

**INTERIM FINANCIAL STATEMENTS  
AT 30 JUNE 2021  
(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 NO. 00607460201  
COMPANY SUBJECT TO MANAGEMENT AND COORDINATION BY CIR S.p.A.  
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## CORPORATE BODIES

Honorary Chairman CARLO DE BENEDETTI

Chairman MONICA MONDARDINI (1)

Chief Executive Officer FRÉDÉRIC SIPAHI (1)

Directors PATRIZIA CANZIANI (3)  
RODOLFO DE BENEDETTI  
ROBERTA DI VIETO (3)  
MAURO MELIS (2) - (3) - (4)  
ERVINO RICCOBON (2)  
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 MASPES

## INDEPENDENT AUDITORS

KPMG S.p.A.

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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 and of the Committee for Related Party Transactions.
- (4) *Lead independent director.*

# **BOARD OF DIRECTORS' REPORT**

## **ON OPERATIONS OF THE SOGEFI GROUP**

### **IN THE FIRST HALF YEAR 2021**

These condensed interim financial statements include the Group consolidated financial statements and explanatory and supplementary notes prepared in accordance with International Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) approved by the European Union and prepared according to “IAS 34 - Interim Financial Reporting” applicable on interim financial reporting.

#### **THE AUTOMOTIVE MARKET IN 2021**

In the first half of 2021, world car production grew by 29.2% compared to the first half of 2020, +15.5% in the first quarter and +48.6% in the second quarter. In 2020 there had been an unprecedented fall in production as an effect of the Covid-19 pandemic.

The recovery was seen in all of the main geographic areas. In Europe, NAFTA and Asia, production rose by around 30% (28%, 32% and 31.6% respectively) and in Mercosur it was up by 63.3%.

In all geographical areas, production volumes are still significantly lower than those prior to spread of the pandemic, with the exception of China. Indeed, compared to the first half of 2019, world production stood at -12.6% in the first half of 2021, with Europe posting -23.5%, NAFTA at -19.7%, Mercosur at -19.5% and China at +1.6%.

#### **INFORMATION ON OPERATIONS**

During the first half of 2021, the Group kept in place all the health and safety rules for the workplace with the aim of reducing the risk of contagion. These rules involve social distancing, the use of personal protective equipment, and measures to limit the presence of personnel in the workplace by resorting to working from home.

The Group reported a significant recovery of revenues, which were up by 34.9% on the first half of 2020; compared to the first half of 2019, revenues posted -9% and compared to -12.6% for car production worldwide.

The recovery of revenues and the action taken to counter the impact of the crisis made it possible to close the first half with a net income of Euro 21.4 million (versus a loss of Euro 28.8 million in the first half of 2020), positive free cash flow of Euro 33.1 million (a negative Euro 64.0 million in the first half of 2020) and net debt before IFRS16 of Euro 261.4 million, lower than the figure at December 31, 2020 (Euro 291.3 million).

Commercial activity was positive during the first six months.

The Air and Cooling division has concluded important contracts in Europe, NAFTA and China for the supply of Thermal Management products for electric mobility (products for E-Thermal Management today represent approximately 50% of the ongoing requests for quotations).

Filtration has been awarded a significant number of contracts for the supply of Air

Purification Filters and two important contracts in NAFTA for Transmission Filters. For the two product categories in question, numerous requests for quotations are in progress, confirming the validity of the strategy pursued by the Group, of developing new applications, to face the decline of diesel engines.

The company has continued to focus on the development of products for electric mobility and air purification and today it has in its portfolio a wide variety of Thermal Management products for electric mobility, which enable it to be ready to meet the new market demands potential applications.

## **RESULTS FOR THE FIRST HALF YEAR 2021**

It should be noted that the values of semester 2020 and 2019 have been restated for the application of IFRS 5 (“Non-current assets held for sale and discontinued operations”) to the Brazilian and Spanish subsidiaries of the Filtration business unit, which were sold respectively in December 2020 and in January 2021. In addition, at 30 June 2021, the Argentine subsidiary of the Filtration business unit was classified as “Assets held for sale” on the basis of IFRS 5 as, in light of ongoing negotiations, it is considered highly likely that the sale will be completed within one year. For more details, see the explanatory and supplementary notes.

The commentary on the results is proposed below not only with a comparison to the previous semester, as is customary, but also by indicating, for the main indicators, the value for the first half of 2019, taking into account the extraordinary nature of the trends in the first half of 2020, due to the spread of the Covid-19 pandemic, first in China and then in all the Group's areas of operation, and the impacts of the restrictive measures adopted.

### **Sales revenues**

In the first half of 2021, Sogefi's revenues came in at Euro 682.5 million, posting growth compared to the same period of 2020 of 34.9% at historical and 38.5% at constant exchange rates (+9.3% in the first quarter and +96.0% in the second quarter); revenues were, however, still 9.0% lower than in the first half of 2019.

## Sales revenues by geographic area

	H1 2021	H1 2020	reported change 2021 vs 2020	constant exchange rates 2021 vs 2020	reference market production	H1 2019	reported changes 2021 vs 2019
(in millions of Euro)	Amount	Amount	%	%	%	Amount	%
Europe	427.5	328.1	30.3	30.4	28.0	483.7	(11.6)
North America	136.0	102.5	32.7	40.3	32.0	146.8	(7.3)
South America	42.7	23.5	81.6	141.6	63.3	52.9	(19.3)
Asia	82.4	54.7	50.6	55.6	31.6	71.0	16.1
- of which China	46.4	34.3	35.4	36.3	25.4	33.2	39.6
Intercompany eliminations	(6.1)	(2.8)				(4.2)	
<b>TOTAL</b>	<b>682.5</b>	<b>506.0</b>	<b>34.9</b>	<b>38.5</b>	<b>29.2</b>	<b>750.2</b>	<b>(9.0)</b>

Revenues at constant exchange rates rose by 30.4% in Europe, by 40.3% in North America (+32.7% at current exchange rates) and by 36.3% in China, outperforming the market both in North America and China.

## Sales revenues by business sector

	H1 2021	H1 2020	reported change 2021 vs 2020	constant exchange rates 2021 vs 2020	H1 2019	reported changes 2021 vs 2019
(in millions of Euro)	Amount	Amount	%	%	Amount	%
Suspensions	235.5	172.7	36.3	39.8	292.3	(19.4)
Filtration	241.5	183.5	31.6	36.2	246.2	(1.9)
Air&Cooling	207.2	150.8	37.4	39.9	213.4	(2.9)
Intercompany eliminations	(1.7)	(1.0)			(1.7)	
<b>TOTAL</b>	<b>682.5</b>	<b>506.0</b>	<b>34.9</b>	<b>38.5</b>	<b>750.2</b>	<b>(9.0)</b>

The Air and Cooling and Filtration segments reported a strong recovery from 2020 than that of the market with revenues almost in line with those of the same period of 2019.

The growth of Air and Cooling compared to first half of 2020 (+39.9% at constant exchange rates, +37.4% at current exchange rates) was due, not only to the market recovery, but also to the development of its contract portfolio particularly in China, where revenues at constant exchange rates increased by 43.6% compared to the previous year.

The increase in Filtration revenues compared to the first half of 2020 (+36.2% at constant exchange rates, +31.6% at current exchange rates) reflects the strong recovery in India as well as the trend of the market.

Lastly, Suspension reported 39.8% growth in revenues at constant exchange rates (+36.3% at current rates), but business has remained significantly lower than the level seen in the same period of 2019 (-19.4% at current exchange rates).

## Sales revenues by customer

(in millions of Euro)	1st half 2021		1st half 2020		1st half 2019		% change 1h 21/1h 20	% change 1h 21/1h 19
	Amount	%	Amount	%	Amount	%		
Stellantis	150.8	22.1	101.7	20.1	162.9	21.7	48.2	(7.5)
Ford	69.8	10.2	59.1	11.7	81.3	10.8	18.2	(14.1)
Renault/Nissan	66.4	9.7	61.1	12.1	93.1	12.4	8.7	(28.7)
Daimler	62.5	9.2	43.2	8.5	60.1	8.0	44.7	4.0
GM	55.8	8.2	38.4	7.6	57.2	7.6	45.4	(2.4)
Volkswagen/Audi	32.1	4.7	21.8	4.3	34.0	4.5	47.5	(5.7)
BMW	30.4	4.5	21.7	4.3	23.0	3.1	40.4	32.4
Toyota	20.4	3.0	14.3	2.8	25.5	3.4	42.4	(20.0)
Volvo	19.0	2.8	13.1	2.6	16.7	2.2	45.4	13.9
TATA	17.1	2.5	11.3	2.2	18.4	2.5	51.6	(6.8)
DAF/Paccar	10.7	1.6	7.7	1.5	13.7	1.8	39.0	(21.9)
Auto distribution Int. (AD)	11.4	1.7	9.0	1.8	11.0	1.5	26.7	3.6
Caterpillar	5.0	0.7	3.6	0.7	6.7	0.9	38.9	(25.4)
Honda	1.8	0.3	1.2	0.2	2.7	0.4	50.0	(33.3)
Other	129.3	18.8	98.8	19.6	143.9	19.2	30.9	(10.1)
<b>TOTAL</b>	<b>682.5</b>	<b>100.0</b>	<b>506.0</b>	<b>100.0</b>	<b>750.2</b>	<b>100.0</b>	<b>34.9</b>	<b>(9.0)</b>

Sogefi's customer portfolio remains highly diversified: Stellantis is the main customer accounting for 22%, followed by Ford, Renault/Nissan and Daimler, each accounting for around 10%.

## Overview of consolidated income statement

(in millions of Euro)	Note(*)	1st half 2021		1st half 2020		Variation	
		Amount	%	Amount	%	Amount	%
Sales revenues		682.5	100.0	506.0	100.0	176.5	34.9
<b>CONTRIBUTION MARGIN</b>		<b>213.8</b>	<b>31.3</b>	<b>152.8</b>	<b>30.2</b>	<b>61.0</b>	<b>39.9</b>
Fixed costs	(a)	112.0	16.4	97.3	19.2	14.7	15.2
Restructuring costs		1.3	0.2	6.4	1.3	(5.1)	(78.9)
Other expenses (income)	(b)	(9.5)	(1.4)	(3.0)	(0.6)	(6.5)	217.6
EBITDA	(c)	110.0	16.1	52.1	10.3	57.9	111.1
Depreciation and amortization	(d)	61.1	8.9	64.1	12.7	(3.0)	(4.7)
EBIT		48.9	7.2	(12.0)	(2.4)	60.9	(507.5)
Net income (loss) from discontinued operations, net of tax effects		(3.3)	(0.5)	(8.0)	(1.6)	4.7	(58.7)
<b>GROUP NET RESULT</b>		<b>21.4</b>	<b>3.1</b>	<b>(28.8)</b>	<b>(5.7)</b>	<b>50.2</b>	<b>174.6</b>

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

**EBITDA**<sup>1</sup> came in at Euro 110 million, up from Euro 52.1 million in the first half of 2020 and Euro 87.9 million in the first half of 2019; gross profitability (EBITDA / Revenues %) went up to 16.1% (versus 11.7% in the first half of 2019 and 10.3% in the same period of 2020).

The increase in profitability was due to the higher contribution margin of 31.3% (29.6% in the first half of 2019 and 30.2% in the same period of 2020), despite the tension in the market over the availability and the prices of raw materials, and to the ratio of fixed costs to revenues which declined to 16.4% (17.4% and 19.2% in first half 2019 and first half 2020). It should be noted that compared to the first half of 2019 fixed costs fell by 14.2%.

The positive effect of exchange rates also contributed to the increase in EBITDA (Euro 1.3 million in 2021 versus Euro -1.4 million in the first half of 2020) as did the recognition of Euro 5.3 million of non-operating income.

<sup>1</sup> EBITDA is calculated by adding "EBIT", the item "Depreciation and amortization" and the amount of writedowns of tangible and intangible assets posted in "Other non-operating expenses (income)" for Euro 3.2 million at 30 June 2021 (Euro 6.4 million in the corresponding period last year).

**EBIT** came to Euro 48.9 million compared to Euro -12.0 million in the same period of 2020 and Euro 27.9 million in the first half of 2019.

Financial expense, which totalled Euro 10.6 million, was in line with that of the same period of 2020 (Euro 10.4 million), tax expense came to Euro 13.5 million, compared to tax income of Euro 1.0 million in the previous year, and the net result of discontinued operations and those held for sale was a negative Euro 3.3 million (Euro -8.0 million in the first half of 2020). This last result includes the best estimate of the capital loss on the sale of the Argentinian subsidiary in the filtration division which at June 30 2021 was classified in “Assets held for sale” since, in the light of the negotiations in progress, a sale is highly probable to be completed within a year.

The Group reported net income of Euro 21.4 million versus a loss of Euro 28.8 million in the first half of 2020 and earnings of Euro 6.9 million in the first half of 2019.

### Consolidated operating cash flow

Free Cash Flow was a positive Euro 33.1 million, which compares with an absorption of Euro 64.0 million in the first half of 2020, the performance of which was of course anomalous because of the sharp contraction of business activity due to the Covid-19 pandemic.

(in millions of Euro)	Note (*)	1st half 2021	1st half 2020	Year 2020
<b>SELF-FINANCING</b>	(e)	83.5	33.3	104.9
Change in net working capital		(5.2)	(54.2)	(32.1)
Other medium/long-term assets/liabilities	(f)	7.5	0.4	6.0
<b>CASHFLOW GENERATED BY OPERATIONS</b>		<b>85.8</b>	<b>(20.5)</b>	<b>78.8</b>
Net decrease from sale of fixed assets	(g)	3.9	0.4	2.3
<b>TOTAL SOURCES</b>		<b>89.7</b>	<b>(20.1)</b>	<b>81.1</b>
<b>TOTAL APPLICATION OF FUNDS</b>		<b>49.7</b>	<b>47.7</b>	<b>133.4</b>
Net financial position of entities acquired / sold during the year		(5.4)	-	9.0
Exchange differences on assets/liabilities and equity		(1.5)	3.8	5.1
<b>FREE CASH FLOW</b>		<b>33.1</b>	<b>(64.0)</b>	<b>(38.2)</b>
Dividends paid by subsidiaries to non-controlling interests		(3.0)	-	-
Change in fair value derivative instruments		0.5	-	(1.0)
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>		<b>(2.5)</b>	<b>-</b>	<b>(1.0)</b>
<b>Change in net financial position</b>	(i)	<b>30.6</b>	<b>(64.0)</b>	<b>(39.2)</b>
<b>Opening net financial position</b>	(i)	<b>(358.1)</b>	<b>(318.9)</b>	<b>(318.9)</b>
<b>CLOSING NET FINANCIAL POSITION</b>	(i)	<b>(327.5)</b>	<b>(382.9)</b>	<b>(358.1)</b>

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



## Consolidated net invested capital

(in millions of Euro)	Note (*)	June 30, 2021		December 31, 2020		June 30, 2020	
		Amount	%	Amount	%	Amount	%
Short-term operating assets	(l)	291.4		274.1		254.0	
Short-term operating liabilities	(m)	(362.0)		(354.3)		(306.4)	
Net working capital		(70.6)	(13.8)	(80.2)	(15.8)	(52.4)	(9.6)
Equity investments	(n)	-	-	-	-	-	-
Intangible, tangible fixed assets and other medium and long-term assets	(o)	760.5	148.3	774.8	152.7	771.7	142.1
<b>CAPITAL INVESTED</b>		<b>689.9</b>	<b>134.5</b>	<b>694.6</b>	<b>136.9</b>	<b>719.3</b>	<b>132.5</b>
Deferred Taxes/Pension Funds /Provisions for risks	(p)	(113.3)	(22.1)	(128.5)	(25.3)	(117.3)	(21.6)
Other medium and long-term liabilities	(q)	(63.6)	(12.4)	(58.6)	(11.6)	(58.8)	(10.9)
<b>NET CAPITAL INVESTED</b>		<b>513.0</b>	<b>100.0</b>	<b>507.5</b>	<b>100.0</b>	<b>543.2</b>	<b>100.0</b>
Net financial indebtedness	(r)	327.5	63.9	358.1	70.6	382.9	70.5
Non-controlling interests		16.6	3.2	16.4	3.2	15.4	2.8
Consolidated equity of the Group		168.9	32.9	133.0	26.2	144.9	26.7
<b>TOTAL</b>		<b>513.0</b>	<b>100.0</b>	<b>507.5</b>	<b>100.0</b>	<b>543.2</b>	<b>100.0</b>

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

At June 30 2021 **shareholders' equity**, excluding minority interests, stood at Euro 168.9 million (Euro 133.0 million at December 31 2020). The increase in equity of Euro 35.9 million, was higher than the net income for the period (Euro 21.4 million) mainly because of the recognition of actuarial gains on the valuation of pension funds.

## Consolidated net financial position

(in millions of Euro)	June 30, 2021	December 31, 2020	June 30, 2020
Cash, banks, financial receivables and securities held for trading	159.4	213.7	190.8
Medium/long-term financial receivables	2.4	2.2	6.3
Short-term financial debts (*)	(72.4)	(170.1)	(297.0)
Medium/long-term financial debts	(416.9)	(403.9)	(283.0)
<b>NET FINANCIAL POSITION</b>	<b>(327.5)</b>	<b>(358.1)</b>	<b>(382.9)</b>

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

**Net financial debt** before IFRS 16 amounted to Euro 261.4 million at June 30 2021, which was lower than the figure at the close of 2020 (Euro 291.3 million), at June 30 2020 (Euro 327 million) and at June 30 2019 (Euro 267.3 million).

Including the financial payables for rights of use, as per IFRS 16, the net debt figure at June 30 2021 totalled Euro 327.5 million, down from Euro 358.1 million at December 31 2020 and Euro 382.9 million at June 30 2020.

At June 30 2021 the Group had committed credit facilities in excess of its requirements of Euro 276.0 million (after repaying its convertible bond of Euro 100.0 million in May of this year).

## Number of employees

	<i>June 30, 2021</i>		<i>December 31, 2020 (*)</i>		<i>June 30, 2020 (**)</i>	
	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>	<i>Number</i>	<i>%</i>
Suspensions	2,286	39.2	2,290	38.5	2,360	39.0
Filtration	2,325	39.9	2,404	40.5	2,422	40.0
Air&Cooling	1,168	20.0	1,192	20.1	1,217	20.0
Others	54	0.9	54	0.9	58	1.0
<b>TOTAL</b>	<b>5,833</b>	<b>100.0</b>	<b>5,940</b>	<b>100.0</b>	<b>6,057</b>	<b>100.0</b>

(\*) excluding employees of the Spanish subsidiary (86) of the filtration division sold in January 2021.

(\*\*) excluding employees of the Brazilian (222) and Spanish (86) subsidiaries of the filtration division sold, respectively, in December 2020 and in January 2021.

As at 30 June 2021, the Sogefi Group's workforce was 5,833 (6,057 at the end of June 2020 and 5,940 at 31 December 2020).

## RECONCILIATION BETWEEN THE PARENT COMPANY'S STATUTORY FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

The following is a reconciliation of the Group's net result and equity at the end of the year with the equivalent figures for the Parent Company Sogefi S.p.A..

### Net profit for the period

(in millions of Euro)	<i>1st half 2021</i>	<i>1st half 2020</i>
Net result per Sogefi S.p.A. financial statements	(4.2)	(5.8)
Group share of results of subsidiary companies included in the consolidated financial statements	25.6	(23.8)
Elimination of Sogefi S.p.A. dividends	-	-
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	-	0.8
<b>NET RESULT PER CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>21.4</b>	<b>(28.8)</b>

### Shareholders' equity

(in millions of Euro)	<i>June 30, 2021</i>	<i>December 31, 2020</i>
Shareholders' equity per Sogefi S.p.A. financial statements	202.0	205.6
Group share of higher/lower equity value of investments in consolidated companies over carrying value in Sogefi S.p.A. financial statements	(41.0)	(80.5)
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related deferred taxation	7.9	7.9
<b>SHAREHOLDERS' EQUITY PER CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>168.9</b>	<b>133.0</b>

## PERFORMANCE OF THE PARENT COMPANY SOGEFI S.p.A.

Net loss in the first half of 2021 for the Parent Company Sogefi S.p.A. amounted to Euro 4.2 million compared to a net loss of Euro 5.8 million in the corresponding period of the previous year. The reduction in the loss is mainly due to lower interest expenses for Euro 0.5 million and lower asset write-downs for Euro 0.8 million. The distribution of dividends from the French direct subsidiaries to the Parent Company Sogefi S.p.A. is still suspended for 2021 as required by the French state guaranteed loans obtained in 2020 by the subsidiaries themselves; the distribution will resume in 2022. The US direct subsidiary will distribute dividends in the second half of 2021.

### Reclassified income statement of the Parent Company

(in millions of Euro)	1st half 2021	1st half 2020	Year 2020
Financial income/expenses and dividends	(3.6)	(4.2)	(0.4)
Adjustments to financial assets	-	-	(0.5)
Other operating revenues	4.1	3.9	7.9
Operating costs	(4.8)	(5.1)	(11.8)
Other non-operating income (expenses)	-	(0.8)	(2.5)
<b>RESULT BEFORE TAXES</b>	<b>(4.3)</b>	<b>(6.2)</b>	<b>(7.3)</b>
Income taxes	(0.1)	(0.4)	(1.1)
<b>NET RESULT</b>	<b>(4.2)</b>	<b>(5.8)</b>	<b>(6.2)</b>

The following table shows the main items of the statement of financial position as at 30 June 2021, compared with the figures as at 31 December 2020 and 30 June 2020.

### Parent Company's net invested capital

(in millions of Euro)	June 30, 2021	December 31, 2020	June 30, 2020
Short-term assets	6.2	7.2	6.2
Short-term liabilities	(3.2)	(3.3)	(4.6)
Net working capital	3.0	3.9	1.6
Equity investments	348.0	348.0	348.5
Other fixed assets	34.6	36.2	38.8
<b>CAPITAL INVESTED</b>	<b>385.6</b>	<b>388.1</b>	<b>388.9</b>
Other medium and long-term liabilities	(3.0)	(2.5)	(2.1)
<b>NET CAPITAL INVESTED</b>	<b>382.6</b>	<b>385.6</b>	<b>386.8</b>
Net financial indebtedness	180.6	180.0	180.4
Shareholders' equity	202.0	205.6	206.4
<b>TOTAL</b>	<b>382.6</b>	<b>385.6</b>	<b>386.8</b>

The following table shows the main items of the statement of financial position of the Company as at 30 June 2021, compared with the figures as at 31 December 2020 and 30 June 2020.

## Parent Company's net financial position

(in millions of Euro)	June 30, 2021	December 31, 2020	June 30, 2020
Short-term cash investments	83.8	119.4	116.2
Short/medium-term financial receivables to third and subsidiaries	251.2	242.1	233.0
Short-term financial debts (*)	(199.5)	(247.0)	(295.9)
Medium/long-term financial debts	(316.1)	(294.5)	(233.7)
<b>NET FINANCIAL POSITION</b>	<b>(180.6)</b>	<b>(180.0)</b>	<b>(180.4)</b>

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

The net indebtedness as at 30 June 2021 was Euro 180.6 million, basically in line with the amounts recorded as at 31 December 2020 (Euro 180 million) and 30 June 2020 (Euro 180.4 million).

## PERFORMANCE BY BUSINESS DIVISION

### Filtration business unit

In the first half of 2021, the Filtration business unit reported revenues of Euro 241.5 million, up by 31.6% at current exchange rates and up by 36.2% at constant exchange rates. Revenues were basically in line with the first half of 2020.

EBITDA margin was 16.0%, compared to 7.0% in 2020 (11.5% as at 30 June 2019), thanks to the growth in revenues and contribution margin, the reduction in the impact of fixed costs - both compared to the first half of 2020 and to the same period in 2019 and the recognition of non-operating income of Euro 2.4 million, and a positive exchange rate effect of Euro 0.4 million (negative of Euro 1.0 million in the first half of 2020).

EBIT was positive at Euro 20.7 million (negative of Euro 4.7 million in the first half of 2020), with an operating profitability of 8.6%, higher than pre-Covid levels (5.0% in the first half of 2019).

Employees of the business unit at 30 June 2021 were 2,325 (2,404 at 31 December 2020, considering the same scope).

### Suspension business unit

In the first six months of 2021, the Suspension business unit reported revenues of Euro 235.5 million, up by 36.3% (+39.8% at constant exchange rates), which mainly reflects the trend in China, India and South America.

The EBITDA margin was 12.1%, a significant improvement compared to 5.9% in the first half of 2020 (8.6% as at 30 June 2019) thanks to the growth in revenues and contribution margin, the reduction in the impact of fixed costs and the recognition of non-operating income of Euro 2.9 million.

The EBIT amounted to Euro 10.1 million (Euro -8.1 million compared to the same period of 2020), with an operating profitability of 4.3% (from 2.2% of the first half of 2019).

Employees of the business unit at 30 June 2021 were 2,286 (2,290 at 31 December 2020).

## Air & Cooling business unit

In the first half of 2021, the Air & Cooling business unit reported revenues of Euro 207.2 million, up by 37.4% at current exchange rates and by 39.9% at constant exchange rates. The trend was particularly pronounced in China, where revenues grew at constant exchange rates by 43.6% compared to the first half of 2020 thanks to the launch of new programmes and the recovery of the market.

The EBITDA margin was higher than in the corresponding period of 2020 and 2019 (19.2% compared to 16.5% in 2020 and 15.8% in 2019), thanks to the increase in volumes and the reduction in the impact of fixed costs. In addition, the first half of 2020 exchange rate effect was negative for Euro 1.2 million, compared to a positive exchange rate effect of Euro 0.6 million in the first half of 2021.

EBIT amounted to Euro 18.0 million, compared to Euro 0.3 million in 2020, with an increase in operating profitability from 5.2% in the first half of 2019 to 8.7% in the same period of 2021.

Employees of the business unit at 30 June 2021 were 1,168 (1,192 at 31 December 2020).

## PERFORMANCE IN THE SECOND QUARTER OF 2021

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)	Q2 2021		Q2 2020		Variation	
	Amount	%	Amount	%	Amount	%
Sales revenues	325.9	100.0	166.6	100.0	159.3	95.6
CONTRIBUTION MARGIN	104.2	32.0	49.8	29.9	54.4	109.2
Fixed costs	54.3	16.7	36.1	21.6	18.2	50.4
Restructuring costs	-	-	4.0	2.4	(4.0)	(100.0)
Other expenses (income)	(5.3)	(1.6)	(4.2)	(2.5)	(1.1)	26.5
EBITDA	55.2	16.9	13.9	8.4	41.3	298.0
Depreciation and amortization	32.3	9.9	33.8	20.3	(1.5)	(4.4)
EBIT	22.9	7.0	(19.9)	(11.9)	42.8	(215.3)
Net income (loss) from discontinued operations, net of tax effects	(2.5)	(0.8)	(3.2)	(1.9)	0.7	(20.1)
GROUP NET RESULT	9.6	2.9	(23.2)	(13.8)	32.8	(141.4)

In the second quarter of 2021, Sogefi reported a revenue growth of 95.6% to Euro 325.9 million. The same period in 2020 had seen, with different timing in different countries, the maximum negative effect of the pandemic.

**EBITDA** amounted to Euro 55.2 million, compared to Euro 13.9 million in the first semester of 2020 and to Euro 46.5 million in the corresponding period of 2019.

**EBIT** was positive for Euro 22.9 million (compared to Euro -19.9 million in the second quarter of 2020), due to the increase in volumes.

The **result before taxes** was at Euro 20.1 million (Euro -24.2 million in the second quarter 2020), after financial expenses of Euro 4.3 million (in line with the same period of the previous year).

The consolidated **net result** in the second quarter 2021 was at Euro 9.6 million compared with Euro -23.2 million in the previous year.

## INVESTMENTS AND RESEARCH & DEVELOPMENT ACTIVITIES

The investments totalled Euro 49.7 million in the first half year 2021 (Euro 47.7 million in the first half of the previous year).

The company decided to go ahead with all investments in the development of new products (Euro 19.9 million) and in the start-up of the new plant in Romania (Euro 5.2 million), which are essential for growth and improvement of business profitability.

The following table provides details of the investments by nature:

(in millions of Euro)	June 30, 2021	June 30, 2020	December 31, 2020
Increase in intangible assets	10.7	11.3	23.3
Purchase of tangible assets	22.0	21.0	48.7
Purchase of Tooling	13.8	14.5	36.2
Increase in intangible assets for right of use	3.2	0.9	25.2
<b>TOTAL INVESTMENTS</b>	<b>49.7</b>	<b>47.7</b>	<b>133.4</b>

## IMPACT OF COVID-19 ON OPERATIONS

In the first six months of 2021, despite the continuing pandemic crisis, the effects on the market in which the Company operates were less severe than those recorded for the first half of 2020 and consisted of a general weakness in demand, which was still lower than in the same period of 2019 especially in Europe and NAFTA (-20% approximately), and the need to continue to apply measures giving a high level of protection.

## MANAGEMENT OF THE MAIN BUSINESS RISKS

The main risk factors to which the Sogefi Group is exposed are substantially unchanged from those of 2020. However, referring also to the second semester, there is greater tension with regard to the risk connected with commodity price fluctuations due to various factors such as the dramatic increase in prices, procurement and logistics difficulties on Asian markets and the consequent lower availability of volumes, which the Group is trying to tackle through resourcing and commercial actions taken with the aim of minimising the negative effects on the contribution margin. For further details please refer to the paragraph “Outlook for operations”.

## TREASURY SHARES

As at 30 June 2021, the Parent Company has 2,075,587 treasury shares in its portfolio, corresponding to 1.728% of share capital, at an average price of Euro 2.28 each. In the first half year 2021, treasury shares decreased after they were assigned to beneficiaries of stock-based incentive plans. No treasury shares were purchased during the first half of 2021.

## RELATED PARTY TRANSACTIONS

In 2010, the Company's Board of Directors, in accordance with the provisions of Consob Regulation no. 17221 of 12 March 2010, as amended, adopted a procedure relating to the “Regulation of related party transactions”. The Board of Directors also appointed the Committee for Related Party Transactions, which is composed solely of independent directors.

This 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 establishes the rules of conduct and regulations adopted by Sogefi S.p.A. to ensure the transparency and substantial and procedural correctness of transactions with related parties carried out by the Company directly or through subsidiaries. This procedure is available on the Company's website at [www.sogefigroup.com](http://www.sogefigroup.com), in the “Investor – Corporate Governance” section.

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 management 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 2021**

Since the beginning of July negotiations have been underway for the sale of the Argentinian branch of Filtration. This sale is part of the strategy of refocusing the group's Filtration business, which aims, on the one hand, to consolidate its position in Europe while at the same time pursuing growth in NAFTA, China and India.

The sale would generate a capital loss, estimated today at Euro 2.8 million, which is already included in the results at June 30 2021 in accordance with IFRS 5.

If the sale is completed it will have a negative impact of approximately Euro 21.0 million on the income statement for purely accounting reasons (with no cash impact), resulting from the reclassification from shareholders' equity to the result for the period of the exchange rate differences of the subsidiary.

## OUTLOOK FOR OPERATIONS

Visibility as to the market trend in the next few months remains low, due to uncertainty about the evolution of the pandemic and macroeconomic and sectorial developments. There are also specific critical issues relating to the generalized increase in the main prices of raw materials and the availability of the latter, as well as logistic difficulties involving transport and sourcing from Asian markets.

For the second half of 2021, IHS expects world production to show a limited overall decline (-3.4%) compared to the second half of 2020: Europe -5.3%, NAFTA -0.5%, China -7% (an area that in the second half of 2020 had recorded an earlier and higher recovery than the other geographical areas). Therefore, for the full year 2021, IHS is forecasting growth of 10%, with a partial recovery of the fall seen in 2020, thus coming in at -7.8% on 2019.

For the second half of 2021, pressure on commodity prices (steel, plastic and paper) is expected to continue.

The group has launched resourcing activities and commercial actions to mitigate the negative effect that the evolution of raw material prices could have on the group's contribution margin.

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

Milan, 23 July 2021

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 CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IAS/IFRS

### Notes relating to the 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”;
- b) the heading agrees with the sum of the line items “Losses (gains) on disposal”, “Exchange (gains) losses” and “Other non-operating expenses (income)”, with the exception of the amount relating to write-downs of tangible and intangible fixed assets;
- c) the heading agrees with the sum of the line items “EBIT”, “Depreciation and Amortization” and the write-downs of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)”;
- d) the heading agrees with the sum of the line items “Depreciation and amortization” and the write-downs of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)”;
- 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”, “Tax receivables”, “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 heading agrees with the line item “Other financial assets” 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”, “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” 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

“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”, “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”, “Financial debts to bank”, “Other medium/long-term financial debts”, “Medium/long-term financial debts for rights of use”, “Other medium/long-term financial liabilities for derivative financial instruments”.

Please note that at 30 June 2021 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 30 JUNE 2021 OF THE SOGEFI GROUP

## CONSOLIDATED FINANCIAL STATEMENTS

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)

ASSETS	Note	June 30, 2021	December 31, 2020
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	157,750	209,673
Other financial assets	5	1,659	3,974
Inventories	6	110,619	97,731
Trade receivables	7	129,892	135,550
Other receivables	7	13,381	8,778
Tax receivables	7	20,132	23,222
Other assets	7	4,478	2,254
<b>ASSETS HELD FOR SALE</b>	<b>14</b>	<b>12,879</b>	<b>6,548</b>
<b>TOTAL CURRENT ASSETS</b>		<b>450,790</b>	<b>487,730</b>
<b>NON-CURRENT ASSETS</b>			
Land	8	12,171	12,400
Property, plant and equipment	8	364,290	361,104
Other tangible fixed assets	8	4,520	4,533
Right of use	8	64,727	66,389
Intangible assets	9	246,388	255,384
Investments in joint ventures	10	-	-
Other financial assets available for sale	11	46	46
Financial receivables	12	2,444	2,248
Other receivables	12	32,642	33,911
Deferred tax assets	13	35,724	41,034
<b>TOTAL NON-CURRENT ASSETS</b>		<b>762,952</b>	<b>777,049</b>
<b>TOTAL ASSETS</b>		<b>1,213,742</b>	<b>1,264,779</b>

The explanatory and supplementary notes from page 27 to 91 are an integral part of this condensed interim consolidated financial statements.

LIABILITIES	Note	June 30, 2021	December 31, 2020 (*)
<b>CURRENT LIABILITIES</b>			
Bank overdrafts and short-term loans	15	1,276	3,230
Current portion of medium/long-term financial debts and other loans	15	52,916	148,804
Short-term financial debts for right of use	15	18,229	17,971
Other short-term liabilities for derivative financial instruments	15	12	20
Trade and other payables	16	311,816	309,518
Tax payables	16	9,530	4,327
Other current liabilities	17	33,615	35,156
Current provisions	18	20,102	26,137
<b>LIABILITIES RELATED TO ASSETS HELD FOR SALE</b>	14	7,000	5,252
<b>TOTAL CURRENT LIABILITIES</b>		454,496	550,415
<b>NON-CURRENT LIABILITIES</b>			
Financial debts to bank	15	284,687	255,407
Other medium/long-term financial debts	15	80,945	95,311
Medium/long-term financial debts for right of use	15	50,763	52,238
Other medium/long-term financial liabilities for derivative financial instruments	15	519	1,003
Non-current provisions	18	62,116	72,155
Other payables	18	63,640	58,660
Deferred tax liabilities	19	31,116	30,216
<b>TOTAL NON-CURRENT LIABILITIES</b>		573,786	564,990
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	20	62,461	62,461
Reserves and retained earnings (accumulated losses)	20	84,954	105,631
Group net result for the period	20	21,442	(35,131)
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY</b>		168,857	132,961
Non-controlling interests	20	16,603	16,413
<b>TOTAL SHAREHOLDERS' EQUITY</b>		185,460	149,374
<b>TOTAL LIABILITIES AND EQUITY</b>		1,213,742	1,264,779

(\*) The comparative information has been amended following the split of the former item “Long-term provisions” between “Current provisions” and “Non-current provisions”. For further details, please refer to note 18.

The explanatory and supplementary notes from page 27 to 91 are an integral part of this condensed interim consolidated financial statements.

## CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)

	Note	1st half 2021		1st half 2020 (*)	
		Amount	%	Amount	%
Sales revenues	22	682,459	100.0	506,007	100.0
Variable cost of sales	24	468,661	68.7	353,210	69.8
<b>CONTRIBUTION MARGIN</b>		213,798	31.3	152,797	30.2
Manufacturing and R&D overheads	25	61,493	9.0	50,081	9.9
Depreciation and amortization	26	57,950	8.4	57,713	11.4
Distribution and sales fixed expenses	27	15,235	2.2	14,540	2.9
Administrative and general expenses	28	35,306	5.2	32,604	6.4
Restructuring costs	30	1,345	0.2	6,384	1.3
Losses (gains) on disposal	31	(28)	-	9	-
Exchange losses (gains)	32	(1,284)	(0.2)	1,426	0.3
Other non-operating expenses (income)	33	(5,077)	(0.7)	1,995	0.4
<b>EBIT</b>		48,858	7.2	(11,955)	(2.4)
Financial expenses (income), net	34	10,588	1.6	10,416	2.0
Losses (gains) from equity investments	35	(1,502)	(0.2)	-	-
<b>RESULT BEFORE TAXES</b>		39,772	5.8	(22,371)	(4.4)
Income taxes	36	13,512	2.0	(1,039)	(0.2)
<b>NET INCOME (LOSS) OF OPERATING ACTIVITIES</b>		26,260	3.8	(21,332)	(4.2)
Net income (loss) from discontinued operations, net of tax effects	37	(3,312)	(0.5)	(8,027)	(1.6)
<b>NET RESULT INCLUDING THIRD PARTY</b>		22,948	3.3	(29,359)	(5.8)
Loss (Income) attributable to non - controlling interests		(1,506)	(0.2)	598	0.1
<b>GROUP NET RESULT</b>		21,442	3.1	(28,761)	(5.7)
Earnings per share (EPS) (Euro):	39				
Basic		0.182		(0.244)	
Diluted		0.182		(0.244)	

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

The explanatory and supplementary notes from page 27 to 91 are an integral part of this condensed interim consolidated financial statements.

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

	<i>Note</i>	<i>1st half 2021</i>	<i>1st half 2020</i>
Net result before non-controlling interests		22,948	(29,359)
<i>Other Comprehensive Income:</i>			
<i>Items that will not be reclassified to profit or loss</i>			
- Actuarial gain (loss)	20	11,196	(10,162)
- Tax on items that will not be reclassified to profit or loss	20	(3,530)	931
<i>Total items that will not be reclassified to profit or loss</i>		7,666	(9,231)
<i>Items that may be reclassified to profit or loss</i>			
- Profit (loss) booked to cash flow hedging reserve	20	836	365
- Tax on items that may be reclassified to profit or loss	20	(200)	(88)
- Profit (loss) booked to translation reserve	20	2,923	(7,539)
<i>Total items that may be reclassified to profit or loss</i>		3,559	(7,262)
<i>Other Comprehensive Income</i>		11,225	(16,493)
Total comprehensive result for the period		34,173	(45,852)
Attributable to:			
- Shareholders of the Holding Company		32,624	(45,215)
- Non-controlling interests		1,549	(637)

The explanatory and supplementary notes from page 27 to 91 are an integral part of this condensed interim consolidated financial statements.



## CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Euro)

	<i>1st half 2021</i>	<i>1st half 2020</i>
Cash flows from operating activities		
Net result	21,442	(28,761)
Adjustments:		
- non-controlling interests	1,506	(598)
- depreciation, amortization and writedowns	61,103	65,850
- expenses recognised for share-based incentive plans	32	177
- exchange rate differences on private placement	872	141
- exchange rate differences on cross currency swap	(872)	(141)
- losses/(gains) on disposal of fixed assets and non-current held for sale	(28)	(333)
- provisions for risks and for restructuring	(1,809)	(217)
- post-retirement and other employee benefits	(1,751)	(1,357)
- net financial expenses	10,588	11,582
- income taxes	13,512	(1,039)
- change in net working capital	(11,161)	(52,510)
- other medium/long-term assets/liabilities	7,309	1,854
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>100,743</b>	<b>(5,352)</b>
Interests paid	(8,025)	(9,217)
Income tax paid	(4,865)	(2,784)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>87,853</b>	<b>(17,353)</b>
INVESTING ACTIVITIES		
Interest received	1,076	863
Net financial position of the companies acquired/sold during the year	(4,444)	-
Purchase of property, plant and equipment	(35,880)	(35,525)
Purchase of intangible assets	(10,728)	(11,338)
Sale of property, plant, equipment and businesses held for sale	3,941	562
Sale of intangible assets	-	141
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(46,035)</b>	<b>(45,297)</b>
FINANCING ACTIVITIES		
Capital increase in subsidiaries from third parties	-	-
Net change in capital	-	-
Dividends paid to Holding Company shareholders and non-controlling interests	(3,012)	-
New (repayment of) bonds	(113,388)	(39,624)
New (repayment of) long-term loans	31,193	135,604
New (repayment of) leases	(6,970)	(8,655)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(92,177)</b>	<b>87,325</b>
<b>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(50,359)</b>	<b>24,675</b>
Balance at the beginning of the period	206,443	163,231
(Decrease) increase in cash and cash equivalents	(50,359)	24,675
Exchange differences	390	(1,878)
<b>BALANCE AT THE END OF THE PERIOD</b>	<b>156,474</b>	<b>186,028</b>

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 from page 27 to 91 are an integral part of this condensed interim consolidated financial statements.

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

	Attributable to the shareholders of the parent company													Third	Total	
	Share capital	Share premium reserve	Reserve for treasury shares	Treasury shares	Legal reserve	Stock-based incentive plans reserve	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, 2019</i>	62,461	18,728	5,161	(5,161)	12,640	1,778	(63,606)	(2,490)	(43,178)	14,651	12,201	172,346	3,202	188,733	19,017	207,750
Paid share capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of 2019 net profit:																
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,000)	(3,000)
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	3,202	(3,202)	-	-	-
Recognition of share-based incentive plans	-	-	-	-	-	177	-	-	-	-	-	-	-	177	-	177
Other changes	-	218	(218)	218	-	(186)	-	-	-	-	-	1,196	-	1,228	-	1,228
<i>Comprehensive result for the period</i>																
Fair value cash flow hedging instruments	-	-	-	-	-	-	-	365	-	-	-	-	-	365	-	365
Actuarial gain (loss)	-	-	-	-	-	-	-	-	(10,162)	-	-	-	-	(10,162)	-	(10,162)
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	843	-	-	-	843	-	843
Currency translation differences	-	-	-	-	-	-	(7,500)	-	-	-	-	-	-	(7,500)	(39)	(7,539)
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	-	(28,761)	(28,761)	(598)	(29,359)
<i>Total comprehensive result for the period</i>	-	-	-	-	-	-	(7,500)	365	(10,162)	843	-	-	(28,761)	(45,215)	(637)	(45,852)
<i>Balance at June 30, 2020</i>	62,461	18,946	4,943	(4,943)	12,640	1,769	(71,106)	(2,125)	(53,340)	15,494	12,201	176,744	(28,761)	144,923	15,380	160,303
<i>Balance at December 31, 2020</i>	62,461	19,042	4,847	(4,847)	12,640	1,097	(74,708)	(2,762)	(57,187)	15,746	12,201	179,562	(35,131)	132,961	16,413	149,374
Paid share capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allocation of 2020 net profit:																
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12)	(12)
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	(35,131)	35,131	-	-	-
Recognition of share-based incentive plans	-	-	-	-	-	32	-	-	-	-	-	-	-	32	-	32
Other changes	-	106	(106)	106	-	(161)	-	-	-	-	-	3,295	-	3,240	(1,347)	1,893
<i>Comprehensive result for the period</i>																
Fair value cash flow hedging instruments	-	-	-	-	-	-	-	836	-	-	-	-	-	836	-	836
Actuarial gain (loss)	-	-	-	-	-	-	-	-	11,196	-	-	-	-	11,196	-	11,196
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(3,730)	-	-	-	(3,730)	-	(3,730)
Currency translation differences	-	-	-	-	-	-	2,880	-	-	-	-	-	-	2,880	43	2,923
Net result for the period	-	-	-	-	-	-	-	-	-	-	-	-	21,442	21,442	1,506	22,948
<i>Total comprehensive result for the period</i>	-	-	-	-	-	-	2,880	836	11,196	(3,730)	-	-	21,442	32,624	1,549	34,173
<i>Balance at June 30, 2021</i>	62,461	19,148	4,741	(4,741)	12,640	968	(71,828)	(1,926)	(45,991)	12,016	12,201	147,726	21,442	168,857	16,603	185,460

The explanatory and supplementary notes from page 27 to 91 are an integral part of this condensed interim consolidated financial statements.

EXPLANATORY AND SUPPLEMENTARY NOTES TO CONSOLIDATED FINANCIAL STATEMENTS:  
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## A) GENERAL ASPECTS

### 1. CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Condensed Interim Consolidated Financial Statements (also half-year condensed consolidated financial statements) for the period 1 January - 30 June 2021 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 2020 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 half-year consolidated financial statements.

The condensed interim consolidated financial statements as at 30 June 2021 should be read in conjunction with the annual financial statements as at 31 December 2020.

It should be noted that the values of semester 2020 and 2019 have been restated for the application of IFRS 5 (“Non-current assets held for sale and discontinued operations”) to the Brazilian and Spanish subsidiaries of the Filtration business unit, which were sold respectively in December 2020 and in January 2021. In addition, at 30 June 2021, the Argentine subsidiary of the Filtration business unit was classified as “Assets held for sale” on the basis of IFRS 5 as, in light of ongoing negotiations, it is considered highly likely that the sale will be completed within one year.

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 2021 were approved by the Board of Directors on 23 July 2021.

#### ***1.1 Format of the consolidated financial statements***

The financial statements as at 30 June 2021 are consistent with those used for the annual report as at 31 December 2020.

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 (result 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 as at 30 June 2021 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 year the following changes occurred in the scope of consolidation:

- transfer of the subsidiary Sogefi Filtration Spain S.A.U., owned at 100%, in January 2021. The effects resulting from this transfer are described in note 37 “Profit (loss) from discontinued operations, net of tax effects”;
- transfer of the subsidiary Shanghai Allevard Springs Co., Ltd, owned at 60.58%, in April 2021. The effects resulting from this transfer are described in note 35 “Losses (gains) from equity investments”.

### 1.3 Group composition

As required by IFRS 12, Group composition as at 30 June 2021 and 31 December 2020 was as follows:

<i>Business Unit</i>	<i>Region</i>	<i>Wholly-owned subsidiaries</i>	
		June 30, 2021	December 31, 2020
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	2
	Slovenia	1	1
	USA (**)	1	1
	Argentina	1	1
	India	1	1
	Russia	1	1
	Morocco	1	1
	Suspensions	France	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
<b>TOTAL</b>		<b>30</b>	<b>31</b>

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

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

<i>Business Unit</i>	<i>Region</i>	<i>Non-wholly-owned subsidiaries</i>	
		June 30, 2021	December 31, 2020
Suspensions	France	1	1
	Spain	1	1
	China	-	1
	India	1	1
<b>TOTAL</b>		<b>3</b>	<b>4</b>

## 2. CONSOLIDATION PRINCIPLES AND ACCOUNTING POLICIES

The consolidation and accounting policies applied in preparing the condensed interim consolidated financial statements for the six-month period ended 30 June 2021 are consistent with those used for the annual financial statements as of 31 December 2020 to which the reader should refer.

### **Critical estimates and assumptions**

The preparation of the condensed interim 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 condensed interim 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 126,639 thousand at 30 June 2021): the impairment tests carried out for the consolidated financial statements as at 31 December 2020 have ascertained that there was no impairment loss. In order to assess the need to update these tests at 30 June 2021, the performance of the business units in the first half of 2021 was considered compared to the forecast plan prepared by the management and approved by the Board of Directors in February 2021, which was used in the calculation of the previous impairment test. The trend for the operating results of the business units does not show significant deviations from the forecasts included in the multi-year plan. Hence there are no indications that the goodwill might be impaired in the first half of 2021;
- recoverability of deferred tax assets for tax losses (Euro 3,468 thousand as at 30 June 2021): as at 30 June 2021 recognised deferred tax assets for tax losses incurred during previous years (referred to subsidiaries Sogefi Suspensions S.A., Sogefi Air & Cooling S.A.S. and Sogefi Suspensions Eastern Europe S.R.L. and the Parent Company Sogefi S.p.A.) to the extent that the availability of future taxable income is considered probable, over the time horizon of the plan, against which the tax losses can be used for the subsidiaries. Such probability is determined based on the fact that losses have originated under extraordinary circumstances that are unlikely to occur again in the future, 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;

- pension plans (Euro 52,057 thousand as of 30 June 2021): 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 2,482 thousand for assets and Euro 531 thousand for liabilities as at 30 June 2021): 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 2021**

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group as from 1 January 2021:

- Amendment to IFRS 4 “*Insurance Contracts*” – deferral of effective date of IFRS 19 (issued on 25 June 2020). This amendment as at 30 June 2021 did not have significant impacts on Condensed Interim Consolidated Financial Statements of the Sogefi Group.
- Amendment to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “*Interest Rate Benchmark Reform*” (phase 2 - issued on 27 August 2020). This amendment as at 30 June 2021 did not have significant impacts on Condensed Interim Consolidated Financial Statements of the Sogefi Group.
- Amendments to IFRS 16 “*Leases Covid-19-Related Rent Concessions*” (issued on 28 May 2020). The document provides lessees with the option to account for lease reductions related to Covid-19 without having to assess, through contract analysis, whether the definition of lease modification under IFRS 16 is met. This amendment as at 30 June 2021 did not have significant impacts on Condensed Interim Consolidated Financial Statements of the Sogefi Group.

### **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 2021**

The Group has not adopted the following new and amended standards that have been issued but are not yet applicable:

- *Annual improvements to IFRS (Cycle 2018–2020) (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41)* (issued on 14 May 2020). These amendments are to be applied for financial periods beginning on 1 January 2022.
- *Onerous contracts—Cost of fulfilling a contract (Amendments to IAS 37)* (issued on 14 May 2020). These amendments are to be applied for financial periods beginning on 1 January 2022.



- *Property, plant and equipment: proceeds before intended use (Amendments to IAS 16)* (issued on 14 May 2020). These amendments are to be applied for financial periods beginning on 1 January 2022.
- *Reference to the Conceptual Framework (Amendments to IFRS 3)* (issued on 14 May 2020). These amendments are to be applied for financial periods beginning on 1 January 2022.

### **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 Consolidated Financial Statements.

- IFRS 17 "*Insurance Contracts*" (issued on 18 May 2017 and updated on 25 June 2020). These amendments are to be applied for financial periods beginning on 1 January 2023.
- Amendments to IAS 1 "*Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*" and *Deferral effective date* (issued on 23 January 2020 and 15 July 2020, respectively). These amendments are to be applied for financial periods beginning on 1 January 2023.
- Amendments to IAS 8 "*Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimate*" (issued on 12 February 2021). These amendments are to be applied for financial periods beginning on 1 January 2023.
- Amendments to IAS 1 "*Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Estimates*" (issued on 12 February 2021). These amendments are to be applied for financial periods beginning on 1 January 2023.
- Amendments to IAS 12 "*Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*" (issued on 6 May 2021). These amendments are to be applied for financial periods beginning on 1 January 2023.
- Amendments to IFRS 16 "*Leases*". On 31 March 2021, IASB has published *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)* that extends, by one year, the 2020 amendment to IFRS 16 that provides lessees with an exemption from assessing whether a Covid-19-related rent concession is a lease modification.

## Exchange rates

The following exchange rates have been used for translation purposes:

	<i>1st half 2021</i>		<i>1st half 2020</i>		<i>2020</i>
	<i>Average</i>	<i>06.30</i>	<i>Average</i>	<i>06.30</i>	<i>12.31</i>
US dollar	1.2057	1.1884	1.1015	1.1198	1.2271
Pound sterling	0.8684	0.8580	0.8743	0.9124	0.8990
Brazilian real	6.4918	5.9050	5.4168	6.1118	6.3735
Argentine peso	113.6435	113.6435	78.7859	78.7859	103.2494
Chinese renminbi	7.7979	7.6742	7.7483	7.9219	8.0225
Indian rupee	88.4173	88.3240	81.6993	84.6235	89.6605
New romanian Leu	4.9015	4.9280	4.8174	4.8397	4.8683
Canadian dollar	1.5040	1.4722	1.5031	1.5324	1.5633
Mexican peso	24.3191	23.5784	23.8550	25.9470	24.4160
Moroccan dirham	10.7504	10.5910	10.7643	10.8740	10.9190

## 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 40 “Related party transactions”.

The tables below provide the income statement and statement of financial position figures of the Group for the first half of 2020 and 2021:

(in thousands of Euro)	<i>June 30, 2020</i>					
	Air & Cooling	Suspensions	Filtration	Sogefi SpA / Sogefi Gestion S.A.S.	Adjustments	Sogefi Group consolidation
<b>REVENUES</b>						
Sales to third parties	150,591	172,061	183,355	-	-	506,007
Intersegment sales	236	684	107	9,913	(10,940)	-
<b>TOTAL REVENUES</b>	<b>150,827</b>	<b>172,745</b>	<b>183,462</b>	<b>9,913</b>	<b>(10,940)</b>	<b>506,007</b>
<b>RESULTS</b>						
EBIT	281	(8,146)	(4,663)	(410)	983	(11,955)
Financial expenses, net						(10,416)
Income from equity investments						-
Losses from equity investments						-
Result before taxes						(22,371)
Income taxes						1,039
<b>NET INCOME (LOSS) OF OPERATING ACTIVITIES</b>						<b>(21,332)</b>
Net income (loss) from discontinued operations						(8,027)
<b>NET RESULT INCLUDED THIRD PARTY SHARE</b>						<b>(29,359)</b>
Profit (loss) from third parties						598
<b>GROUP NET RESULT</b>						<b>(28,761)</b>

**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>						
Segment assets	349,793	417,034	365,595	742,060	(789,336)	1,085,146
Unallocated assets	-	-	-	-	137,700	137,700
<b>TOTAL ASSETS</b>	<b>349,793</b>	<b>417,034</b>	<b>365,595</b>	<b>742,060</b>	<b>(651,636)</b>	<b>1,222,846</b>
<b>LIABILITIES</b>						
Segment liabilities	205,769	338,399	344,188	545,238	(371,054)	1,062,541
<b>TOTAL LIABILITIES</b>	<b>205,769</b>	<b>338,399</b>	<b>344,188</b>	<b>545,238</b>	<b>(371,054)</b>	<b>1,062,541</b>

**OTHER INFORMATION**

Increase in tangible and intangible fixed assets	19,027	18,775	9,374	77	(390)	46,863
Depreciation, amortization and writedowns	21,388	18,323	22,474	3,063	602	65,850

(in thousands of Euro)	<i>June 30, 2021</i>					
	Air & Cooling	Suspensions	Filtration	Sogefi SpA / Sogefi Gestion S.A.S.	Adjustments	Sogefi Group consolidation
<b>REVENUES</b>						
Sales to third parties	206,621	234,316	241,522	-	-	682,459
Intersegment sales	597	1,187	(17)	10,661	(12,428)	(0)
<b>TOTAL REVENUES</b>	<b>207,218</b>	<b>235,503</b>	<b>241,505</b>	<b>10,661</b>	<b>(12,428)</b>	<b>682,459</b>
<b>RESULTS</b>						
EBIT	18,007	10,143	20,682	344	(318)	48,858
Financial expenses, net						(10,588)
Income from equity investments						1,502
Losses from equity investments						-
Result before taxes						39,772
Income taxes						(13,512)
<b>NET INCOME (LOSS) OF OPERATING ACTIVITIES</b>						<b>26,260</b>
Net income (loss) from discontinued operations						(3,312)
<b>NET RESULT INCLUDED THIRD PARTY SHARE</b>						<b>22,948</b>
Profit (loss) from third parties						(1,506)
<b>GROUP NET RESULT</b>						<b>21,442</b>

**STATEMENT OF FINANCIAL POSITION**

<b>ASSETS</b>						
Segment assets	402,168	519,899	363,414	722,166	(929,454)	1,078,193
Unallocated assets	-	-	-	-	135,549	135,549
<b>TOTAL ASSETS</b>	<b>402,168</b>	<b>519,899</b>	<b>363,414</b>	<b>722,166</b>	<b>(793,905)</b>	<b>1,213,742</b>
<b>LIABILITIES</b>						
Segment liabilities	225,278	442,652	336,473	528,900	(512,021)	1,021,282
<b>TOTAL LIABILITIES</b>	<b>225,278</b>	<b>442,652</b>	<b>336,473</b>	<b>528,900</b>	<b>(512,021)</b>	<b>1,021,282</b>

**OTHER INFORMATION**

Increase in tangible and intangible fixed assets	17,763	18,359	10,565	65	(144)	46,608
Depreciation, amortization and writedowns	20,225	18,361	19,651	2,242	624	61,103

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 40 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 writedowns of tangible and intangible fixed assets of Euro 3,152 thousand for the most part relating to European, Chinese and Indian subsidiaries.

These assets were written down based on the recoverable amount of assets at the end of the first half of 2021.

### Information on the main customers

Revenues from sales to third parties as of 30 June 2021 accounting for over 10% of Group revenues are shown in the following table:

(in thousands of Euro)	June 30, 2021				
	Group		BU Filtration	BU Air & Cooling	BU Suspensions
	Amount	%			
Stellantis	150,781	22.1	53,200	43,550	54,031
Ford	69,844	10.2	27,851	32,494	9,499

### Information on geographic areas

The breakdown of revenues by geographical area is analysed in note 22 “Sales Revenues”.

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

(in thousands of Euro)	June 30, 2020					
	Europe	South America	North America	Asia	Adjustments	Sogefi Group consolidation
TOTAL ASSETS	1,669,620	56,711	163,276	70,904	(737,665)	1,222,846

(in thousands of Euro)	June 30, 2021					
	Europe	South America	North America	Asia	Adjustments	Sogefi Group consolidation
TOTAL ASSETS	1,691,071	54,504	160,810	68,480	(761,123)	1,213,742

## 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 157,750 thousand versus Euro 209,673 thousand as of 31 December 2020 and break down as follows:

(in thousands of Euro)	June 30, 2021	December 31, 2020
Short-term cash investments	157,722	209,644
Cash on hand	28	29
<b>TOTAL</b>	<b>157,750</b>	<b>209,673</b>

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 21.

As at 30 June 2021, the Group has unused lines of credit for the amount of Euro 219,868 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:

(in thousands of Euro)	June 30, 2021	December 31, 2020
Financial receivables	1,621	3,952
Assets for derivative financial instruments	38	22
<b>TOTAL</b>	<b>1,659</b>	<b>3,974</b>

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.

“Assets for derivative financial instruments” refer to the fair value of forward foreign currency contracts not designated in hedge accounting.

#### 6. INVENTORIES

The breakdown of inventories is as follows:

(in thousands of Euro)	June 30, 2021			December 31, 2020		
	Gross	Write-downs	Net	Gross	Write-downs	Net
Raw, ancillary and consumable materials	63,769	5,614	58,155	54,297	5,594	48,703
Work in progress and semi-finished products	17,196	544	16,652	14,314	497	13,817
Finished goods and goods for resale	42,945	7,133	35,812	42,208	6,997	35,211
<b>TOTAL</b>	<b>123,910</b>	<b>13,291</b>	<b>110,619</b>	<b>110,819</b>	<b>13,088</b>	<b>97,731</b>

The net value of inventories increased by Euro 12,888 thousand compared to 31 December 2020; the increase is mainly referred to the European subsidiaries.

## 7. TRADE AND OTHER RECEIVABLES

Current receivables break down as follows:

(in thousands of Euro)	June 30, 2021	December 31, 2020
Trade receivables	132,947	138,139
Less: Allowance for bad debts	(4,405)	(5,368)
Trade receivables, net	128,542	132,771
Due from Parent Company	1,350	2,779
Tax receivables	20,132	23,222
Other receivables	13,381	8,778
Other assets	4,478	2,254
<b>TOTAL</b>	<b>167,883</b>	<b>169,804</b>

“Trade receivables” are non-interest bearing and have an average due date of 28 days.

It should be noted that as at 30 June 2021, the Group factored trade receivables for Euro 98,838 thousand (Euro 97,709 thousand as at 31 December 2020), including an amount of Euro 81,895 thousand which was not notified (Euro 86,485 thousand as at 31 December 2020) 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 98,838 thousand as at 30 June 2021 and Euro 97,709 thousand as at 31 December 2020) and the positive effect of exchange rates of Euro 1,693 thousand, net trade receivables show a decrease of Euro 4,793 thousand.

“Due from 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 2020 collected in the first half-year 2021 amounted to Euro 2,670 thousand. For further details, please refer to note 40.

“Tax receivables” 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, 2021	December 31, 2020
Amounts due from social security institutions	220	274
Amounts due from employees	215	243
Advances to suppliers	2,959	3,166
Due from others	9,987	5,095
<b>TOTAL</b>	<b>13,381</b>	<b>8,778</b>

Receivables from others include the consideration for the sale of the subsidiary Shanghai Allevard Springs Co., Ltd, amounting to Euro 2,545 thousand, the residual portion of the consideration for the sale of the subsidiary Sogefi Filtration Spain S.A.U., amounting to Euro 653 thousand, the short-term portion of the consideration for the sale of the subsidiary Sogefi Filtration do Brasil Ltda, amounting to Euro 571 thousand, insurance reimbursements 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 2021 amounted to Euro 445,708 thousand versus Euro 444,426 thousand at the end of the previous year and breaks down as follows:

(in thousands of Euro)								
	Land	Property, plant and equipment				Other tangible fixed assets	Right of use / finance leases IAS 17	TOTAL
		Buildings, plant and machinery, commercial and industrial equipment	Assets under construction and payments on account	Tooling	Tooling under construction			
<i>Balance at December 31, 2020</i>								
Historical cost	12,844	864,166	44,811	168,535	50,219	32,638	101,688	1,274,901
Accumulated depreciation	444	641,343	1,345	123,011	928	28,105	35,299	830,475
Net value	12,400	222,823	43,466	45,524	49,291	4,533	66,389	444,426
<i>Balance at June 30, 2021</i>								
Additions of the period	-	2,826	19,034	1,640	12,132	247	3,194	39,073
Disposals during the period	-	(57)	-	-	-	(14)	-	(71)
Exchange differences	27	3,163	398	809	840	62	1,124	6,423
Depreciation for the period	-	(20,834)	-	(13,612)	-	(745)	(5,930)	(41,121)
Writedowns/revaluations during the period	-	30	-	-	-	(1)	-	29
Variation of consolidation perimeter	-	(1,061)	-	-	-	-	-	(1,061)
Reclassification of non-current assets held for sale	(256)	(2,837)	(936)	(205)	-	-	-	(4,234)
Other changes	-	16,833	(13,807)	7,427	(8,597)	438	(50)	2,244
Historical cost	12,171	220,886	48,155	41,583	53,666	4,520	64,727	445,708
Accumulated depreciation	444	669,450	651	138,038	930	26,102	41,404	877,019
Net value	12,171	220,886	48,155	41,583	53,666	4,520	64,727	445,708

Investments during the period amounted to Euro 39,073 thousand and mainly refer to “Assets under construction and payments on account” and “Tooling under construction”.

In the “Assets under construction and payments on account” category, the main investments related to the subsidiary Sogefi Suspensions Eastern Europe S.R.L. (Euro 4,583 thousand) for the new factory in Oradea. The remaining investments relate to the development of new products and technologies and production process improvements, particularly in the European, Chinese and North American subsidiaries.



In the category “Tooling under construction”, the main investments concerned in particular the subsidiaries Sogefi Air & Cooling S.A.S., Sogefi Air & Cooling Canada Corp., Sogefi U.S.A., Inc., Sogefi (Suzhou) Auto Parts Co., Ltd and Sogefi Suspensions S.A..

During the first half year 2021, no relevant disposals were made.

“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)”.

“Variation of consolidation perimeter” relates to the sale of the subsidiary Shanghai Allevard Springs Co. Ltd.. For further details, please refer to note 35 “Losses (gains) from equity investments”.

The item “Reclassification of non-current assets held for sale” refers to the subsidiary Sogefi Filtration Argentina S.A.U.. For further details, please refer to note 14 “Assets held for sale and liabilities directly related to assets held for sale”.

“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 subsidiaries as a result of the application of IAS 29.

#### *Guarantees*

As at 30 June 2021, tangible fixed assets are encumbered by mortgages or liens totalling Euro 14,998 thousand to guarantee loans from financial institutions (no guarantee as at 31 December 2020). These guarantees refer to the subsidiary Sogefi Suspensions Eastern Europe S.R.L. and Sogefi ADM Suspensions Private Limited.

#### *Purchase commitments*

As at 30 June 2021, there are binding commitments to buy tangible fixed assets for the amount of Euro 2,318 thousand (Euro 1,316 thousand as at 31 December 2020). Said commitments will be settled for the most part within 12 months.

### *Rights of use*

The net carrying amount of rights of use as of 30 June 2021 amounted to Euro 64,727 thousand versus Euro 66,389 thousand at 31 December 2020 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, 2020</i>						
Historical cost	76,313	9,624	7,368	470	7,913	101,688
Accumulated depreciation	22,240	3,142	5,802	255	3,860	35,299
Net value	54,074	6,481	1,566	215	4,053	66,389
Additions of the period	1,477	12	393	286	1,026	3,194
Exchange differences	1,039	20	39	-	26	1,124
Depreciation for the period	(3,529)	(757)	(532)	(46)	(1,066)	(5,930)
Other changes	72	-	(168)	-	46	(50)
<i>Balance at June 30, 2021</i>	53,133	5,756	1,298	455	4,085	64,727
Historical cost	79,676	9,679	7,879	742	8,155	106,131
Accumulated depreciation	26,543	3,923	6,581	287	4,070	41,404
Net value	53,133	5,756	1,298	455	4,085	64,727

The increases for the period amount to Euro 3,194 thousand, mainly refer to the categories “Industrial buildings”, “Other buildings” and “Plant and machinery”, and particularly refer to the subsidiaries Sogefi Air & Cooling Canada Corp., Sogefi (Suzhou) Auto Parts Co. Ltd, Sogefi Suspension Argentina S.A., Iberica de Suspensiones S.L. (ISSA) and Sogefi Suspensions S.A..

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

## 9. INTANGIBLE ASSETS

At 30 June 2021 intangible assets amount to Euro 246,388 thousand against Euro 255,384 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 Systems Moteurs	Goodwill	TOTAL
<i>Balance at December 31, 2020</i>							
Historical cost	272,642	68,579	22,752	19,215	8,437	149,537	541,162
Accumulated amortization	199,992	44,213	5,264	9,319	4,092	22,898	285,778
Net value	72,650	24,366	17,488	9,896	4,345	126,639	255,384
Additions of the period	6,701	11	4,016	-	-	-	10,728
Exchange differences	1,577	45	100	-	-	-	1,722
Amortization for the period	(13,792)	(2,190)	(136)	(495)	(217)	-	(16,830)
Writedowns / revaluations during the period	(2,658)	(489)	(34)	-	-	-	(3,181)
Other changes	3,898	591	(5,924)	0	-	-	(1,435)
<i>Balance at June 30, 2021</i>	68,376	22,334	15,510	9,401	4,128	126,639	246,388
Historical cost	235,291	68,177	20,038	19,215	8,437	149,537	500,695
Accumulated amortization	166,915	45,843	4,528	9,814	4,309	22,898	254,307
Net value	68,376	22,334	15,510	9,401	4,128	126,639	246,388

Investments in the half year amounted to Euro 10,728 thousand.

The increases in “Development costs” amount to Euro 6,701 thousand and refer to the capitalisation of costs incurred by Group companies to develop new products in collaboration with leading motor vehicle manufacturers. The most significant investments refer to the subsidiaries Sogefi Air & Cooling Canada Corp., Sogefi (Suzhou) Auto Parts Co., Ltd, Sogefi Filtration S.A. and Allevard Springs Ltd.

Increases in “Other, assets under construction and payments on account”, for the amount of Euro 4,016 thousand, refer mainly to a large number of investments in the development and implementation of the new products not yet flowed into production. The most significant among them were recorded in subsidiaries Sogefi Air & Cooling S.A.S., S.C. Sogefi Air & Cooling S.r.l., Sogefi U.S.A., Inc., Sogefi Engine Systems India Pvt Ltd, Sogefi Filtration d.o.o. and Iberica de Suspensiones S.L. (ISSA).

“Writedowns/revaluations during the period” totalled Euro 3,181 thousand and relates to value adjustments of research and development projects, mainly of Sogefi Filtration S.A. (Euro 1,318 thousand), Sogefi U.S.A., Inc. and other European subsidiaries.

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” amounts to Euro 32,560 thousand; and the goodwill of C.G.U. “Car Suspension” amounts to Euro 17,049 thousand. The impairment tests carried out for the consolidated financial statements as at 31 December 2020 have ascertained that there was no impairment loss. In order to assess the need to update these tests at 30 June 2021, the performance of the business units

in the first half of 2021 was considered compared to the forecast plan prepared by the management and approved by the Board of Directors in February 2021, which was used in the calculation of the previous impairment test. The trend for the operating results of the business units does not show significant deviations from the forecasts included in the multi-year plan. Hence there are no indications that the goodwill might be impaired in the first half of 2021.

#### *10. INVESTMENTS IN JOINT VENTURES*

This item amounts to zero.

#### *11. OTHER FINANCIAL ASSETS*

As at 30 June 2021, this item amounts to Euro 46 thousand, unchanged compared to the previous fiscal year.

#### *12. FINANCIAL RECEIVABLES AND OTHER NON-CURRENT RECEIVABLES*

Financial receivables total Euro 2,444 thousand (Euro 2,248 thousand as of 31 December 2020) and refer to the fair value of Cross Currency Swap (CCS) hedging contracts. For further details, please refer to note 47.

The item “Other non-current receivables” amounted to Euro 32,642 thousand (Euro 33,911 thousand as at 31 December 2020) and includes tax credits relating to the research and development activities of the French subsidiaries, other tax credits and non-interest bearing guarantee deposits for leased properties. These receivables will be collected over the coming years.

#### *13. DEFERRED TAX ASSETS*

As at 30 June 2021, this item amounts to Euro 35,724 thousand compared to Euro 41,034 thousand as of 31 December 2020.

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

This item also includes deferred tax assets for tax losses of Euro 3,468 thousand (Euro 5,633 thousand as at 31 December 2020).

Taxation fully refers to tax losses incurred in previous years and relates to the Parent Company Sogefi S.p.A. (Euro 1,004 thousand; same amount as at 31 December 2020) and the subsidiaries: Sogefi Suspensions S.A. (Euro 376 thousand; Euro 1,401 thousand as at 31 December 2020), Sogefi Air & Cooling S.A.S. (Euro 1,502 thousand, Euro 2,309 thousand as at 31 December 2020) and Sogefi Suspensions Eastern Europe S.R.L. (Euro 586 thousand, unchanged compared to 31 December 2020).

With reference to the Parent Company Sogefi S.p.A., these tax amounts were recognised as they are likely to be recovered taking into account that the Company has joined the CIR Group tax filing system permanently.

With regard to the above mentioned subsidiaries, these taxes were recognised because it is believed to be probable that taxable income will be available in the future, within the time frame of the business plan 2021-2024, 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.

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. The losses of the Romanian subsidiary can be carried forward over a period of up to 7 years since they were incurred.

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

As at 30 June 2021, the assets and liabilities of the subsidiary Sogefi Filtration Argentina S.A.U. were recognised as “Assets held for sale” because it is considered highly probable that the subsidiary will be sold in the second half of 2021. For further details, please refer to note 37 “Profit /(loss) from discontinued operations, net of tax effects”.

## **C 2) LIABILITIES AND EQUITY**

### **15. FINANCIAL DEBTS TO BANKS AND OTHER FINANCING CREDITORS**

These break down as follows:

#### *Current portion*

(in thousands of Euro)	<i>June 30, 2021</i>	<i>December 31, 2020</i>
Bank overdrafts and short-term loans	1,276	3,230
Current portion of medium/long-term financial debts and other loans	52,916	148,804
Short-term financial debts for right of use	18,229	17,971
<b>TOTAL SHORT-TERM FINANCIAL DEBTS</b>	<b>72,421</b>	<b>170,005</b>
Other short-term liabilities for derivative financial instruments	12	20
<b>TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>72,433</b>	<b>170,025</b>

#### *Non-current portion*

(in thousands of Euro)	<i>June 30, 2021</i>	<i>December 31, 2020</i>
Financial debts to banks	284,687	255,407
Other medium/long-term financial debts	80,945	95,311
Medium/long-term financial debts for right of use	50,763	52,238
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS</b>	<b>416,395</b>	<b>402,956</b>
Other medium/long-term liabilities for derivative financial instruments	519	1,003
<b>TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS</b>	<b>416,914</b>	<b>403,959</b>

#### ***Bank overdrafts and short-term loans***

For further details, please refer to the Analysis of the net financial position included in note 21.

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

Details are as follows (in thousands of Euro):

Balance at 30 June 2021:

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.	Dec -2018	Dec -2023	80,000	Euribor 3m. + 145 bps	-	79,969	79,969	N/A
Sogefi S.p.A.	Mediobanca S.p.A.	Aug -2019	Aug -2023	25,000	Euribor 3m. + 170 bps	-	24,959	24,959	N/A
Sogefi S.p.A.	Banco do Brasil S.A.	Mar -2020	Mar -2023	25,000	Euribor 6m. + 140 bps	-	19,953	19,953	N/A
Sogefi S.p.A.	Unicredit S.p.A. (guaranteed by Sace)	Oct -2020	Jun -2026	20,000	Euribor 3m. + 190 bps	-	19,932	19,932	N/A
Sogefi S.p.A.	Intesa SanPaolo S.p.A. (guaranteed by Sace)	Oct -2020	Jun -2026	20,000	Euribor 3m. + 190 bps	-	19,932	19,932	N/A
Sogefi S.p.A.	Mediobanca S.p.A. (guaranteed by Sace)	Oct -2020	Jun -2026	20,000	Euribor 3m. + 190 bps	-	19,932	19,932	N/A
Sogefi S.p.A.	INGBank N.V. (guaranteed by Sace)	Oct -2020	Jun -2026	20,000	Euribor 3m. + 190 bps	-	19,932	19,932	N/A
Sogefi S.p.A.	INGBank N.V.	Jul -2015	Sept -2022	55,000	Euribor 3m. + 165 bps	10,000	9,990	19,990	N/A
Sogefi S.p.A.	Intesa SanPaolo S.p.A.	May -2018	May -2023	50,000	Euribor 3m. + 155 bps	-	19,913	19,913	N/A
Sogefi S.p.A.	Private placement	May-2013	May-2023	USD 115,000	Fixed coupon 600 bps	13,824	(*)	13,824	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 Filtration S.A.	CIC S.A.	Oct -2020	Oct -2026	10,000	Euribor 3m. + 250 bps	1,000	9,000	10,000	N/A
Sogefi Air&Cooling S.A.S.	CIC S.A.	Oct -2020	Oct -2026	7,000	Euribor 3m. + 250 bps	700	6,300	7,000	N/A
Sogefi Suspensions S.A.	CIC S.A.	Oct -2020	Oct -2026	3,000	Euribor 3m. + 250 bps	300	2,700	3,000	N/A
Sogefi Air&Cooling S.A.S.	LCL PGE	Oct -2020	Oct -2026	9,500	Euribor 3m.	950	8,550	9,500	N/A
Sogefi Filtration S.A.	LCL PGE	Oct -2020	Oct -2026	3,500	Euribor 3m.	350	3,150	3,500	N/A
Sogefi Suspensions S.A.	LCL PGE	Oct -2020	Oct -2026	2,000	Euribor 3m.	200	1,800	2,000	N/A
Sogefi Air&Cooling S.A.S.	BNP PGE	Oct -2020	Oct -2026	9,000	Euribor 3m.	900	8,100	9,000	N/A
Sogefi Filtration S.A.	BNP PGE	Oct -2020	Oct -2026	6,500	Euribor 3m.	650	5,850	6,500	N/A
Sogefi Suspensions S.A.	BNP PGE	Oct -2020	Oct -2026	4,000	Euribor 3m.	400	3,600	4,000	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	Dec -2020	Feb -2022	8,652	4.27 % fixed	8,652	-	8,652	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ICBC Bank	Nov -2020	Jun -2022	2,606	4.49 % fixed	2,606	-	2,606	N/A
S.C. Sogefi Air & Cooling S.r.l.	ING Bank N.V.	Sept -2019	Mar -2024	2,435	ROBOR 3m. + 190 bps	609	1,065	1,674	N/A
Other loans/ deferrals of up front fees						4,275	60	4,335	N/A
<b>TOTAL</b>						<b>52,916</b>	<b>284,687</b>	<b>337,603</b>	

(\*) 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 2020:

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.	Equity linked bond	May - 2014	May - 2021	100,000	Fixed coupon 2% year	98,193	-	98,193	N/A
Sogefi S.p.A.	Banca Nazionale del Lavoro S.p.A.	Dec -2018	Dec -2023	80,000	Euribor 3m. + 145 bps	-	79,962	79,962	N/A
Sogefi S.p.A.	Unicredit S.p.A. (guaranteed by Sace)	Oct -2020	Jun -2026	20,000	Euribor 3m. + 190 bps	-	19,925	19,925	N/A
Sogefi S.p.A.	Intesa SanPaolo S.p.A. (guaranteed by Sace)	Oct -2020	Jun -2026	20,000	Euribor 3m. + 190 bps	-	19,925	19,925	N/A
Sogefi S.p.A.	Mediobanca S.p.A. (guaranteed by Sace)	Oct -2020	Jun -2026	20,000	Euribor 3m. + 190 bps	-	19,925	19,925	N/A
Sogefi S.p.A.	ING Bank N.V. (guaranteed by Sace)	Oct -2020	Jun -2026	20,000	Euribor 3m. + 190 bps	-	19,925	19,925	N/A
Sogefi S.p.A.	ING Bank N.V.	Jul - 2015	Sept - 2022	55,000	Euribor 3m. + 165 bps	10,000	14,987	24,987	N/A
Sogefi S.p.A.	Mediobanca S.p.A	Aug- 2019	Aug- 2023	25,000	Euribor 3m. + 170 bps	-	24,950	24,950	N/A
Sogefi S.p.A.	Private placement	May- 2013	May- 2023	USD 115,000	Fixed coupon 600 bps	13,388	(*)	13,388	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 Filtration S.A.	CIC S.A.	Oct - 2020	Oct - 2026	10,000	Euribor 3m. + 250 bps	-	10,000	10,000	N/A
Sogefi Air&Cooling S.A.S	CIC S.A.	Oct - 2020	Oct - 2026	7,000	Euribor 3m. + 250 bps	-	7,000	7,000	N/A
Sogefi Suspensions S.A.	CIC S.A.	Oct - 2020	Oct - 2026	3,000	Euribor 3m. + 250 bps	-	3,000	3,000	N/A
Sogefi Air&Cooling S.A.S	LCL PGE	Oct - 2020	Oct - 2026	9,500	Euribor 3m.	-	9,500	9,500	N/A
Sogefi Filtration S.A.	LCL PGE	Oct - 2020	Oct - 2026	3,500	Euribor 3m.	-	3,500	3,500	N/A
Sogefi Suspensions S.A.	LCL PGE	Oct - 2020	Oct - 2026	2,000	Euribor 3m.	-	2,000	2,000	N/A
Sogefi Air&Cooling S.A.S	BNP PGE	Oct - 2020	Oct - 2026	9,000	Euribor 3m.	-	9,000	9,000	N/A
Sogefi Filtration S.A.	BNP PGE	Oct - 2020	Oct - 2026	6,500	Euribor 3m.	-	6,500	6,500	N/A
Sogefi Suspensions S.A.	BNP PGE	Oct - 2020	Oct - 2026	4,000	Euribor 3m.	-	4,000	4,000	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Unicredit S.p.A.	Feb - 2020	May - 2021	10,533	4.11 % fixed	10,533	-	10,533	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	Intesa SanPaolo S.p.A.	Feb - 2020	Dec - 2021	4,363	4.54 % fixed	4,363	-	4,363	N/A
S.C. Sogefi Air & Cooling S.r.l.	ING Bank	Sept - 2019	Mar - 2024	2,465	ROBOR 3m. + 190 bps	616	1,387	2,003	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ICBC Bank	Nov - 2020	Nov - 2021	1,246	4.79 % fixed	1,246	-	1,246	N/A
Other loans/ deferrals of up front fees						2,965	(79)	2,886	
<b>TOTAL</b>						<b>148,804</b>	<b>255,407</b>	<b>404,211</b>	

(\*) 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".

### *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.

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



## Other medium/long-term financial debts

Details are as follows:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Total amount at June 30, 2021 (in thousands of Euro)	Real guarantees
Sogefi S.p.A.	Private placement	Nov - 2019	Nov - 2025	EUR 75,000	Fixed coupon 3% year	67,206	N/A
Sogefi S.p.A.	Private placement	May - 2013	May - 2023	USD 115,000	Fixed coupon 600 bps	13,739	N/A
Other financial debts						-	
<b>TOTAL</b>						<b>80,945</b>	

Please note that an amount of Euro 13,824 thousand relating to the bond issue, whose original amount was USD 115,000 thousand, was classified under “Current portion of medium/long-term financial debts” as it will get to maturity in May 2022.

As at 31 December 2020, details are as follows:

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Total amount at December 31, 2020 (in thousands of Euro)	Real guarantees
Sogefi S.p.A.	Private placement	Nov - 2019	Nov - 2025	Euro 75,000	Fixed coupon 3% year	67,173	N/A
Sogefi S.p.A.	Private placement	May - 2013	May - 2023	USD 115,000	Fixed coupon 600 bps	26,670	N/A
Other financial debts						1,468	
<b>TOTAL</b>						<b>95,311</b>	

During the first half of 2021, the Parent Company Sogefi S.p.A.:

- in June, entered into a new loan agreement with Cassa Depositi e Prestiti S.p.A. for a total amount of Euro 10 million, at a floating rate linked to Euribor plus a spread of 200 basis points.
- in May, used a portion equal to Euro 20 million of the loan taken out in May 2018 at Intesa San Paolo S.p.A. for a total amount of Euro 50 million. This loan accrues floating rate interest linked to Euribor plus a spread of 155 basis points;
- in May, used a portion equal to Euro 20 million of the loan taken out in March 2020 at Banco do Brasil S.A. for a total amount of Euro 25 million. This loan accrues floating rate interest linked to Euribor plus a spread of 140 basis points.

With reference to the loan for an original amount of Euro 55 million stipulated with ING Bank N.V., the Parent Company Sogefi repaid in March 2021 the instalment of Euro 5 million envisaged in the contract.

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 fifth instalment in June, for a total amount of USD 16.4 million.

Lastly, with reference to the convertible bond loan for USD 100 million expiring in May 2013, as per the relative contract the Parent Company Sogefi S.p.A. paid the full balance in May 2021.

The existing loans are not secured by the Company's assets.

***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:

(in thousands of Euro)	<i>June 30, 2021</i>	<i>December 31, 2020</i>
Short-term financial debts for right of use	18,229	17,971
Medium / long-term financial debts for rights of use	50,763	52,238
<b>TOTAL</b>	<b>68,992</b>	<b>70,209</b>

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 17.9 million), Sogefi Engine Systems Mexico S. de R.L. de C.V. (Euro 11.7 million), Sogefi Sogefi (Suzhou) Auto Parts Co., Ltd (Euro 6.4 million), Filter Systems Maroc S.a.r.l. (Euro 6.3 million), Sogefi Filtration S.A. (Euro 4.8 million) and Sogefi Air & Cooling Canada Corp. (Euro 4.1 million).

It should also be noted that the item includes Euro 2,851 thousand (of which Euro 1,560 thousand are current and Euro 1,291 thousand are medium/long-term) relating to financial leases already in place as at 1 January 2019, already accounted for in accordance with the provisions of IAS 17.

## 16. TRADE AND OTHER CURRENT PAYABLES

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

(in thousands of Euro)	June 30, 2021	December 31, 2020
Trade and other payables	311,816	309,518
Tax payables	9,530	4,327
<b>TOTAL</b>	<b>321,346</b>	<b>313,845</b>

Details of trade and other payables are as follows:

(in thousands of Euro)	June 30, 2021	December 31, 2020
Due to suppliers	222,577	225,638
Due to the parent company	1,298	1,267
Due to tax authorities for indirect and other taxes	8,538	9,254
Due to social and security institutions	16,444	14,546
Due to employees	33,525	26,999
Other commercial payables to customers	19,216	18,812
Other payables	10,218	13,002
<b>TOTAL</b>	<b>311,816</b>	<b>309,518</b>

Amounts “Due to suppliers” are basically in line with amounts as at 31 December 2020.

Amounts “Due to the parent company” refer to the debt amounting to Euro 18 thousand due to the Parent Company CIR S.p.A. for services rendered in the first half of 2021; Euro 538 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 689 thousand reflects the tax liabilities in connection with the CIR Group tax filing system; the amount of Euro 4 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 49 thousand refers to insurance for the third-party liability of directors, statutory auditors and managers. For further details, please refer to note 40.

The increase in amounts “Due to employees” and “Due to social and security institutions” mainly refers to provisions for bonuses and deferred salaries to be paid and holidays accrued but not taken.

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.

## 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, 2021		
	Current	Non-current	Total
Pension funds	-	52,057	52,057
Employment termination indemnities	-	2,968	2,968
Provision for restructuring	14,714	56	14,770
Provision for product warranties	3,045	1,321	4,366
Provision for rights of use restoration	125	4,502	4,627
Provision for disputes in progress and other risks	2,218	1,212	3,430
<b>TOTAL</b>	<b>20,102</b>	<b>62,116</b>	<b>82,218</b>

(in thousands of Euro)	December 31, 2020		
	Current	Non-current	Total
Pension funds	-	62,774	62,774
Employment termination indemnities	-	3,190	3,190
Provision for restructuring	19,457	25	19,482
Provision for product warranties	3,376	584	3,960
Provision for rights of use restoration	-	4,552	4,552
Provision for disputes in progress and other risks	3,304	1,030	4,334
<b>TOTAL</b>	<b>26,137</b>	<b>72,155</b>	<b>98,292</b>

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, 2021	December 31, 2020
Opening balance	62,774	53,235
Cost of benefits charged to income statement	1,214	1,463
Amounts recognised in "Other Comprehensive Income"	(11,196)	13,936
Contributions paid	(2,435)	(4,261)
Exchange differences	1,700	(1,599)
<b>TOTAL</b>	<b>52,057</b>	<b>62,774</b>

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

(in thousands of Euro)	June 30, 2021	December 31, 2020
Great Britain	27,952	38,730
France	20,649	20,580
Other	3,456	3,464
<b>TOTAL</b>	<b>52,057</b>	<b>62,774</b>

### ***Employment termination indemnities***

Changes in this item over the period are shown below:

(in thousands of Euro)	June 30, 2021	December 31, 2020
Opening balance	3,190	3,467
Accruals for the period	15	34
Amounts recognised in "Other Comprehensive Income"	-	73
Contributions paid	(237)	(384)
<b>TOTAL</b>	<b>2,968</b>	<b>3,190</b>

### ***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, 2021	December 31, 2020
Opening balance	19,482	2,238
Accruals for the period	232	19,220
Utilizations	(2,835)	(1,767)
Provisions not used during the period	(1,559)	(107)
Other changes	(550)	(102)
Exchange differences	-	-
<b>TOTAL</b>	<b>14,770</b>	<b>19,482</b>

The “Accruals for the period” and “Utilizations” (recorded as a reduction of the provisions previously allocated) 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”. Provisions not used in the period mainly refer to the European subsidiaries.

“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, 2021	December 31, 2020
Opening balance	3,960	4,678
Accruals for the period	1,572	1,505
Utilizations	-	(938)
Provisions not used during the period	(1,128)	(545)
Other changes	(51)	(750)
Exchange differences	13	10
<b>TOTAL</b>	<b>4,366</b>	<b>3,960</b>

The item includes provisions for risks relating to the cost of replacing products under warranty product warranties by Group companies.

The provision of Euro 1,572 thousand mainly refers to the European and North American subsidiaries.

The provisions not used, equal to Euro 1,128 thousand, refer to the release of funds no longer necessary, relating to the European subsidiaries.

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

#### ***Provision for restoration of rights of use***

This item (for the amount of Euro 4,626 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. This provision was recorded upon first-time adoption of IFRS 16 “Leases”.

#### ***Provision for disputes in progress and other risks***

The provision changed as follows during the period:

(in thousands of Euro)	June 30, 2021	December 31, 2020
Opening balance	4,334	8,095
Accruals for the period	350	4,599
Utilizations	(866)	(2,108)
Provisions not used during the period	(316)	(428)
Reclassification of liabilities held for sale	(47)	(2,799)
Other changes	(27)	(1,612)
Exchange differences	2	(1,413)
<b>Total</b>	<b>3,430</b>	<b>4,334</b>

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.

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

## 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. DEFERRED TAX LIABILITIES

As at 30 June 2021, this item amounts to Euro 31,116 thousand compared to Euro 30,216 thousand as of 31 December 2020.

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

### 20. 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 2021 (not changed compared to 31 December 2020), split into 120,117,992 ordinary shares with a par value of Euro 0.52 each.

As at 30 June 2021, the Company has 2,075,587 treasury shares (2,122,229 as at 31 December 2020) in its portfolio, corresponding to 1.73% of share capital (1.77% as at 31 December 2020), at an average price of Euro 2.28 each.

#### *Share premium reserve*

It amounts to Euro 19,148 thousand compared to Euro 19,042 thousand in the previous year.

In the first half year 2021, the Parent Company Sogefi S.p.A. credited Euro 106 thousand to the Share premium reserve after the free grant of 46,642 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 106 thousand and reflect the free grant of 46,642 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*

This reserve reflects the net impact of the application of the amendment to IAS 19 “Employee Benefits” on other actuarial gains (losses) as at 1 January 2012. The item also includes actuarial gains and losses accrued after 1 January 2012 and recognised under Other Comprehensive Income.

#### *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 an increase of Euro 836 thousand, that can be broken down as follows:

- Euro 364 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;
- Euro 472 thousand as a consequence of 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, employees and co-workers, resolved after 7 November 2002.

In the first half of 2021, further to Stock Grant Plan beneficiaries exercising their rights and due to the corresponding free grant of 46,642 treasury shares, the amount of Euro 161 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 106 thousand) and “Retained earnings reserve” (increased of Euro 55 thousand).

While the increase by Euro 32 thousand refers to the cost of accruing plans.

#### *Other reserves*

This item amounts to Euro 12,201 thousand (unchanged compared to 31 December 2020).

#### *Retained earnings*

These totalled Euro 147,726 thousand and include amounts of profit that have not been distributed.

The increase of Euro 3,295 thousand refers to the following events:

- reclassification from the above mentioned “Stock-based incentive plans reserve” as outlined above (increase of Euro 55 thousand);
- the effect of the adoption of IAS 29 “Financial Reporting in Hyperinflationary Economies” in the Argentine subsidiaries (increase of Euro 3,243 thousand);
- other decreases for the amount of Euro 3 thousand.

#### *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)	1st half 2021			1st half 2020		
	Gross Amount	Tax effect	Net Amount	Gross Amount	Tax effect	Net Amount
- Profit (loss) booked to cash flow hedge reserve	836	(200)	636	365	(88)	277
- Actuarial profit (loss)	11,196	(3,530)	7,666	(10,162)	931	(9,231)
- Profit (loss) booked to translation reserve	2,923	-	2,923	(7,539)	-	(7,539)
Total Profit (loss) booked in Other Comprehensive Income	14,955	(3,730)	11,225	(17,336)	843	(16,493)



## NON-CONTROLLING INTERESTS

The balance amounts to Euro 16,603 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	
		06.30.2021	12.31.2020	06.30.2020	06.30.2021	06.30.2020	06.30.2021	12.31.2020
Subsidiary's name								
S.ARA Composite S.A.S.	France	4.21%	4.21%	4.21%	46	(46)	20	(26)
Iberica de Suspensiones S.L.	Spain	50.00%	50.00%	50.00%	1,487	234	16,239	14,752
Shanghai Alleward Spring Co., Ltd	China	0.00%	39.42%	39.42%	(3)	(722)	-	1,204
Sogefi ADM Suspensions Private Limited	India	25.77%	25.77%	25.77%	(26)	(65)	290	419
Sogefi Filtration Italy S.p.A.	Italy	0.12%	0.12%	0.12%	-	-	29	29
Sogefi Suspensions Passenger Car Italy S.p.A.	Italy	0.12%	0.12%	0.12%	-	-	13	18
Sogefi Suspensions Heavy Duty Italy S.p.A.	Italy	0.12%	0.12%	0.12%	2	1	12	17
TOTAL					1,506	(598)	16,603	16,413

Specifically, 50% owned company Iberica de Suspensiones S.L., 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.

## 21. 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, recalled by ESMA with communication no. ESMA32-382-1138 of 4 March 2021 with a reconciliation of the net financial position shown in the report on operations:

(in thousands of Euro)	June 30, 2021	December 31, 2020
A. Cash	157,750	209,673
B. Cash equivalent	-	-
C. Other current financial assets	1,621	3,952
<b>D. Liquidity (A) + (B) + (C)</b>	<b>159,371</b>	<b>213,625</b>
E. Current Financial Debt (including debt instruments, but excluding current portion of non-current financial debt)	2,218	4,476
F. Current portion of non-current financial debt	70,202	165,529
<b>G. Current financial indebtedness (E) + (F)</b>	<b>72,420</b>	<b>170,005</b>
<b>H. Net current financial indebtedness (G) - (D)</b>	<b>(86,951)</b>	<b>(43,620)</b>
I. Non-current financial debt (excluding the current portion and debt instruments)	335,451	309,114
J. Debt instruments	80,945	93,842
K. Non-current trade and other payables	-	-
<b>L. Non-current financial indebtedness (I) + (J) + (K)</b>	<b>416,396</b>	<b>402,956</b>
<b>M. Net indebtedness (H) + (L)</b>	<b>329,445</b>	<b>359,336</b>
Current financial receivables for derivatives	(38)	(22)
Non current financial receivables for derivatives	(2,444)	(2,248)
Current financial debts for derivatives	12	20
Non current financial debts for derivatives	519	1,003
<b>Indebtedness net, including financial receivables and debts for derivatives (as per "Net financial position" included in the Report on Operations)</b>	<b>327,494</b>	<b>358,089</b>

It should be noted that item “F. Current portion of non-current financial debt” includes short-term liabilities related to lease agreements for Euro 18,229 thousand (Euro 17,971 thousand as at 31 December 2020) and item “I. Non-current financial debt (excluding the current portion and debt instruments)” includes long-term liabilities for Euro 50,763 thousand (Euro 52,238 thousand as at 31 December 2020).

Details of the covenants applying to loans outstanding at the end of first semester 2021 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 55,000 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 S.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;

- bond issue of USD 115,000 thousand: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 3.5; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 4;

- 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.: 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 2021, the Company was in compliance with these covenants.

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

### 22. SALES REVENUES

#### Revenues from sales and services

In the first half of 2021 Sogefi's revenues came in at Euro 682.5 million, posting growth compared to the same period of 2020 of 34.9% at historical and 38.5% at constant exchange rates (+ 9.3% in the first quarter and + 96% in the second quarter); revenues were, however, still 9% lower than in the first half of 2019.

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

By business sector:

(in thousands of Euro)	1st half 2021		1st half 2020	
	Amount	%	Amount	%
Suspensions	235,502	34.5	172,745	34.1
Filtration	241,505	35.4	183,462	36.3
Air&Cooling	207,218	30.4	150,826	29.8
Intercompany eliminations	(1,766)	(0.3)	(1,026)	(0.2)
<b>TOTAL</b>	<b>682,459</b>	<b>100.0</b>	<b>506,007</b>	<b>100.0</b>

The Air and Cooling and Filtration sectors reported a stronger recovery from 2020 than that of the market with revenues almost in line with those of the same period of 2019.

The growth of Air and Cooling compared to first half 2020 (+39.9% at constant exchange rates, +37.4% at current exchange rates) was due not only to the market recovery but also to the development of its contract portfolio particularly in China, where revenues at constant exchange rates rose by 43.6% compared to the previous year.

The increase in Filtration revenues compared to first half 2020 (+36.2% at constant exchange rates, +31.6% at current exchange rates) reflects the strong recovery in India as well as the trend of the market.

Lastly, Suspensions reported 39.8% growth in revenues at constant exchange rates (+36.3% at current rates), but business has remained significantly lower than the level seen in the same period of 2019 (-19.4% at current exchange rates).

By geographic area:

(in thousands of Euro)	1st half 2021		1st half 2020	
	Amount	%	Amount	%
Europe	427,501	62.6	328,076	64.8
North America	136,019	19.9	102,463	20.3
South America	42,694	6.3	23,515	4.7
Asia	82,426	12.1	54,740	10.8
Intercompany eliminations	(6,181)	(0.9)	(2,787)	(0.6)
<b>TOTAL</b>	<b>682,459</b>	<b>100.0</b>	<b>506,007</b>	<b>100.0</b>

Revenues at constant exchange rates rose by 30.4% in Europe, by 40.3% in North America (+32.7% at current exchange rates) and by 36.3% in China, outperforming the market both in North America and in China.

### 23. 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 2020	506,007	697,194	1,203,201
FY 2019	750,179	713,667	1,463,846

### 24. VARIABLE COST OF SALES

Details are as follows:

(in thousands of Euro)	1st half 2021	1st half 2020
Materials	357,460	262,198
Direct labour cost	52,349	43,373
Energy costs	15,711	12,617
Sub-contracted work	20,263	12,554
Ancillary materials	8,325	6,186
Variable sales and distribution costs	13,770	11,519
Royalties paid to third parties on sales	1,793	2,292
Other variable costs	(1,010)	2,471
TOTAL	468,661	353,210

The impact of “Variable cost of sales” on revenues stands at 68.7%, down from 69.8% in the first six months of 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”.

## 25. MANUFACTURING AND R&D OVERHEADS

Details are as follows:

(in thousands of Euro)	1st half 2021	1st half 2020
Labour cost	46,987	40,431
Materials, maintenance and repairs	11,962	9,927
Rental and hire charges	869	573
Personnel services	2,932	3,292
Technical consulting	3,363	2,709
Sub-contracted work	673	832
Insurance	1,079	985
Utilities	745	577
Capitalization of internal construction costs	(8,830)	(10,658)
Other	1,713	1,413
<b>TOTAL</b>	<b>61,493</b>	<b>50,081</b>

“Manufacturing and R&D overheads” show an increase of Euro 11,412 thousand, +23% compared with the first half year 2020. At constant exchange rates, the increase of this item would be Euro 12,526 thousand.

The increase in this item mainly refers to the headings “Labour cost”, “Materials, maintenance and repairs”.

More specifically, the “Labour costs” heading shows an increase of Euro 6,556 thousand compared to the first half of 2020, which accounts for fewer welfare support provisions utilised, such as redundancy benefits in Italy and similar schemes in other countries, as well as less annual leave days enjoyed.

The increase of Euro 2,035 thousand in “Materials, maintenance and repairs” refers to more maintenance operations following the increase in volumes.

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 16,524 thousand compared to Euro 13,836 thousand as of 30 June 2020.

## 26. DEPRECIATION AND AMORTIZATION

Details are as follows:

(in thousands of Euro)	1st half 2021	1st half 2020
Depreciation of tangible fixed assets	35,191	35,276
Depreciation of Right of Use/finance leases IAS 17	5,929	5,562
Amortization of intangible assets	16,830	16,875
<b>TOTAL</b>	<b>57,950</b>	<b>57,713</b>

Item “Depreciation and amortization” amounts to Euro 57,950 thousand compared with Euro 57,713 thousand in the first half year 2020.

At constant exchange rates, this item would have increased by Euro 1,645 thousand.

## 27. DISTRIBUTION AND SALES FIXED EXPENSES

The table below shows the main components of this item:

(in thousands of Euro)	1st half 2021	1st half 2020
Labour cost	10,944	10,007
Sub-contracted work	2,152	2,068
Advertising, publicity and promotion	884	615
Personnel services	315	385
Rental and hire charges	312	439
Consulting	121	433
Other	507	593
<b>TOTAL</b>	<b>15,235</b>	<b>14,540</b>

“Distribution and sales fixed expenses” increased by Euro 695 thousand. At constant exchange rates, this item would have increased by Euro 1,002 thousand.

With respect to the first half of the previous year, “Labour cost” increased by Euro 937 thousand (+9.4%). This increase accounts for fewer welfare support provisions utilised, such as redundancy benefits in Italy and similar schemes in other countries, as well as less annual leave days enjoyed.

## 28. ADMINISTRATIVE AND GENERAL EXPENSES

These can be broken down as follows:

(in thousands of Euro)	1st half 2021	1st half 2020
Labour cost	16,714	13,213
Personnel services	1,170	1,310
Maintenance and repairs	1,450	1,376
Cleaning and security	946	890
Consulting	2,965	2,621
Utilities	1,059	1,009
Rental and hire charges	1,032	1,014
Insurance	920	1,160
<i>Participation des salaires</i>	394	21
Administrative, financial and tax-related services provided by Parent Company	91	298
Audit fees and related expenses	826	827
Directors' and statutory auditors' remuneration	404	401
Sub-contracted work	193	162
Capitalization of internal construction costs	(63)	(61)
Indirect taxes	3,010	3,250
Other fiscal charges	1,127	1,684
Other	3,068	3,429
<b>TOTAL</b>	<b>35,306</b>	<b>32,604</b>

In the first half of 2021, “Administrative and general expenses” increased by Euro 2,702 thousand compared to the previous year. At constant exchange rates this item would have increased by Euro 3,453 thousand.

With respect to the first half of the previous year, “Labour cost” increased by Euro 3,501 thousand (+26.5%). This increase accounts for fewer welfare support provisions utilised, such as redundancy benefits in Italy and similar schemes in other countries, as well as less annual leave days enjoyed.

The increase in the item “Consulting” equal to Euro 344 thousand is mainly due to greater recourse by the French subsidiaries to legal, tax and administrative consultancy and to personnel recruitment and selection activities.

Item “Administrative, financial and tax-related services provided by Parent Company” decreased by Euro 207 thousand due to the reduction in the services provided by the Parent Company CIR S.p.A.. For further details, please refer to note 40 “Related party transactions”.

The increase of item “*Participation des salaries*” is traced back to the better results obtained by the French subsidiaries.

“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.

## 29. PERSONNEL COSTS

### **Personnel**

Personnel costs can be broken down as follows:

(in thousands of Euro)	1st half 2021	1st half 2020
Wages, salaries and contributions	125,183	105,514
Pension costs: defined benefit plans	930	931
Pension costs: defined contribution plans	879	580
<i>Participation des salaries</i>	394	21
Imputed cost of stock option and stock grant plans	32	177
Other costs	14	5
<b>TOTAL</b>	<b>127,432</b>	<b>107,228</b>

“Personnel costs” increased by Euro 20,204 thousand (+18.8%) compared with the previous year; at constant exchange rates the increase would have been Euro 22,580 thousand (+21.5%).

The increase in personnel costs is mainly due to fewer welfare support provisions utilised, such as redundancy benefits in Italy and similar schemes in other countries, as well as less annual leave days enjoyed. These actions had been implemented in the



first half of 2020 in order to reduce the negative impact of the business drop following the Covid-19 pandemic.

The impact of “Personnel costs” on sales revenues has decreased to 18.7% from 21.2% as at 30 June 2020.

“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 2021	1st half 2020 (*)
Suspensions	2,289	2,370
Filtration	2,201	2,460
Air&Cooling	1,192	1,230
Others	52	54
<b>TOTAL</b>	<b>5,734</b>	<b>6,114</b>

(\*) excluding employees of the Brazilian (362) and Spanish (88) subsidiaries of the filtration division sold, respectively, in December 2020 and January 2021.

The reduction in the average number of employees is mainly due to the actions taken by the Group to tackle the effects of the Covid-19 pandemic.

### ***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 Stock Grant plans from 2009 to 2021 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.

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.

On 23 April 2021, the Board of Directors executed the 2021 Stock Grant plan (approved by the Shareholders' Meeting held on 23 April 2021 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, 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 tranches, each equal to up to one third (1/3) of the total number of Performance Units type B granted, starting on 31 July 2023, at the following vesting dates and under the following conditions:

- 1) the first portion, with effect from 31 July 2023, depending on the achievement of the Economic-Financial Targets for the financial year 2022, in accordance with the Regulation;
- 2) the second portion, with effect from 31 July 2024, depending on the achievement of the Economic-Financial Targets for the financial year 2023, in accordance with the Regulation;
- 3) the third portion, with effect from 31 July 2025, depending on the achievement of the Economic-Financial Targets for the financial year 2024, in accordance with the Regulation.

The fair value of the units granted during 2021 was determined at the time of granting, with the help of an external consultant, and was calculated on the basis of the binomial model for the valuation of American options known as the Cox, Ross and Rubinstein (CRR) model for Time-based units and Performance Units type B, and on the basis of

the model called ‘Monte Carlo simulation’ for Performance Units type A. The overall fair value amounts to a total of Euro 1,128 thousand.

Input data used for measuring the fair value of the 2021 stock grant plan are provided below:

- curves of EUR/SEK/CHF-riskless interest rates as at 23 April 2021;
- price of the Sogefi S.p.A. share as at 23 April 2021 (equal to Euro 1.350), and of the securities included in the benchmark basket, again as at 23 April 2021;
- standard values of Sogefi S.p.A. share and of the securities included in the benchmark basket, calculated as an average of the prices during the period starting on 22 March 2021 and ending on 22 April 2021 for the determination of the limit for Stock Grant Performance Units type A;
- 260-day historical volatility values observed at 23 April 2021 for stocks and foreign exchange rates;
- Dividend yield equal to zero;
- historical series of the logarithmic returns of involved securities and EUR/SEK and EUR/CHF exchange rates to calculate the correlation among securities and among the 2 non-EUR denominated securities and associated exchange rates (to adjust for estimated trends), calculated for the period starting on 23 April 2020 and ending on 23 April 2021.

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

- 2012 Stock Grant plan to assign a maximum of 1,600,000 conditional rights, restricted to the Director who filled the post of Managing Director of the Parent Company at the date of issue of the relevant plan and to employees of the Company and its subsidiaries, who were assigned a total of 1,152,436 Units (480,011 of which were Time-based Units and 672,425 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 2014 and ending on 31 January 2016.

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 2021, 82,374 Time-based Units and 596,630 Performance Units expired as per regulation. While 392,252 Time-based Units and 74,852 Performance Units had been exercised.

- 2013 Stock Grant plan to assign a maximum of 1,700,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 1,041,358 Units (432,434 of which were Time-based Units and 608,924 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 2015 and ending on 31 January 2017.

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 2021, 256,954 Time-based Units and 608,924 Performance Units expired as per regulation. While 168,715 Time-based Units had been exercised.

- 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 2021, 109,543 Time-based Units and 219,196 Performance Units expired as per regulation. While 50,216 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 2021, 56,911 Time-based Units and 179,805 Performance Units expired as per regulation. While 123,287 Time-based Units and 67,154 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 2021, 77,399 Time-based Units and 100,948 Performance Units expired as per regulation. While 138,824 Time-based Units and 181,050 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).

Time-based Units will 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.

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 2021, 36,703 Time-based Units and 169,849 Performance Units expired as per regulation. While 76,805 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).

Time-based Units will 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.

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 2021, 91,848 Time-based Units and 137,700 Performance Units expired as per regulation. While 36,489 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 2021, 64,402 Time-based Units and 77,006 Performance Units expired as per regulation.

- 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 tranches, each equal to up to one third (1/3) of the total number of Performance Units type B granted “as at 31 January 2023, 31 July 2023, 31 July 2024, provided that the Economic-Financial Targets set out in the regulation are complied with”.

On 30 June 2021, 12,500 Time-based Units and 131,250 Performance Units type A and 131,250 Performance Units type B expired as per regulation.

It should be noted that the 2011 Stock Grant plan, for which 7,757 options were subscribed in the first half of 2021, expired as per regulation on 20 April 2021.

The imputed cost for the first half year 2021 for existing Stock Grant plans is Euro 32 thousand, 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 2011-2021 plans:

	<i>June 30, 2021</i>	<i>December 31, 2020</i>
Not exercised/not exercisable at the start of the year	1,482,261	927,040
Granted during the period	897,500	790,000
Cancelled during the period	(409,724)	(97,248)
Exercised during the period	(46,642)	(137,531)
Not exercised/not exercisable at the end of the period	1,923,395	1,482,261
Exercisable at the end of the period	38,509	46,719

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.

### *30. RESTRUCTURING COSTS*

The “Restructuring costs” amount to Euro 1,345 thousand (Euro 6,384 thousand in the first half year of the previous year).

This item is comprised of costs incurred and paid during the half-year in the amount of Euro 2,672 thousand and for Euro 1,327 of the provisions not used during the period, which mainly refer to the European subsidiaries.

### *31. LOSSES (GAINS) ON DISPOSAL*

Net gains on disposal amounted to Euro 28 thousand compared to Euro 9 thousand net loss in the first six months of the previous year.

### *32. EXCHANGE (GAINS) LOSSES*

Net exchange gains as at 30 June 2021 amount to Euro 1,284 thousand compared to net exchange losses of Euro 1,426 thousand in the first half of 2020.

### *33. OTHER NON-OPERATING EXPENSES (INCOME)*

Net non-operating income amounted to Euro 5,077 thousand (compared to net non-operating expenses of Euro 1,995 thousand in the first six months of the previous year).

The following table shows the main elements:

(in thousands of Euro)	1st half 2021	1st half 2020
Write-downs of tangible and intangible fixed assets	3,152	6,376
Product warranty costs	985	822
Cost of stock options and stock grant plans	32	177
Litigations	(201)	777
Pension funds litigation refund	(2,401)	-
Actuarial losses (gains)	(41)	(130)
Insurance refunds	(1,842)	(5,021)
Indirect tax recovery	(3,862)	-
Other ordinary income (expenses)	(899)	(1,006)
<b>TOTAL</b>	<b>(5,077)</b>	<b>1,995</b>

The item “Write-downs of tangible and intangible fixed assets”, amounting to Euro 3,152 thousand, includes Euro 3,181 thousand of write-downs of intangible fixed assets relating mainly to research and development projects capitalised in previous years for which the requirements for capitalisation no longer apply; the item also includes write-backs of tangible fixed assets for Euro 29 thousand.

The item “Pension funds litigation refund” includes the amount obtained following the settlement of a dispute with some consultants on matters relating to the pension funds of the subsidiary Sogefi Filtration Ltd.

The item “Insurance refunds” mainly refers to compensation for damage (costs incurred and loss of profit) in connection with a fire at the subsidiaries Sogefi HD Suspensions Germany GmbH and Sogefi Suspensions S.A., occurred in 2019 and 2020.

The item “Indirect tax recovery” includes the recovery of indirect taxes paid in previous years following new legislation for the Brazilian and Chinese subsidiaries.

#### 34. FINANCIAL EXPENSES (INCOME), NET

Financial expenses are detailed as follows:

(in thousands of Euro)	1st half 2021	1st half 2020
Interest on bonds	4,872	6,540
Interest on amounts due to banks	2,365	2,351
Financial charges under lease contracts	1,423	1,474
Financial component of pension funds and termination indemnities	307	380
Financial expenses from Cross currency swap no more in cash flow hedge	53	-
Net financial expenses from fair value of derivatives no more in cash flow hedge	237	-
Financial component IAS 29	1,407	(215)
Other interest and commissions	1,609	1,341
<b>TOTAL FINANCIAL EXPENSES</b>	<b>12,273</b>	<b>11,871</b>

Financial income is detailed as follows:

(in thousands of Euro)	1st half 2021	1st half 2020
Gain on Cross currency swap no more in cash flow hedge	-	177
Net gain from fair value of derivatives no more in cash flow hedge	-	1,097
Net gain from fair value of derivatives in cash flow hedge	12	-
Interest on amounts given to banks	508	178
Other interest and commissions	1,165	3
<b>TOTAL FINANCIAL INCOME</b>	<b>1,685</b>	<b>1,455</b>
<b>TOTAL FINANCIAL EXPENSES (INCOME), NET</b>	<b>10,588</b>	<b>10,416</b>

Net financial expense was substantially stable compared to the first half of 2020.

It should be noted that the item “Other interest and commissions” includes Euro 1,164 thousand of interest income related to a recovery of indirect taxes paid in previous years by the Brazilian subsidiary, following a change in regulations.

It should be noted that as at 30 June 2021, 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 237 thousand (positive by Euro 1,097 thousand as at 30 June 2020), and is comprised of:

- a financial expense of Euro 364 thousand reflecting 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;
- a net financial income of Euro 127 thousand reflecting the change in their fair value compared to 31 December 2020.

### 35. LOSSES (GAINS) FROM EQUITY INVESTMENTS

This item amounts to Euro 1,502 thousand (zero as at 30 June 2020). The item includes Euro 474 thousand relating to the gain resulting from the sale, in April 2021, of the subsidiary Shanghai Alleverd Springs Co., Ltd and Euro 1,028 thousand relating to the reclassification of exchange rate differences, attributable to the same subsidiary, from equity to profit for the year.

As at 30 June 2021, the negative effect of the sale of the Chinese equity investment on cash and cash equivalents amounted to Euro 2,333 thousand, equal to the transferred cash and cash equivalents. This effect is shown under the heading “Net financial position of companies acquired/sold during the year”.



### 36. INCOME TAXES

The detail is given below:

(in thousands of Euro)	1st half 2021	1st half 2020
Current taxes	10,302	322
Deferred tax liabilities (assets)	2,821	(1,963)
Gain (loss) from participation to fiscal consolidation	389	602
<b>TOTAL</b>	<b>13,512</b>	<b>(1,039)</b>

The average tax rate at 30 June 2021 is 34% (-4.6% as at 30 June 2020).

The impact is also affected by the non-recognition of deferred tax assets in subsidiaries that result in a tax loss in some countries.

### 37. PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX EFFECTS

The item is negative for Euro 3,312 thousand and refers to the subsidiaries Sogefi Filtration Spain S.A.U., sold in January 2021 and Sogefi Filtration do Brasil Ltda, sold in December 2020 and for which a negative price adjustment of Euro 204 thousand was recognised in 2021. The item includes the 2021 and 2020 operating result and the relevant result from the sale.

This item also includes the best estimate of the probable result deriving from the sale of the subsidiary Sogefi Filtration Argentina S.A.U., classified as “Assets held for sale” at 30 June 2021 as, in light of ongoing negotiations, it is considered highly likely that the sale will be completed within one year.

The following table shows the Result of discontinued operations (discontinued or held for sale) in the first half of 2021 and in the first half of 2020:

(in thousands of Euro)	1st half 2021			
	Sogefi Filtration Spain S.A.U.	Sogefi Filtration do Brasil Ltda	Sogefi Filtration Argentina S.A.U.	Total
Sales revenues	219	-	-	219
Costs	(345)	-	-	(345)
<b>Operating income</b>	<b>(126)</b>	<b>-</b>	<b>-</b>	<b>(126)</b>
Financial expenses (income), net	-	-	-	-
Income taxes	60	-	-	60
<b>Net Operating income, net of tax effects</b>	<b>(66)</b>	<b>-</b>	<b>-</b>	<b>(66)</b>
Result of held for sale/discontinued activities	(287)	-	(2,755)	(3,042)
Price Adjustment	-	(204)	-	(204)
<b>Net income (loss) of held for sale activities, net of tax effects</b>	<b>(353)</b>	<b>(204)</b>	<b>(2,755)</b>	<b>(3,312)</b>
Earnings per share (EPS), without discounted operations (Euro):				
Basic				0.210
Diluted				0.210

(in thousands of Euro)	<i>1st half 2020</i>		
	Sogefi Filtration Spain S.A.U.	Sogefi Filtration do Brasil Ltda	Total
Sales revenues	3,655	11,985	15,640
Costs	(4,347)	(18,155)	(22,502)
<b>Operating income</b>	<b>(692)</b>	<b>(6,170)</b>	<b>(6,862)</b>
Financial expenses (income), net	(6)	(1,159)	(1,165)
Income taxes	-	-	-
<b>Net income (loss) of held for sale activities, net of tax effects</b>	<b>(698)</b>	<b>(7,329)</b>	<b>(8,027)</b>
Earnings per share (EPS), without discounted operations (Euro):			
Basic			(0.176)
Diluted			(0.176)

The following table shows the effect of the sale of the subsidiary Sogefi Filtration Spain S.A.U. on the Group's financial position:

(in thousands of Euro)	<i>June 30, 2021</i>
Asset held for sale	(6,703)
Liabilities related to assets held for sale	5,120
<b>Net (assets) and liabilities</b>	<b>(1,583)</b>

It should be noted that the subsidiary was sold in January 2021 for a consideration of Euro 1,296 thousand, the collection of which will take place during 2021 in twelve monthly instalments.

As at 30 June 2021, the effect of the sale of the Spanish equity investment on cash and cash equivalents amounted to Euro 644 thousand, equal to the instalments collected in the first six months of 2021.

As previously described, as at 30 June 2021, the assets and liabilities of the subsidiary Sogefi Filtration Argentina S.A.U. were recognised as “Assets held for sale” because it is considered highly probable that the subsidiary will be sold in the coming twelve months under current conditions.

Below are details of the assets and liabilities as reclassified to “Assets held for sale”, equal to Euro 12,879 thousand, and “Liabilities related to assets held for sale” equal to Euro 7,000 thousand, at 30 June 2021.

(in thousands of Euro)	30 June 2021
Property, plant and machinery and tangible fixed assets	(4,234)
Deferred Income Taxes	(513)
Inventories	(1,955)
Trade and other receivables	(3,150)
Cash and cash equivalents	(2,111)
Other current financial assets	(916)
Deferred Tax Liabilities	1,040
Trade and other payables	3,080
Other non current payables	125
<b>Net assets and liabilities</b>	<b>(8,634)</b>
Provision Risks	2,755

The item “Provision risks”, amounting to Euro 2,755 thousand, represents the difference between the best estimate, as at 30 June 2021, of the consideration to be received and the “Net (assets) and liabilities” as at 30 June 2021. This loss was posted under the item “Profit (loss) from discontinued operation, net of tax effects”, as shown in the table above.

The application of IFRS 5 to the Argentine subsidiary resulted in a negative effect on the Cash Flow Statement of Euro 2,111 thousand, shown in the item “Net financial position of companies acquired/sold during the year” in the Cash Flow Statement.

The following is the condensed income statement of the subsidiary Sogefi Filtration Argentina S.A.U. for the first half of 2021 and the first half of 2020:

(in thousands of Euro)	June 30, 2021		June 30, 2020	
	Amount	%	Amount	%
Sales revenues	9,056	100.0	5,947	100.0
Costs	(7,751)	(85.6)	(6,462)	(108.7)
<b>EBIT</b>	<b>1,305</b>	<b>14.4</b>	<b>(515)</b>	<b>(8.7)</b>
Financial expenses (income), net	(1,280)	(14.1)	(71)	(1.2)
Income taxes	(398)	(4.4)	6	0.1
<b>NET RESULT</b>	<b>(373)</b>	<b>(4.1)</b>	<b>(580)</b>	<b>(9.7)</b>

The following is the condensed interim consolidated income statement for the first half of 2021 and the first half of 2020, when considering the Argentine subsidiary as discontinued operations:

(in thousands of Euro)	<i>June 30, 2021</i>		<i>June 30, 2020</i>	
	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Sales revenues	673,403	100.0	500,060	100.0
Costs	(625,850)	(92.9)	(511,500)	(102.3)
EBIT	47,553	7.1	(11,440)	(2.3)
Financial expenses (income), net	(9,308)	(1.4)	(10,345)	(2.1)
Losses (gains) from equity investments	1,502	0.2	-	-
<b>RESULT BEFORE TAXES</b>	<b>39,747</b>	<b>5.9</b>	<b>(21,785)</b>	<b>(4.4)</b>
Income taxes	(13,114)	(1.9)	1,033	0.3
<b>NET INCOME (LOSS) OF OPERATING ACTIVITIES</b>	<b>26,633</b>	<b>4.0</b>	<b>(20,752)</b>	<b>(4.1)</b>
Net income (loss) from discontinued operations, net of tax effects	(3,685)	(0.6)	(8,607)	(1.8)
<b>NET RESULT INCLUDING THIRD PARTY</b>	<b>22,948</b>	<b>3.4</b>	<b>(29,359)</b>	<b>(5.9)</b>
Loss (Income) attributable to non - controlling interests	(1,506)	(0.2)	598	0.1
<b>GROUP NET RESULT</b>	<b>21,442</b>	<b>3.2</b>	<b>(28,761)</b>	<b>(5.8)</b>

### 38. DIVIDENDS PAID

No dividends were paid to the Parent Company shareholders during the first half year 2021, situation unchanged compared to the first half of 2020.

### 39. EARNINGS PER SHARE (EPS)

#### Basic EPS

	<i>June 30, 2021</i>	<i>June 30, 2020</i>
Net result attributable to the ordinary shareholders (in thousands of Euro)	21,442	(28,761)
Weighted average number of shares outstanding during the period (thousands)	118,042	117,954
<i>Basic EPS (Euro)</i>	<i>0.182</i>	<i>(0.244)</i>

#### Diluted EPS

The Company only has one category of potential ordinary shares, namely those deriving from the potential conversion of the Stock Options granted to Group employees.

	<i>June 30, 2021</i>	<i>June 30, 2020</i>
Net result attributable to the ordinary shareholders (in thousands of Euro)	21,442	(28,761)
Average number of shares outstanding during the period (thousands)	118,042	117,954
Weighted average number of shares potentially under option during the period (thousands)	-	-
Number of shares that could have been issued at fair value (thousands)	-	-
Adjusted weighted average number of shares outstanding during the period (thousands)	118,042	117,954
<i>Diluted EPS (Euro)</i>	<i>0.182</i>	<i>(0.244)</i>

The “Weighted average number of shares potentially under option during the period” represents the average number of shares that are potentially outstanding under Stock Option plans (only for potentially dilutive options, i.e. with an exercise price lower than the average annual fair value of the ordinary shares of Sogefi S.p.A.), for which the subscription right has vested but has not yet been exercised at the end of reporting period. These shares have a potentially dilutive effect on basic EPS and are therefore taken into consideration in the calculation of diluted EPS.

The “Number of shares that could have been issued at fair value” represents the normalisation factor, being the number of shares that would have been issued dividing the proceeds that would have been received from subscription of the Stock Options by the average annual fair value of the Sogefi S.p.A. ordinary shares, which in the first half of 2021 amounted to Euro 1.3320, compared to Euro 1.0245 in the first half of 2020.

#### *E) 40. 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 2021 held 55.64% of the share capital (56.62% of outstanding shares, excluding treasury shares). Sogefi S.p.A.'s shares are listed on the STAR segment of Mercato Telematico Azionario managed by Borsa Italiana S.p.A.

The Group's consolidated financial statements include the financial statements of the consolidated companies, listed in chapter H 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 subholding 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, to support planning and control activities and in the area of financial, administrative and governance consulting and communication consulting. 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'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 2021 amount to Euro 88 thousand, down compared to Euro 263 thousand as at 30 June 2020, following a redefinition of the service contract in the first half of 2021. At 30 June 2021, amounts payable to the Parent Company CIR S.p.A. by Sogefi S.p.A. totalled Euro 18 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 Italian companies of the Sogefi Group had receivables for the amount of Euro 1,201 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 689 thousand. Outstanding receivables as at 31 December 2020 collected in the first half-year 2021 amounted to Euro 2,670 thousand.

At the end of the first half of 2021, the Italian subsidiaries recorded an income of Euro 149 thousand following the transfer of fiscal surplus to companies that have joined the CIR Group tax filing system in order to have a deduction of negative interest deduction; the amount receivable as at 30 June 2021 of the Italian subsidiaries from the Parent Company CIR S.p.A. is equal to Euro 149 thousand.

At 30 June 2021, the Parent Company Sogefi S.p.A. records a liability amounting to Euro 538 thousand (Euro 708 thousand as at 30 June 2020) 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 2021 is Euro 538 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 2021.

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

The following tables summarise related party transactions:

(in thousands of Euro)	<i>June 30, 2021</i>	<i>December 31, 2020</i>
<b>Receivables</b>		
- for the Group tax filing to CIR S.p.A.	1,201	2,490
- for income following the transfer of fiscal surplus to the CIR Group	149	289
<b>Payables</b>		
- for services received from CIR S.p.A.	18	-
- for Director's remuneration	4	14
- for services from the CIR S.p.A.	49	-
- for the cost of transferring tax surpluses from the CIR Group	538	579
- for the Group tax filing to CIR S.p.A.	689	674
<b>Right of use (*)</b>		
- for rental property	168	225
<b>Financial debts for right of use (*)</b>		
- for rental property	169	222

(in thousands of Euro)	<i>1st half 2021</i>	<i>1st half 2020</i>
<b>Costs</b>		
- for services received from CIR S.p.A.	88	263
- for rental contract from CIR S.p.A.	3	3
- for services from the CIR S.p.A.	49	32
- Amortization of right of use (*)	56	56
- for the cost of transferring tax surpluses from the CIR Group	538	708
<b>Revenues</b>		
- for income following the transfer of fiscal surplus to the CIR Group	149	106
<b>Compensation of directors and statutory auditors</b>		
- directors	282	272
- directors charged back to the parent company	10	10
- statutory auditors	46	49
- contribution charges on compensation to directors and statutory auditors	26	33
<b>Compensation and related contributions to the General Manager (**)</b>	287	317
<b>Compensation and related contributions to Manager with strategic responsibilities ex Consob resolution no. 17221/2010 (***)</b>	237	157

(\*) also including components relating to the rental of the Milan office, via Ciovassino 1/A; at June 30, 2021 accrued rental payments amounted to Euro 56 thousand;

(\*\*) including also the imputed cost of stock grant plans for Euro 56 thousand in the first half of 2021;

(\*\*\*) including also the imputed cost of stock grant plans for Euro 22 thousand (imputed cost of Euro 23 thousand in first half 2020) booked under the item "Other non-operating expenses (income)".



## F) COMMITMENTS AND RISKS

### 41. INVESTMENT COMMITMENTS

At 30 June 2021, Group companies have binding commitments for investments relating to the purchase of property, plant and equipment for Euro 2,318 thousand (Euro 1,316 thousand at 31 December 2020), as already disclosed in the explanatory notes regarding tangible fixed assets.

### 42. GUARANTEES GIVEN

Details of guarantees are as follows:

(in thousands of Euro)	<i>June 30, 2021</i>	<i>December 31, 2020</i>
<b>PERSONAL GUARANTEES GIVEN</b>		
a) Sureties to third parties	1,068	858
b) Other personal guarantees in favour of third parties	3,455	3,271
<b>TOTAL PERSONAL GUARANTEES GIVEN</b>	<b>4,523</b>	<b>4,129</b>
<b>REAL GUARANTEES GIVEN</b>		
a) Against liabilities shown in the financial statement	15,495	556
<b>TOTAL REAL GUARANTEES GIVEN</b>	<b>15,495</b>	<b>556</b>

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. and Sogefi ADM Suspensions Private Limited, which pledged tangible fixed assets and trade receivables as real guarantees to secure loans obtained from financial institutions.

### 43. OTHER RISKS

As at 30 June 2021, the Group had third-party goods and materials held at Group companies worth Euro 15,528 thousand (Euro 15,319 thousand as at 31 December 2020).

#### 44. 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.

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 on the merits of the dispute before the Regional Tax Committee of Lombardy has been scheduled for 22 October 2021.

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, 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 possible but not likely as at 31 December 2020.

Consequently, the Company did not set aside any amount for tax risks to contingent liabilities in financial statements as at 30 June 2021.

#### *45. 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 2021.

#### *46. SUBSEQUENT EVENTS*

Since the beginning of July negotiations have been underway for the sale of the Argentinian branch of Filtration. This sale is part of the strategy of refocusing the group's Filtration business, which aims, on the one hand, to consolidate its position in Europe while at the same time pursuing growth in NAFTA, China and India.

The sale would generate a capital loss, estimated today at Euro 2.8 million, which is already included in the results at June 30 2021 in accordance with IFRS 5.

If the sale is completed it will have a negative impact of approximately Euro 21.0 million on the income statement for purely accounting reasons (with no cash impact), resulting from the reclassification from shareholders' equity to the result for the period of the exchange rate differences of the subsidiary.

## G) 47. FINANCIAL INSTRUMENTS

### A) Exchange risk – not designated in hedge accounting

As at 30 June 2021 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 06.30.2021 (*)
Sogefi Suspension Brasil Ltda	S	USD 200,000	05/21/2021	BRL/value	5.2860	07/07/2021	5.3030	13
Sogefi Suspension Brasil Ltda	S	USD 150,000	06/22/2021	BRL/value	5.0590	07/28/2021	5.0765	2
Sogefi Suspension Brasil Ltda	P	EUR 200,000	06/30/2021	BRL/value	5.9380	08/20/2021	5.9855	(1)
Sogefi Suspension Argentina S.A.	P	USD 250,000	05/13/2021	ARS/value	94.1500	07/30/2021	102.5000	(8)
Sogefi Suspension Argentina S.A.	P	USD 250,000	06/17/2021	ARS/value	95.4600	08/31/2021	103.8000	(3)

\* 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

During 2013 the parent company Sogefi S.p.A. entered into three cross currency swap (CCS) contracts maturing in June 2023, initially designated in hedge accounting, in order to hedge interest and exchange rate risks relating to the private placement currently of USD 32.9 million bonds. Under these contracts, a fixed interest receivable of 600 basis points on subscribed notional USD amount is collected by the Company on a quarterly basis against payment of a fixed interest payable on a notional amount in EUR corresponding to the USD notional amount converted at the fixed exchange rate of 1.3055 (totalling Euro 25,168 thousand).

Based on the tests carried out on 31 December 2017, they have become ineffective so that the hedging relationship was discontinued and the derivative contracts were reclassified as fair value through profit or loss instruments. The change in fair value (exclusively for the interest rate risk) compared to 31 December 2017 was recognised in the income statement, whereas the reserve booked to “Other Comprehensive Income” (if any) is reclassified in the income statement over the same period of time as the differentials relating to the underlying hedged item.

Details of these contracts are as follows:

Description of CCSwap	Date opened	Contract maturity	Notional (in thousands of USD)	Fixed rate	Fair value at 06.30.2021 (in thousands of Euro)	Fair value at 12.31.2020 (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	15,714	6.0% USD receivable 5.6775% Euro payables	1,176	1,086
Private placement USD 115 million (05/03/2013 maturity 06/01/2023), coupon 600 bps	04/30/2013	06/01/2023	11,429	6.0% USD receivable 5.74% Euro payables	847	777
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 5.78% Euro payables	421	385
<b>TOTAL</b>			<b>32,857</b>		<b>2,444</b>	<b>2,248</b>

The discontinuation of hedge accounting, for the interest rate risk, had the following impact on the financial statements as at 30 June 2021:

- a financial income of Euro 127 thousand reflecting the change in fair value compared to 31 December 2020 was immediately recognised in the income statement;
- a financial expense of Euro 364 thousand was recognised in the income statement; this amount reflects the portion of the reserve previously booked to “Other Comprehensive Income” that is recognised in the income statement over the same period of time as the differentials relating to the former underlying hedged item. As at 30 June 2021, an amount of Euro 1,396 thousand remains to be recycled to the income statement in the future years.

### *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:

Description of IRS	Date opened	Contract maturity	Notional (in thousands of Euro)	Fixed rate	Fair value at 06.30.2021	Fair value at 12.31.2020
Hedging of SACE loans Euro 80 millions (10/09/20 expired 06/30/26)	12/31/2020	06/30/2026	20,000	-0.196%	(130)	(251)
Hedging of SACE loans Euro 80 millions (10/09/20 expired 06/30/26)	12/31/2021	06/30/2026	20,000	-0.196%	(130)	(251)
Hedging of SACE loans Euro 80 millions (10/09/20 expired 06/30/26)	12/31/2022	06/30/2026	20,000	-0.196%	(130)	(251)
Hedging of SACE loans Euro 80 millions (10/09/20 expired 06/30/26)	12/31/2020	06/30/2026	20,000	-0.196%	(130)	(251)
TOTAL			80,000		(519)	(1,003)

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.

The change in fair value compared to 31 December 2020, amounting to Euro 484 thousand, was recognised in the amount of Euro 472 thousand under “Other comprehensive income” and Euro 12 thousand under financial income.

#### 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 2021, 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

### 48. LIST OF GROUP COMPANIES AS AT 30 JUNE 2021

#### SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

<b>Direct equity investments</b>	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	-	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.

<b>Indirect equity investments</b>	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
<b>FILTRATION BUSINESS UNIT</b>						
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 S.a.r.l. 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	6,800,000	1	100	6,800,000	6,800,000
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 ARGENTINA S.A.U. Buenos Aires (Argentina) held by Sogefi Filtration S.A.	ARP	820,510,522	820,510,522	100	1	820,510,522
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



<b>Indirect equity investments</b>	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
<b>AIR&amp;COOLING BUSINESS UNIT</b>						
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
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	1 1	100	1 126,246,759	126,246,760

(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
<b>SUSPENSIONS BUSINESS UNIT</b>						
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) 99.999% 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) 99.997% held by Sogefi Suspensions S.A. 0.003% held by Allevard Springs Ltd	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	320,669,260
SOGEFI HD SUSPENSIONS GERMANY GmbH Hagen (Germany) held by Sogefi PC Suspensions Germany GmbH	Euro	50,000	(1)	100	50,000	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	100.00	10	31,395,890

(1) The share capital is not divided in shares or quotas.

## EQUITY INVESTMENTS IN OTHER COMPANIES CARRIED AT COST

<b>Indirect equity investments</b>	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
AFICO FILTERS S.A.E. Cairo (Egypt) Held by Sogefi Filtration Italy S.p.A.	EGP	14,000,000	24,880	17.77	100	2,488,000

**DECLARATION OF THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ART. 81-TER OF CONSOB RESOLUTION No. 11971 OF MAY 14, 1999 AND SUBSEQUENT MODIFICATIONS AND INTEGRATIONS**

1. The undersigned:

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

Yann Albrand – Manager responsible for preparing Sogefi S.p.A.’s financial reports

hereby certify, having also taken into consideration the provisions of Article 154-*bis*, paragraph 3 and 4, of Italian Legislative Decree n. 58 of February 24, 1998, that:

the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements for the 2021 first half:

- are adequate with respect to the company structure and
- have been effectively applied.

2. No relevant aspects are to be reported on this subject.

3. It is also certified that:

3.1 the condensed interim consolidated financial statements as at June 30, 2021:

- have been prepared in accordance with international accounting standards as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002;
- correspond to the books and accounting records;
- provide a true and fair representation of the financial position, result of operations and cash flow of the issuer and the subsidiaries included in the scope of consolidation.

3.2 the interim report on operations of the Group includes a reliable analysis of the significant events that occurred in the first half of the year and their impact on the half-year condensed interim consolidated financial statements. In addition, the report includes a description of the main risks and uncertainties for the remaining six months of the year and a reliable analysis of the information about any significant related party transactions.

Milan, July 23, 2021

Managing Director  
and General Manager

Frédéric Sipahi

Manager responsible for  
preparing financial reports

Yann Albrand



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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 change in equity and explanatory and supplementary notes thereto, as at and for the six-month period ended 30 June 2021. 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 2021*

**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 ended 30 June 2021 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, 2 August 2021

KPMG S.p.A.

(signed on the original)

Elisabetta C. Forni  
Director of Audit