYSTEMS MEXICO S. de R.L. de C.V. Apodaca (Mexico) 0.0000007921% held by Sogefi Air & Cooling S.A.S. 99.9999992079% held by Sogefi Air & Cooling Canada Corp.	MXN	126,246,760		100		126,246,760
			1		1	
			1		126,246,759	

(2) There is no unit nominal value.

Indirect equity investments	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
SUSPENSIONS BUSINESS UNIT						
ALLEVARD SPRINGS Ltd Clydach (Great Britain) held by Sogefi Suspensions S.A.	GBP	4,000,002	4,000,002	100	1	4,000,002
SOGEFI PC SUSPENSIONS GERMANY GmbH Völklingen (Germany) held by Sogefi Suspensions S.A.	Euro	50,000	1	100	50,000	50,000
SOGEFI SUSPENSION ARGENTINA S.A. Buenos Aires (Argentina) 89.999% held by Sogefi Suspensions S.A. 9.9918% held by Sogefi Suspension Brasil Ltda	ARP	61,356,535	61,351,555	99.99	1	61,351,555
IBERICA DE SUSPENSIONES S.L. (ISSA) Alsasua (Spain) held by Sogefi Suspensions S.A.	Euro	10,529,668	5,264,834	50	1	5,264,834
SOGEFI SUSPENSION BRASIL Ltda São Paulo (Brazil) held by Sogefi Suspensions S.A.	BRL	37,161,683	37,161,683	100	1	37,161,683
UNITED SPRINGS Limited Rochdale (Great Britain) held by Sogefi Suspensions S.A.	GBP	4,500,000	4,500,000	100	1	4,500,000
UNITED SPRINGS B.V. Hengelo (Holland) held by Sogefi Suspensions S.A.	Euro	254,979	254,979	100	1	254,979
UNITED SPRINGS S.A.S. Guyancourt (France) held by Sogefi Suspensions S.A.	Euro	5,109,000	2,043,600	100	2.5	5,109,000
S.ARA COMPOSITE S.A.S. Guyancourt (France) held by Sogefi Suspensions S.A.	Euro	13,000,000	25,000,000	96.15	0.5	12,500,000
SOGEFI ADM SUSPENSIONS Private Limited Pune (India) held by Sogefi Suspensions S.A.	INR	432,000,000	32,066,926	74.23	10.0	320,669,260
SOGEFI HD SUSPENSIONS GERMANY GmbH Hagen (Germany) held by Sogefi PC Suspensions Germany GmbH	Euro	50,000	1	100.00	50,000.0	50,000
SOGEFI SUSPENSIONS HEAVY DUTY ITALY S.P.A. Puegnago sul Garda (Italy) held by Sogefi Suspensions S.A.	Euro	6,000,000	5,992,531	99.88	1	5,992,531
SOGEFI SUSPENSIONS PASSENGER CAR ITALY S.P.A. Settimo Torinese (Italy) held by Sogefi Suspensions S.A.	Euro	8,000,000	7,990,043	99.88	1	7,990,043
SOGEFI SUSPENSIONS EASTERN EUROPE S.R.L. Oradea (Romania) held by Sogefi Suspensions S.A.	RON	31,395,890	3,139,589	100	10	31,395,890

CERTIFICATION OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB REGULATION NO. 11971 OF 14 MAY 1999 AND SUBSEQUENT AMENDMENTS AND ADDITIONS

1. We, the undersigned:

Frédéric Sipahi – Managing Director and General Manager of Sogefi S.p.A.

Ms. Maria Beatrice De Minicis – Manager responsible for preparing corporate accounting documents of Sogefi S.p.A.

certify, also taking into account the provisions of article 154-*bis*, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the business and
- the actual application of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements of the Group, during the first half of 2023.

2. In this regard, there were no significant aspects to report.

3. It is also certified that:

3.1 the condensed interim consolidated financial statements of the Group as at 30 June 2023:

- have been prepared in accordance with the applicable international accounting standards recognised by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the entries of the accounting books and records;
- give a true and fair view of the financial position, results of operations and cash flows of the issuer and of all the companies included in the scope of consolidation.

3.2 the interim report on operations includes a reliable analysis of references to important events that occurred in the first six months of the financial year and their impact on the condensed interim consolidated financial statements, together with a description of the principal risks and uncertainties for the remaining six months of the financial year. The interim report on operations also includes a reliable analysis of information on material transactions with related parties.

Milan, 24 July 2023

The Managing Director
and General Manager

Frédéric Sipahi

The Manager responsible for
preparing corporate accounting
documents

Maria Beatrice De Minicis



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(Translation from the Italian original which remains the definitive version)

Report on review of condensed interim consolidated financial statements

To the shareholders of
Sogefi S.p.A.

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Sogefi Group comprising the consolidated statement of financial position, consolidated income statement, consolidated statement of other comprehensive income, consolidated cash flow statement, consolidated statement of changes in equity and explanatory and supplementary notes thereto, as at and for the six-month period ended 30 June 2023. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.



Sogefi Group

Report on review of condensed interim consolidated financial statements

30 June 2023

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Sogefi Group as at and for the six-month period ended 30 June 2023 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 1 August 2023

KPMG S.p.A.

(signed on the original)

Elisabetta C. Forni
Director of Audit