



CEMBRE

FINANCIAL REPORT

2022 HALF-YEARLY

Cembre S.p.A.

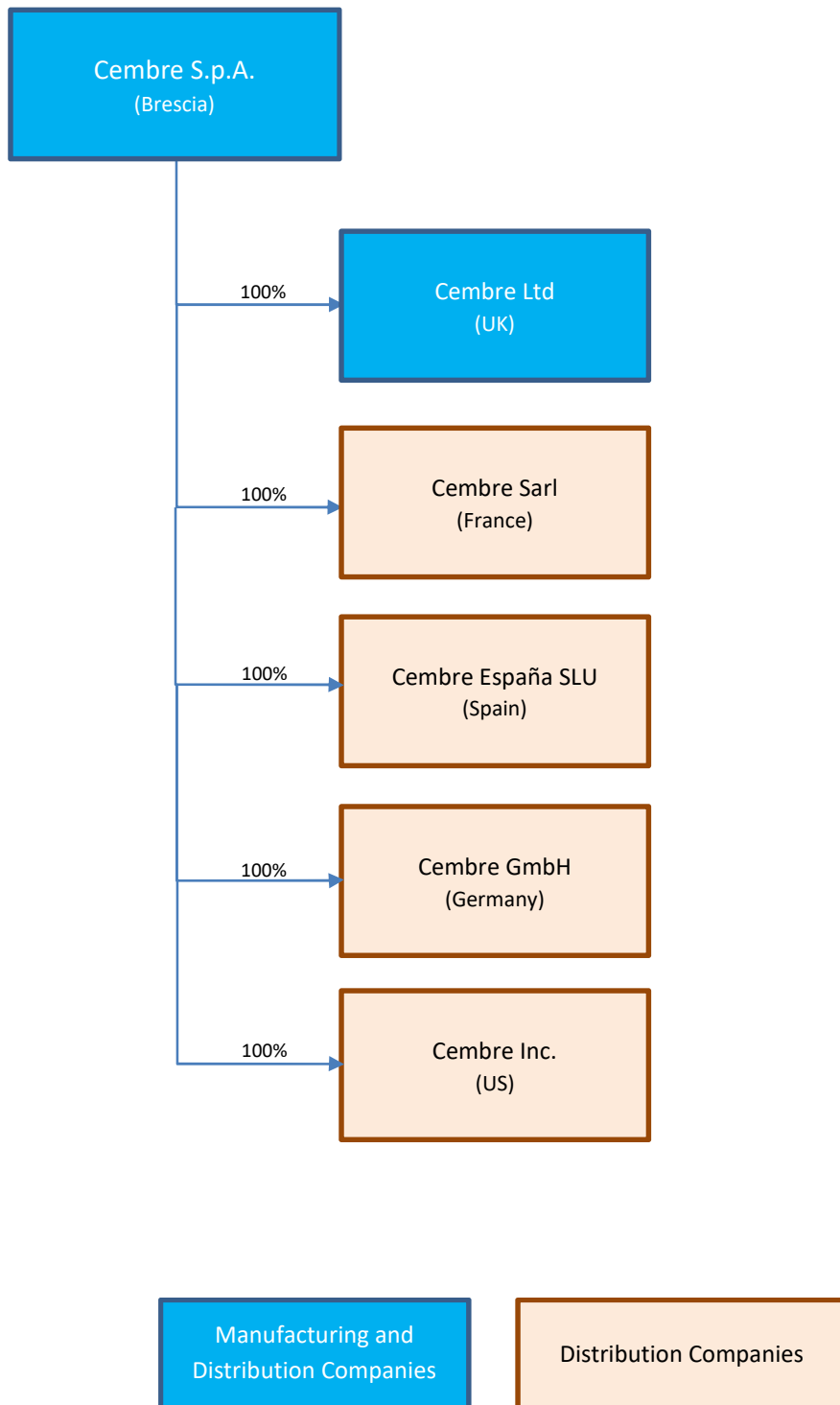
Head Office: Via Serenissima 9, Brescia, Italy
Share Capital: EUR 8,840,000 (fully paid-up).
Registration no: 00541390175 (Commercial Register of Brescia)

This document contains translations of the Interim Report drawn up in the Italian language

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Group Structure at June 30, 2022



Interim Report on Operations of the Cembre Group for the 1st Half of 2022

Operating Review

The first half of 2022 ended with extremely positive results for the Group, with sales growing in all three geographic macro-areas of analysis (Italy, Europe, Rest of the World) and income results showing a marked increase compared to the first half of 2021. The conflict in Ukraine and international tensions have, so far, only marginally affected the Group's activities.

Consolidated sales of the Cembre Group in the first half of the year reached €104.4 million, up 23.4% from €84.5 million in the first half of 2021. The performance of consolidated sales by geographical areas shows 27.5% growth in the Italian market, with sales of €46.4 million. Revenues in the European market (excluding Italy) grew by 19.1% to €47.1 million, while sales in non-European markets recorded an increase of 26.1%, with revenues at €10.8 million. In the first half of 2022, 44.4% of Group sales were represented by Italy (as compared with 43.0% in the first half of 2021), 45.2% by the rest of Europe (46.8% in the first half of 2021), and the remaining 10.4% by the rest of the World (10.2% in the first half of 2021).

The summary table of sales by geographical area is reported below:

(euro '000)	1st half 2022	1st half 2021	Change	1st half 2020	1st half 2019	1st half 2018	1st half 2017
Italy	46,387	36,377	27.5%	25,398	30,798	31,349	28,055
Rest of Europe	47,127	39,567	19.1%	30,383	35,727	30,718	28,014
Rest of the World	10,845	8,603	26.1%	8,875	10,353	11,228	10,527
Total	104,359	84,547	23.4%	64,656	76,878	73,295	66,596

Revenues from sales and services (net of intra-group sales), in thousands of Euros, are broken down between the various companies as follows:

(euro '000)	1st half 2022	1st half 2021	Change	1st half 2020	1st half 2019	1st half 2018	1st half 2017
Cembre S.p.A.	59,994	46,948	27.8%	33,279	40,361	40,680	37,303
Cembre Ltd. (UK)	12,251	10,983	11.5%	7,642	10,401	9,320	8,883
Cembre S.a.r.l. (F)	5,772	5,956	-3.1%	4,309	5,633	5,270	5,025
Cembre España S.L.U. (E)	8,691	6,548	32.7%	5,495	6,045	5,366	5,093

Cembre GmbH (D)*	11,191	9,335	19.9%	7,956	7,689	5,491	4,319
Cembre Inc. (USA)	6,460	4,777	35.2%	5,975	6,749	7,168	5,973
Total	104,359	84,547	23.4%	64,656	76,878	73,295	66,596

*In May 2018, Cembre GmbH had acquired the German company IKUMA KG; in May 2020, said company was merged by incorporation in Cembre GmbH. For said reason, the tables show the 2019 and 2018 data in consolidated form, considering the data of the German companies involved in the merger jointly. It should be noted that the data until 2017 concern solely Cembre GmbH.

In the first half of 2022, Group companies reported the following results, before the consolidation:

(euro '000)	Net result prior to consolidation						
	1st half 2022	1st half 2021	Change	1st half 2020	1st half 2019	1st half 2018	1st half 2017
Cembre S.p.A.	18,463	14,166	30.3%	7,811	14,016	12,757	10,496
Cembre Ltd. (UK)	974	1,126	-13.5%	330	1,150	854	2,997
Cembre S.a.r.l. (F)	145	130	11.5%	50	420	307	236
Cembre España S.L.U. (E)	790	439	80.0%	191	312	148	289
Cembre GmbH (D)*	757	474	59.7%	241	344	211	288
Cembre Inc. (USA)	478	311	53.7%	291	554	694	245

For a more direct evaluation of the effect of foreign exchange translations, we include below sales figures of Group companies operating outside the euro area in the respective currency.

(euro '000)	Currency	Net result prior to consolidation						
		1st half 2022	1st half 2021	Change	1st half 2020	1st half 2019	1st half 2018	1st half 2017
Cembre Ltd. (UK)	Gbp	820	977	-16.1%	289	1,005	751	2,580
Cembre Inc. (USA)	US\$	522	375	39.2%	321	626	840	266

To provide a better understanding of the Company's consolidated results for the 1st half of 2022, a Comparative Consolidated Income Statement is provided in Attachment 1, which shows the percentage changes compared to the same period in 2021.

Consolidated gross operating profit for the first half amounted to €30,505 thousand, representing a 29.2% margin on sales, up 20.9% on the corresponding period in 2021 when it amounted to €25,225 thousand, representing a 29.8% margin on sales. The

incidence of cost of sales and cost of services increased during the half year, mainly due to the increase in the inflation rate. However, the list price adjustments introduced in January 2022 made it possible to absorb, at least partially, the increases seen in the various production factors, helping to contain the raise in the incidence of the cost of sales on sales revenues. The cost of electricity in the first half of 2022 was in line with that of the same period in 2021, as Cembre S.p.A. had contractually fixed the price of electricity for the period from July 1, 2021 to June 30, 2022. The new price set for the period from July 1, 2022 to June 30, 2023 is doubled compared with the previous price.

The incidence of personnel costs is decreasing. However, this cost has increased in absolute terms but less than proportionally to the increase in turnover. The average number of Group employees in the period went from 784 (average figure 2021) to 813.

Consolidated operating profit for the period amounted to €24,648 thousand, representing a 23.6% margin on sales, up 25.8% on €19,596 thousand in the first half of 2021, when it represented a 23.2% margin on sales.

Consolidated profit before taxes for the period amounted to €24,672 thousand, representing a 23.6% margin on sales, up 25.4% on €19,676 thousand in the 1st Half of 2021, when it represented a 23.3% margin on sales.

Net profit for the half-year amounted to €18,192 thousand, representing a 17.4% margin on sales, up 24.2% on €14,650 thousand in the 1st Half of 2021, when it represented a 17.3% margin on sales.

The net financial position went from a surplus of €20.6 million as at December 31, 2021, to a deficit of €0.3 million as at June 30, 2022. The financial position was affected by the payment of €20.1 million in dividends and capital expenditure made by the Parent Company, amounting to €5.1 million. At June 30, 2021, the net financial position was a surplus of €1.3 million; for details of the net financial position, please refer to Note 27 of the Explanatory Notes to the consolidated interim financial statements.

Definition of alternative performance indicators

In compliance with CONSOB Communication DEM/6064293 dated July 28, 2007, below we define alternative performance indicators used in the present document to illustrate the financial and operating performance of the Group.

Gross Operating Result (EBITDA): defined as the difference between sales revenues and costs for materials, of services received, and the net balance of operating income and charges. It represents the profit before depreciation, amortization and write-downs, financial flows and taxes.

Operating Result (EBIT): defined as the difference between the Gross Operating Result and the value of amortization/impairment. It represents the profit before cash flows and taxes.

Net Financial Position: represents the algebraic sum of cash and cash equivalents, financial receivables and current and non-current financial debt.

Investments

Investments made by the Group in the first half of the current year totalled €4.7 million in property, plant and equipment (€4.8 million in the first half of 2021) and €0.4 million in intangible fixed assets (€0.5 million in the first half of 2021).

For more information on investments, please refer to Notes 1 and 3 of the Explanatory Notes to the interim financial statements.

Main risks and uncertainties

Risks connected to the economic situation

The economic and financial situation of the Group is influenced by macroeconomic factors such as changes in the Gross Domestic Product, consumer and business confidence, changes in interest rates and the cost of raw materials.

After a first quarter better than expectations, global gross domestic product growth is slowing down sharply due, above all, to the sharp rise in inflation in Europe and the United States, the slowdown of the Chinese economy, which is again struggling with a rise in

COVID 19 and the weakness of the real estate market, as well as the effects of the war in Ukraine.

The great uncertainty generated by this situation and the possible side effects that could result from it has increased fears of a possible recession, prompting the International Monetary Fund to reduce its growth forecasts for 2022, with the additional warning that, should there be even insignificant changes in some variables, this scenario could worsen further.

The International Monetary Fund predicts that the United States will end 2022 with GDP growth of 2.3%, the Eurozone as a whole is expected to grow by 2.6% in 2022, while Italy is expected to grow by 3.0% this year. Overall, the world economy is expected to grow by 3.2%, down 0.4 from the previous forecast.

The wide margin of uncertainty on which estimates of future performance are based make it very difficult to make reliable predictions regarding the performance of markets and demand. The Cembre Group, thanks to its strong financial position and good competitive hedge, is confident about the future and feels it is in a position to take advantage of opportunities that may arise and to react to possible changes in the economic scenario that may develop in the next months.

Risks connected with the market

The Group protects its market position by pursuing ongoing innovation, the widening of the product range, and by introducing into production processes the most advanced methods and machinery, while also implementing, with the help of its foreign subsidiaries, targeted marketing policies and pursuing a policy of market expansion where the Group has less of a presence.

Credit risk

Cembre and its subsidiaries focused over time on a careful selection of customers, managing prudently sales to those that do not possess an adequate credit standing. The Group has accrued a provision for doubtful accounts and the management doubtful accounts, constantly monitoring past due amounts and soliciting payment when terms

have expired. In addition, to further reduce this type of risk, Cembre S.p.A. and Cembre España SLU have stipulated an insurance policy with a leading insurance company against commercial credit losses.

Exposure to credit risk relates exclusively to trade receivables.

Liquidity risk

Thanks to its solid financial position, the Group is not currently subject to particular liquidity risk, even in case the cash flow generated by operations should decline drastically.

Interest rate risk

As at June 30, 2022, the Parent Company Cembre S.p.A. has three loans in place, expiring between July 2022 and March 2023. The nature of the rate applied and the relatively short-term maturity protect the Group from any possible fluctuations in interest rates.

Currency risk

Despite its strong international presence, the Group does not have a significant exposure to currency risk, as it operates almost entirely in the euro area, the currency in which its trade transactions are mainly denominated.

Exposure to currency risk is basically limited to sales in US dollars and British pounds, but the size of these transactions is not significant in influencing the overall performance of the Group or its financial position.

Integrity and reputation risk

Possible illicit behaviour of employees, aimed at obtaining benefits for themselves and for the Group, can imply the risk of a loss of reputation and of sanctions against the Group.

To prevent the risk of these occurrences and in line with Legislative Decree 231/2001, the Company adopted an organisational, management and control model that identifies processes that are subject to risk and establishes the conduct that the various persons involved are to keep in carrying out their tasks. The model was illustrated to employees

through specific training sessions. The Parent Company constantly integrates and upgrades the model.

In 2022 the Company has entered, on a voluntary basis, into the process to obtain the certification UNI ISO 37001:2016 “Anti-bribery management systems”.

ISO 37001 is the international standard for companies that want to reduce bribery risks and support transparency and integrity of business, the adoption of this standard will also enforce principles and controls included in 231 Model and Code of Ethics.

Further information on the main financial risks and uncertainties is contained in the notes.

Environmental management and protection of health and safety in the workplace

Cembre bases its internal control system on company procedures that are relevant for the purposes of preventing and monitoring operational risks, drafted according to the ethos and guidelines dictated by standard UNI EN ISO 14001:2015, regarding environmental management, and standard UNI EN ISO 45001:2018, regarding the protection of workplace health and safety.

The certification of the Environmental and Safety Management System of the Group's production sites allows it to ensure the application of common and shared guidelines that are respectful of the environment and worker health and safety.

Through the implementation of operating procedures strictly in line with regulations regarding environmental protection, workplace safety and the application of principles for sustainable development Cembre can:

- create opportunities to protect the environment by preventing or mitigating environmental impacts, in which it is present;
- fulfil its compliance obligations;
- improve environmental performance;

- design and manufacture products using materials and processes that ensure the protection of the environment throughout the life of the product, from manufacturing to disposal;
- reduce as much as possible the risk of injuries and accidents during work activities and while using its products;
- guarantee workplace well-being;
- create new and important opportunities for growth by developing synergy between values, economy and productive development.

Research & Development

Costs incurred by Cembre S.p.A. for employees dedicated to research activities amounted to €117 thousand, while costs related to development activities amounted to €172 thousand. External costs amounted to €86 thousand for research and €75 thousand for development. Other costs of €14 thousand were also incurred for development activities. Below we include a brief description of projects undertaken in the first half of the year. The description, in some cases, will be deliberately lacking in details, because some products are not yet in production and in some cases they are the subject of patent applications still pending.

Cable terminals and cable glands

There were 47 projects for new products. Each study involved both connectors and cable glands and machinery for their manufacturing.

The expansion of the connector range for the German market continued with the development of three new products that will be used on earthing networks.

The expansion of the range of cable glands, both brass and plastic, has begun in response to the increasing use of cables with larger cross-sections.

The design, testing and certification of a particular variant of the plastic cable glands were brought forward compared to what was planned for the entire range in order to respond quickly to the needs of a customer who will be buying them in large quantities.

The design of the new range of products for industrial applications continued, evaluating the different technical choices that could be adopted, including visits to some customers to test their practical application and possible areas of innovation.

The development and testing of an innovative connector for a customer operating in the photovoltaic market continued.

Railway equipment and tools

There were 83 projects for equipment related to the maintenance of railway systems and tools.

The development continued of a new battery-powered tool for railway maintenance, designed for the German market and equipped with a dedicated electronic board for connectivity and geo-localisation. In order to make full use of its functionality, a smartphone application will also be developed.

The development of a tool for drilling crossbars in recycled materials, dedicated to the UK market, is underway.

Development and testing of rail drilling tools for the American market continues. These tools will replace products currently bought and resold by Cembre. A specific machine was purchased for the machining of these tools and a new production process was introduced.

In order to meet different standards and thus meet the demands of customers operating in the main rail markets, the range of equipment to be used with tools manufactured by Cembre is constantly being expanded.

The design of a new crimping tool for electrical terminals has been completed and the market launch has taken place. This product is UL-certified in combination with pre-insulated PVC and polycarbonate connectors.

Design work has started on a new hydraulic tool head that will allow easier and faster crimping of connectors.

Cable marking

There were 27 projects for new products for industrial marking. Studies also included the related manufacturing tools.

The expansion of the range of consumables for use with printers produced by Cembre continued. In particular, a new material with special physical characteristics was studied for use in specific industrial sectors. The study of this material will continue in the second half of the current year.

Development of a new product was approved and started, which will cover a market need not currently met by Cembre products. The project will be completed in the second half of the current year.

Transactions with related parties

Cembre S.p.A. signed leases with “Tha Immobiliare S.p.A.”, with registered office in Brescia, and capital subdivided between Giovanni Rosani and Sara Rosani, members of the Board of Directors of Cembre S.p.A.

Invoices issued in the half year relating to the above contracts were all paid in full.

Cembre Ltd. leases an industrial building from Borno Ltd., a company controlled by Lysne S.p.A. (holding company of Cembre S.p.A.). A summary of the amounts reported in the financial statements relating to the above contracts is provided below:

(values in euro '000)	Assets	Non-current liabilities	Current liabilities	Amortisation	Interest expense
Leased assets from THA - Cembre S.p.A.	2,035	1,578	506	252	23
Leased assets from Borno - Cembre Ltd	842	634	226	115	6

For disclosure purposes, it should be noted that the total fees paid to related parties by Cembre S.p.A. in the first half amounted to €272 thousand and €130 thousand for Cembre Ltd.

Transactions with Group companies and related parties fall under normal business activities and are carried out at prices corresponding to the market value.

Absence of control and coordination

Despite the fact that article 2497-sexies of the Italian Civil Code states that “it is presumed that, unless otherwise proved, the direction and coordination activities of companies is exercised by the company or entity that is required to consolidate the same in its accounts or that, in any case, controls the former company pursuant to article 2359 (of the Italian

Civil Code)”, Cembre S.p.A. believes that it operates in full autonomy with respect to its parent Lysne S.p.A.

In particular, as a non-exhaustive example, the Company manages autonomously its own treasury and relationships with its customers and suppliers, and does not make use of any service provided by its parent company.

Relationships with parent company Lysne S.p.A. are limited to the normal exercise of shareholders’ rights on the part of the parent.

Companies incorporated under the laws of States that are not part of the European Union

Cembre S.p.A. controls two companies incorporated and regulated under the laws of a State that is not part of the European Union, namely Cembre Inc. with registered office in New Jersey (USA) and Cembre Ltd with registered office in Birmingham (UK).

The company deems the administrative, accounting and reporting systems currently in use to be adequate in supplying regularly its management and the company’s independent auditors with the operating and financial information necessary for the preparation of the Consolidated Financial Statements.

The accounts prepared by said companies and used in the preparation of their annual consolidated financial statements, are audited and made available to the public, as provided by current regulations.

Cembre S.p.A. is active in ensuring an adequate flow of information from Cembre Inc. and Cembre Ltd to its independent auditors and believes the current communication process in place with the independent auditors to be effective.

Cembre S.p.A. possesses the by-laws, the composition and powers of the company boards of Cembre Inc. and Cembre Ltd and directives ensuring the timely transmission of any information regarding the update of such information have been issued.

Own shares and shares of parent companies

At June 30, 2022, the number of own shares held by Cembre S.p.A. was 236,541, corresponding to 1.39% of the capital stock. No treasury shares were purchased or sold

in the first half of 2022. The shareholders' meeting of Cembre S.p.A. on April 27, 2022, resolved the authorisation to purchase own shares, effective for the 18 months subsequent to the date of the meeting.

Ownership Structure and Corporate Governance

In compliance with norms contained in article 123-bis of Legislative Decree 58, dated February 24, 1998 (Testo Unico della Finanza - Consolidated Finance Act), we refer to the Report on Corporate Governance which, in addition to providing a general description of corporate governance and of risk management and internal control procedures, contains information regarding the ownership structure of the Company, the adoption of the Code of Conduct and the observance of the resulting commitments. Said Report is available in the Investor Relations section of the website "www.cembre.it".

Effects of the Ukraine crisis

The situation in Ukraine continues to be worrying and with enormous costs both in terms of human lives and in terms of the destruction of the economic fabric of that country; moreover, unfortunately, this conflict is still of uncertain solution. The economic effects were also reflected in the rising prices of some raw materials and energy resources. The Cembre Group has no significant exposure to the markets affected by the Russia-Ukraine conflict; sales in these markets have never been significant and there have been no direct supplies from these markets. However, the indirect effects of this terrible situation are not easily foreseeable and could have an impact, albeit not particularly significant, on the Group's economic performance. These consequences are difficult to estimate, given the uncertainty linked to the duration of the war. However, it can reasonably be assumed that the Group's capital structure and the geographical diversification due to its widespread presence in the main world markets will enable it to absorb the indirect effects of this event.

Subsequent events

No event having significant effects on the Group's financial position or operating performance occurred after the close of the first half.

Outlook

Given the uncertainty of the current situation, as the International Monetary Fund pointed out in its World Economic Outlook published in July, it is extremely complex to make forecasts. Geopolitical tensions, the development of contagions, and the dynamics of material and service prices make the future picture highly uncertain, and the consequences and indirect effects of this negative international situation are difficult to predict. In any case, the Cembre Group's consolidated revenues are expected to grow in 2022 and the consolidated economic result is expected to be positive.

Attachments

This document includes the following attachments:

Attachment 1 Comparative Consolidated Income Statement as at June 30, 2022.

Attachment 2 Composition of corporate boards.

Brescia, September 12, 2022

**FOR THE BOARD OF DIRECTORS
OF THE PARENT COMPANY CEMBRE S.P.A.**
Chair and Managing Director
Giovanni Rosani

Attachment 1 - Report on Operations for the 1st Half 2022

Comparative Consolidated Income Statement

	1 st Half 2022	% of sales	1 st Half 2021	% of sales	Change
(€ '000)					
Revenues from contracts with customers	104.359	100,0%	84.547	100,0%	23,4%
Other revenues	316		345		-8,4%
TOTAL REVENUES	104.675		84.892		23,3%
Cost of goods and merchandise	(44.178)	-42,3%	(27.488)	-32,5%	60,7%
Change in inventories	7.517	7,2%	125	0,1%	
Cost of goods sold	(36.661)	-35,1%	(27.363)	-32,4%	34,0%
Cost of services received	(11.806)	-11,3%	(9.146)	-10,8%	29,1%
Lease and rental costs	(108)	-0,1%	(84)	-0,1%	28,6%
Personnel costs	(25.632)	-24,6%	(23.288)	-27,5%	10,1%
Other operating costs	(828)	-0,8%	(967)	-1,1%	-14,4%
Increase in assets due to internal construction	1.026	1,0%	1.246	1,5%	-17,7%
Write-down of receivables	(145)	-0,1%	(52)	-0,1%	178,8%
Accruals to provisions for risks and charges	(16)	0,0%	(13)	0,0%	23,1%
GROSS OPERATING PROFIT	30.505	29,2%	25.225	29,8%	20,9%
Property, plant and equipment depreciation	(4.516)	-4,3%	(4.285)	-5,1%	5,4%
Intangible asset amortization	(400)	-0,4%	(412)	-0,5%	-2,9%
Depreciation of right of use assets	(941)	-0,9%	(932)	-1,1%	1,0%
OPERATING PROFIT	24.648	23,6%	19.596	23,2%	25,8%
Financial income	1	0,0%	2	0,0%	-50,0%
Financial expenses	(43)	0,0%	(49)	-0,1%	-12,2%
Foreign exchange gains (losses)	66	0,1%	127	0,2%	-48,0%
PROFIT BEFORE TAXES	24.672	23,6%	19.676	23,3%	25,4%
Income taxes	(6.480)	-6,2%	(5.026)	-5,9%	28,9%
NET PROFIT	18.192	17,4%	14.650	17,3%	24,2%

Attachment 2 to the Interim Report on Operation of the Cembre Group for the 1st Half of 2022

CORPORATE BOARDS

Board of Directors

Giovanni Rosani	Chairman and Managing Director
Aldo Bottini Bongrani	Deputy Chairman
Anna Maria Onofri	Director
Sara Rosani	Director
Felice Albertazzi	Director
Franco Celli	Director
Paola Carrara	Independent Director
Elisabetta Ceretti	Independent Director

Board of Statutory Auditors

Fabio Longhi	Chairman
Riccardo Astori	Auditor
Rosanna Angela Pilenga	Auditor
Maria Grazia Lizzini	Substitute Auditor
Alessandra Biggi	Substitute Auditor

Independent Auditors

EY S.p.A.

This situation is updated at September 12, 2022.

The Board of Directors and Board of Statutory Auditor's term expires with the approval of the Financial Statements at December 31, 2023.

The Chair holds by statute (article 18) powers of legal representation of the Company. The Board of Directors conferred to the Chair and Managing Director Giovanni Rosani all the ordinary management powers not specifically reserved to it by law, including exclusive powers over the organization, management and monitoring of the internal control system.

In case of absence or impediment of the Chair and Managing Director Giovanni Rosani, Vice Chair Aldo Bottini Bongrani holds all ordinary management powers not reserved to the Board by law. All Managing Directors must keep the Board of Directors informed of all relevant transactions concluded in the context of their mandate. The Board of Directors has approved rules that define which particularly relevant transactions may be concluded exclusively by the same.

Consolidated Financial Statements at June 30, 2022

Consolidated Statements of Financial Position

ASSETS	Notes	Jun. 30, 2022		Dec. 31, 2021	
(euro '000)			of which: related parties		of which: related parties
NON CURRENT ASSETS					
Property, plant and equipment	1	84.630		84.501	
Investment property	2	792		813	
Intangible assets	3	4.481		4.476	
Goodwill	4	4.608		4.608	
Right of use assets	5	5.362	2.878	5.960	3.218
Other investments		5		5	
Other non-current assets	6	85		81	
Deferred tax assets	14	3.122		3.057	
TOTAL NON-CURRENT ASSETS		103.085		103.501	
CURRENT ASSETS					
Inventories	7	65.237		57.617	
Trade receivables	8	44.260		28.164	
Tax receivables		458		683	
Other receivables	9	950		1.218	
Cash and cash equivalents		25.089		46.636	
TOTAL CURRENT ASSETS		135.994		134.318	
NON-CURRENT ASSETS AVAILABLE FOR SALE		-		-	
TOTAL ASSETS		239.079		237.819	

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Jun. 30, 2022		Dec. 31, 2021	
(euro '000)			of which: related parties		of which: related parties
SHAREHOLDERS' EQUITY					
Capital stock	10	8.840		8.840	
Reserves	10	147.692		141.997	
Net profit		18.192		25.321	
TOTAL SHAREHOLDERS' EQUITY		174.724		176.158	
NON-CURRENT LIABILITIES					
Non-current financial liabilities	11	3.702	2.212	4.279	2.563
Employee termination indemnity and other personnel benefits	12	2.044	121	1.989	124
Provisions for risks and charges	13	470		372	
Deferred tax liabilities	14	3.464		3.371	
TOTAL NON-CURRENT LIABILITIES		9.680		10.011	
CURRENT LIABILITIES					
Current financial liabilities	11	21.689	732	21.710	721
Trade payables	15	18.042		16.261	
Tax payables		3.095		2.774	
Other payables	16	11.849	160	10.905	
TOTAL CURRENT LIABILITIES		54.675		51.650	
LIABILITIES ON ASSETS HELD FOR DISPOSAL		-		-	
TOTAL LIABILITIES		64.355		61.661	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		239.079		237.819	

Consolidated Financial Statements at June 30, 2022

Statement of Consolidated Comprehensive Income

	Notes	1 st Half 2022		1 st Half 2021	
		(euro '000)		of which: related parties	
Revenues from contracts with customers	17	104.359		84.547	
Other revenues	18	316		345	
TOTAL REVENUES		104.675		84.892	
Cost of goods and merchandise		(44.178)		(27.488)	
Change in inventories	7	7.517		125	
Cost of services received	19	(11.806)	(444)	(9.146)	(351)
Lease and rental costs		(108)		(84)	
Personnel costs	20	(25.632)	(195)	(23.288)	(398)
Other operating costs	21	(828)		(967)	
Increase in assets due to internal construction		1.026		1.246	
Write-down of receivables	8	(145)		(52)	
Accruals to provisions for risks and charges	22	(16)		(13)	
GROSS OPERATING PROFIT		30.505		25.225	
Property, plant and equipment depreciation	1-2	(4.516)		(4.285)	
Intangible asset amortization	3	(400)		(412)	
Depreciation of right of use assets	5	(941)	(368)	(932)	(346)
Write-down of long-term assets		-		0	
OPERATING PROFIT		24.648		19.596	
Financial income	23	1		2	
Financial expenses	23	(43)	(29)	(49)	(35)
Foreign exchange gains (losses)	29	66		127	
PROFIT BEFORE TAXES		24.672		19.676	
Income taxes	24	(6.480)		(5.026)	
NET PROFIT FROM ORDINARY ACTIVITIES		18.192		14.650	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL		-		-	
NET PROFIT		18.192		14.650	
Items that may be reclassified subsequently to profit and loss					
Conversion differences included in equity		408		1.107	
COMPREHENSIVE INCOME	25	18.600		15.757	
BASIC EARNINGS PER SHARE	26	1,09		0,88	
DILUTED EARNINGS PER SHARE	26	1,08		0,87	

Consolidated Financial Statements at June 30, 2022

Consolidated Statement of Cash Flows

	1 st Half 2022	1 st Half 2021
€ '000		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	46.636	37.688
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	18.192	14.650
Depreciation, amortization and write-downs	5.857	5.629
(Gains)/Losses on disposal of assets	(2)	33
Net change in Employee Termination Indemnity	55	(27)
Net change in provisions for risks and charges	98	63
Operating profit (loss) before change in working capital	24.200	20.348
(Increase) Decrease in trade receivables	(16.096)	(12.431)
(Increase) Decrease in inventories	(7.620)	(591)
(Increase) Decrease in other receivables and deferred tax assets	425	(139)
Increase (Decrease) of trade payables	1.196	2.431
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	1.358	3.122
Change in working capital	(20.737)	(7.608)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	3.463	12.740
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(406)	(541)
- tangible	(4.715)	(4.774)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- intangible	-	13
- tangible	37	35
Increase (Decrease) of trade payables for assets	585	629
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(4.499)	(4.638)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	(4)	490
Increase (Decrease) in other non current payables	-	(496)
Increase (Decrease) in bank payables	-	(1.400)
Repayment of leasing liabilities	(938)	(925)
Change in stock option reserve	82	108
Dividends distributed	(20.116)	(15.068)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(20.976)	(17.291)
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	(22.012)	(9.189)
F) Foreign exchange conversion differences	465	881
G) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F)	25.089	29.380
Of which: assets held for disposal	-	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	25.089	29.380
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	25.089	29.380
Current financial liabilities	(21.689)	(22.946)
Non current financial liabilities	(3.702)	(5.175)
NET CONSOLIDATED FINANCIAL POSITION	(302)	1.259
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	12	11
Bank deposits	25.077	29.369
	25.089	29.380

Consolidated Financial Statements at June 30, 2022

Statement of Changes in the Consolidated Shareholders' Equity

(€ '000)	Balance at December 31, 2021	Allocation of profit to reserves	Allocation of profit to dividends	Stock options plan: IFRS2 measurement	Other changes	Comprehensive income of the period	Balance at June 30, 2022
Capital stock	8.840						8.840
Share premium reserve	12.245						12.245
Legal reserve	1.768						1.768
Reserve for own shares	(4.489)						(4.489)
Suspended-tax revaluation reserve	585						585
Other suspended-tax reserves	68						68
Reserve for previous years' profits	25.894	1.832					27.726
Conversion differences	(988)					408	(580)
Extraordinary reserve	98.342	3.373					101.715
Reserve for FTA	3.715						3.715
Reserve for discounting of Employee Termination Indemnity	99						99
Merger surplus reserve	4.397						4.397
Stock options reserve	361			82			443
Retained earnings	-						-
Net profit	25.321	(5.205)	(20.116)			18.192	18.192
Total Shareholders' Equity	176.158	-	(20.116)	82	0	18.600	174.724

(€ '000)	Balance at December 31, 2020	Allocation of profit to reserves	Allocation of profit to dividends	Stock options plan: IFRS2 measurement	Other changes	Comprehensive income of the period	Balance at June 30, 2021
Capital stock	8.840						8.840
Share premium reserve	12.245						12.245
Legal reserve	1.768						1.768
Reserve for own shares	(4.897)						(4.897)
Suspended-tax revaluation reserve	585						585
Other suspended-tax reserves	68						68
Reserve for previous years' profits	22.912	2.519			136		25.567
Conversion differences	(2.625)				(136)	1.107	(1.654)
Extraordinary reserve	97.186	1.388					98.574
Reserve for FTA	3.715						3.715
Reserve for discounting of Employee Termination Indemnity	65						65
Merger surplus reserve	4.397						4.397
Stock options reserve	355			108			463
Retained earnings	-						-
Net profit	18.975	(3.907)	(15.068)			14.650	14.650
Total Shareholders' Equity	163.589	-	(15.068)	108	0	15.757	164.386

Notes to the Condensed Consolidated Interim Financial Statements at June 30, 2022

I. CORPORATE INFORMATION

Cembre S.p.A. is a joint-stock company with registered office in Brescia, Via Serenissima 9. The company is listed on the MTA (screen-based equities market) managed by Borsa Italiana S.p.A.

Cembre S.p.A. and its subsidiaries (hereinafter referred to jointly as “the Cembre Group” or “the Group”) are active primarily in the manufacturing and sale of electrical connectors and related tools.

The publication of the Interim Financial Report, including these Condensed Consolidated Interim Financial Statements, was authorised by a resolution of the Board of Directors dated September 12, 2022.

Cembre S.p.A. is controlled by Lysne S.p.A., a holding company based in Brescia, that does not carry out management and coordination activities.

II. FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Preparation criteria

The condensed consolidated interim financial statements at June 30, 2022 were prepared in accordance with the provisions of IAS 34 “Interim financial reporting”.

The condensed consolidated interim financial statements do not include all the economic and financial information required in the annual financial statements and must be read in conjunction with the Group's annual financial statements at December 31, 2021. Unless otherwise indicated, figures reported in the financial statements and the related notes are expressed in thousands of euro.

The scope of consolidation did not change with respect to December 31, 2021.

Relevant accounting principles

The principles adopted in the preparation of these condensed consolidated interim financial statements are those formally approved by the European Union in force at June 30, 2022 and are consistent with those adopted in the preparation of the Group's Financial Statements at December 31, 2021.

Amendments to accounting standards

The Group did not arrange for the early adoption of any new standard, interpretation or amendment issued but not yet in force. The amendments to accounting standards that apply for the first time in 2022 did not have an impact on the condensed consolidated interim financial statements of the Group.

Future changes in accounting principles

The updates, interpretations and amendments to the IFRS, already approved by the IASB, but still in the process of being acknowledged by the competent bodies of the European Union, are as follows:

New and revised standards	Date of effectiveness set forth by the standard
Amendments to IAS 1 - Classification of current and non-current liabilities	January 1, 2023
Amendments to IAS 8 - Definition of accounting estimates	January 1, 2023
Amendments to IAS 12 - Deferred tax relating to assets and liabilities arising from a single transaction	January 1, 2023
Amendments to IFRS17 - First-time application of IFRS 17 and IFRS 9 - Comparative information	January 1, 2023
Amendments to IAS 1 - Description of accounting policies	January 1, 2023

The Cembre Group reserves the right to evaluate the possible effects of adoption of the other new standards over the next few months.

Translation of financial statements expressed in currencies other than the euro

The functional and reporting currency of the Group is the euro.

Financial statements denominated in functional currencies other than the euro are translated according to the following criteria:

- assets and liabilities are translated at the exchange rate applicable at the date of the financial statements;
- income statement items are translated at the average exchange rate for the period;
- foreign-exchange translation differences are recorded in a specific Shareholders' Equity reserve.

At the time at which a foreign subsidiary is disposed of, accumulated foreign-exchange differences recorded under Shareholders' Equity relating to the same are taken to the Income Statement.

Exchange rates applied in the translation of financial statements of subsidiaries are shown in the table below.

Currency	Exchange rate at 06/30/2022	Average exchange rate 1st Half
British pound (€/£)	0.8582	0.8424
US dollar (€//\$)	1.0387	1.0934

III. SEASONAL FACTORS

The Group's activity is not subject to cyclical or seasonal swings with the exception of the slowdown registered in August for the summer holidays, and in December for the Christmas holidays.

IV. SEGMENT INFORMATION

IFRS 8 requires segment information to be supplied using the same elements on which management bases internal reporting.

The Cembre Group adopted as its primary reporting focus information by geographical area based on the location in which the operations of the Company are based or the production process takes place. As the Cembre Group operates in a single business segment called “Electric connectors and related tools and accessories”, items based on this element are not usually utilised for the purposes of internal reporting.

1st Half of 2022	ITALY	EUROPE	REST OF WORLD	Intragroup elimination	TOTAL
Revenue from contracts with	80,057	39,298	6,507	(21,503)	104,359
Operating profit by sector	20,505	3,557	586		24,648
Net financial charges					24
Income taxes					(6,480)
Net profit for the period					18,192

1st Half of 2021	ITALY	EUROPE	REST OF WORLD	Intragroup elimination	TOTAL
Revenue from contracts with	65,171	33,730	4,786	(19,140)	84,547
Operating profit by sector	16,402	2,788	406		19,596
Net financial charges					80
Income taxes					(5,026)
Net profit for the period					14,650

Since the location of customers is different from the location of activities, a breakdown of revenues due from third parties is provided below, based on the location of the customers:

	1st Half of 2022	1st Half of 2021
Italy	46,387	36,377
Europe	47,127	39,567
Rest of the world	10,845	8,603
	104,359	84,547

The breakdown of assets and liabilities is shown below:

06/30/2022	ITALY	EUROPE	REST OF WORLD	TOTAL
Assets and Liabilities				
Segment assets	173,550	59,256	10,568	243,374
Unassigned assets				(4,295)
Total assets				239,079
Segment liabilities	53,836	10,230	1,628	65,694
Unassigned liabilities				(1,339)
Total liabilities				64,355

12/31/2021	ITALY	EUROPE	REST OF WORLD	TOTAL
Assets and Liabilities				
Segment assets	175,900	55,523	10,749	242,172
Unassigned assets				(4,353)
Total assets				237,819
Segment liabilities	50,617	9,540	1,688	61,845
Unassigned liabilities				(184)
Total liabilities				61,661

1st Half 2022 - Other segment information	ITALY	EUROPE	REST OF WORLD	TOTAL
Capital expenditure:				
- Property, plant and equipment	4,030	682	3	4,715
- Intangible assets	404	1	-	405
Total investments				5,120
Depreciation and amortisation:				
- Property, plant and equipment	(3,969)	(468)	(79)	(4,516)
- Intangible assets	(268)	(131)	(1)	(400)
- Right of use - leased assets	(467)	(325)	(149)	(941)
Total amortisation				(5,857)
Accruals to provision for employee benefits	822	-	-	822
Average no. of employees	532	252	29	813

1st Half 2021 - Other segment information	ITALY	EUROPE	REST OF WORLD	TOTAL
Capital expenditure:				
- Property, plant and equipment	4,522	223	29	4,774
- Intangible assets	522	19	-	541
Total investments				5,315
Depreciation and amortisation:				
- Property, plant and equipment	(3,773)	(426)	(86)	(4,285)
- Intangible assets	(283)	(128)	(1)	(412)
- Right of use - leased assets	(482)	(315)	(135)	(932)
Total amortisation				(5,629)
Accruals to provision for employee benefits	492	-	-	492
Average no. of employees	499	245	30	774

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and Machinery	Equipment	Other assets	Assets under constr. and advances	Total
Historical cost	60,043	84,380	14,370	10,662	2,743	172,198
Revaluations pursuant to law	934	32	-	-	-	966
Accumulated amortisation	(17,068)	(53,040)	(10,651)	(7,904)	-	(88,663)
Balance at 12/31/2021	43,909	31,372	3,719	2,758	2,743	84,501
Increases	385	1,866	245	960	1,259	4,715
Currency translation differences	(41)	(32)	-	18	-	(55)
Amortisation	(638)	(2,923)	(397)	(537)	-	(4,495)
Net divestments	-	-	-	(3)	(33)	(36)
Reclassifications	49	671	370	15	(1,105)	-
Balance at 06/30/2022	43,664	30,954	3,937	3,211	2,864	84,630

	Land and buildings	Plant and Machinery	Equipment	Other assets	Assets under constr. and advances	Total
Historical cost	58,869	79,800	13,448	10,037	2,571	164,725
Revaluations pursuant to law	934	32	-	-	-	966
Accumulated amortisation	(15,724)	(48,191)	(9,929)	(6,967)	-	(80,811)
Balance at 12/31/2020	44,079	31,641	3,519	3,070	2,571	84,880
Increases	401	2,712	427	213	1,021	4,774
Currency translation differences	109	82	-	32	-	223
Amortisation	(631)	(2,769)	(363)	(501)	-	(4,264)
Net divestments	-	(31)	-	(25)	(10)	(66)
Reclassifications	295	824	192	-	(1,311)	-
Balance at 06/30/2021	44,253	32,459	3,775	2,789	2,271	85,547

In the first half of 2022, Group investments in property, plant and equipment amounted to €4,715 thousand, made primarily by the parent company.

Investments in Plant and Machinery, amounting to €1,866 thousand, represent the biggest item of expenditure and are related primarily to the expansion and upgrade of the production line, an upgrade that also concerned equipment and dies, for which €245 thousand was invested. Investments in buildings, amounting to €385 thousand, instead concerned mainly redevelopment of the infirmary and changing rooms. Lastly, advances of €603 thousand were paid, while investments in assets in progress, realised on the company's own account, amounted to €656 thousand.

2. INVESTMENT PROPERTY

	Land and buildings	Plant and Machinery	Total
Historical cost	1,591	263	1,854
Accumulated amortisation	(780)	(261)	(1,041)
Balance at 12/31/2021	811	2	813
Amortisation	(20)	(1)	(21)
Balance at 06/30/2022	791	1	792

The item includes only the property in Calcinatè (BG), owned by Cembre S.p.A., which is no longer used for the Group's activities.

3. INTANGIBLE ASSETS

	Development costs	Patents	Software	Trademarks	Other	Assets under constr. and advances	Total
Historical cost	3,302	953	6,322	495	2,048	226	13,346
Accumulated amortisation	(2,048)	(849)	(4,993)	(181)	(799)	-	(8,870)
Balance at 12/31/2021	1,254	104	1,329	314	1,249	226	4,476
Increases	262	71	64	-	-	9	406
Currency translation differences	-	-	(1)	-	-	-	(1)
Amortisation	(59)	(49)	(170)	(25)	(97)	-	(400)
Reclassifications	-	-	46	-	-	(46)	-
Balance at 06/30/2022	1,457	126	1,268	289	1,152	189	4,481

Intangible fixed assets refer almost entirely to the Parent Company Cembre S.p.A. Software increases mainly refer to upgrades of programs already in use. Assets in progress include, exclusively, advances paid for new software. With regard to Development costs, reference should be made to the Directors' Report on Operations.

4. GOODWILL

	06/30/2022	12/31/2021	Change
Goodwill	4,608	4,608	-

Goodwill was recognised in the financial statements of German subsidiary Cembre GmbH in 2018, following the acquisition of IKUMA KG, which was subsequently merged into Cembre GmbH.

In the first half of 2022, there were no indicators of impairment that determined the need to analyse the consistency of the goodwill; in fact, the positive performance of Cembre GmbH guarantees the full recoverability of the value booked in the financial statements.

5. RIGHT OF USE - LEASED ASSETS

In the first half of 2022, the item recorded the following changes:

	Buildings	Cars	Total
Historical cost	7,711	2,275	9,986
Accumulated amortisation	(2,772)	(1,254)	(4,026)
Balance at 12/31/2021	4,939	1,021	5,960
Increases	28	361	389
Currency translation differences	100	-	100
Amortisation	(571)	(370)	(941)
Closure of contracts	(146)	-	(146)
Balance at 06/30/2022	4,350	1,012	5,362

The increases in contracts, relating to cars, mainly represent replacements of existing contracts that expired in the first half.

6. OTHER NON-CURRENT ASSETS

	06/30/2022	12/31/2021	Change
Guarantee deposits	85	81	4
Total	85	81	4

7. INVENTORIES

	06/30/2022	12/31/2021	Change
Raw materials	16,283	13,963	2,320
Work in progress and semi-finished goods	16,075	14,454	1,621
Finished goods	30,888	27,088	3,800
Advances to goods suppliers	1,991	2,112	(121)
Total	65,237	57,617	7,620

The increase in the value of inventories is mainly due to the higher volume of inventories set aside during the period in order to meet the increased business volume in a timely manner; recent inflationary phenomena have also led to an increase in the value of inventories, and it is estimated that about 23% of the increase in the value of inventories is due to this phenomenon. The value of finished goods is adjusted to its presumed realisable value through a provision for slow-moving inventory amounting to €5,106 thousand. Changes in the provision in 2022 are shown in the table that follows:

	06/30/2022	12/31/2021
Balance at beginning of the period	4,467	4,748
Accruals	544	493

Uses	-	(550)
Adjustments	-	(356)
Currency translation differences	95	132
Balance at end of the period	5,106	4,467

8. TRADE RECEIVABLES

	06/30/2022	12/31/2021	Change
Nominal receivables due from customers	44,880	28,649	16,231
Provision for doubtful accounts	(620)	(485)	(135)
Total	44,260	28,164	16,096

Nominal trade receivables by geographical area are shown in the following table.

	06/30/2022	12/31/2021	Change
Italy	23,597	13,674	9,923
Europe	18,637	12,995	5,642
North America	1,670	1,207	463
Oceania	297	243	54
Middle East	193	81	112
Far East	215	271	(56)
Africa	271	178	93
Total	44,880	28,649	16,231

The increase in receivables is mainly due to the increase in sales during the half-year; from the schedule published at the end of this section, it appears that most receivables were not yet due at the reporting date. Average collection time increased from 75 days in the first half of 2021 to 70 days in the first half of 2022.

Changes in the provision for doubtful accounts are shown in the table that follows:

	06/30/2022	12/31/2021
Balance at beginning of the period	485	457
Accruals	145	67
Uses	(10)	(33)
Release of excess accrual	-	(7)
Currency translation differences	-	1
Balance at end of the period	620	485

The breakdown of receivables by maturity at June 30 and December 31, 2021 is shown below:

Situation at:	Not past due	0-90 days	91-180 days	181-365 days	Over one year	Under litigation	Total
06/30/2022	41,295	3,281	6	208	47	43	44,880
12/31/2021	24,246	3,791	408	45	107	52	28,649

9. OTHER ASSETS

	06/30/2022	12/31/2021	Change
Receivables from employees	59	63	(4)
Advances to suppliers	460	162	298
Other	431	993	(562)
Total	950	1,218	(268)

As at December 31, 2021, the residual item “Other” included the value of the sum deposited with the notary public upon acquisition of IKUMA KG, to guarantee the debt due to the company’s former shareholders, amounting to €735 thousand. Following the settlement of this debt, which took place in May 2022, the deposited sum was released.

10. SHAREHOLDERS’ EQUITY

The capital stock of the Parent Company amounts to €8,840 thousand, and is made up of 17 million ordinary shares with a par value of €0.52 each, fully subscribed and paid-up.

In the “Statement of changes in consolidated shareholders' equity” all changes in the different items that make up shareholders' equity are analysed.

At June 30, 2022, Cembre S.p.A. held 236,541 treasury shares, corresponding to 1.39% of its share capital. Against these shares the Company recorded €4,489 thousand in a specific equity reserve under liabilities.

On the fiftieth anniversary of the foundation of the company, the Shareholders’ Meeting approved an incentive plan targeted at Company executives and middle managers, which provides for the annual assignment of rights to purchase ordinary Cembre S.p.A. shares and will last until 2025. Following the adoption of this plan, in compliance with the provisions of IFRS 2, in 2019, a Stock Options Reserve was recognised, representative of the debt to beneficiaries of the plan itself, assuming the attainment of the performance targets established and continuity of the work relationship. At June 30, 2022, this reserve amounted to €443 thousand, marking an increase of €82 thousand in the first half of 2022. Said increase was booked in the Income Statement under other personnel costs.

11. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

	Effective interest rate %	Term ending	06/30/2022	12/31/2021
Leasing liabilities - Non-current portion				
Cembre S.p.A.			1,844	2,109
Cembre Ltd.			657	796
Cembre Sarl			89	41
Cembre España SLU			39	61
Cembre GmbH			144	184
Cembre Inc.			929	1,088
Total non-current portion			3,702	4,279
NON-CURRENT FINANCIAL LIABILITIES			3,702	4,279
Bank loans				
Cembre S.p.A.				
<i>Current portion</i>				
Unicredit contract 81152	0.01	Jan-22	-	4,000
Unicredit contract 17994	0	Jan-22	-	5,000
BNL contract 10935	0.01	Mar-22	-	6,000
BNL contract 46877	0	aug-22	5,000	5,000
BNL contract 03739	0.02	Mar-23	10,000	-
Unicredit contract 24259	0.01	July-22	5,000	-
Total current portion			20,000	20,000
Leasing liabilities - Current portion				
Cembre S.p.A.			858	857
Cembre Ltd.			244	248
Cembre Sarl			82	62
Cembre España SLU			66	62
Cembre GmbH			173	198
Cembre Inc.			266	283
Total current portion			1,689	1,710
CURRENT FINANCIAL LIABILITIES			21,689	21,710

12. EMPLOYEE TERMINATION INDEMNITY AND OTHER RETIREMENT BENEFITS

The item includes the Employee Severance Indemnity accrued for employees of the parent company; special retirement benefits, due in accordance with French regulations to persons employed in France at the time of retirement, are also included in the provision.

	06/30/2022	12/31/2021
Opening balance	1,989	2,178
Accruals	822	1,074
Uses	(295)	(632)
Social security (INPS) treasury provision	(472)	(593)
Actuarial effect	-	(38)
Closing balance	2,044	1,989

The greater weight of the item "accruals" is due both to the increase in the average number of Cembre S.p.A. employees, from 499 in the first half of 2021 to 532 in the first half of 2022, and to the increase in the revaluation index to be applied to severance pay. Total amounts accrued with the INPS (Social Security) treasury provision amounted to €8,908 thousand.

13. PROVISIONS FOR RISKS AND CHARGES

Changes in provisions for risks and charges in the 1st Half of are shown in the table below.

	Supplementary customer allowances	Directors' variable compensation	Employee incentives	Total
At December 31, 2021	224	50	98	372
Accruals	16	25	57	98
As at June 30, 2022	240	75	155	470

In line with the remuneration policy of Cembre S.p.A., variable compensation based on the achievement of medium-long term targets was introduced in favour of the Chairman and Managing Director. This amount will be paid out in 2024 contingent on the achievement of objectives set for financial years 2021-2023 by the Board of Directors. The amount of the accrual against the possible variable compensation of Directors is recorded among the cost of services.

The provision for employee benefits includes amounts accrued for sales personnel that will be paid out upon the achievement of performance objectives set in the sales development plan defined by the Company.

Given the insignificant effects, these provisions were not discounted.

14. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities at June 30, 2022 are summarised as follows:

	06/30/2022	12/31/2021
Deferred tax assets		
Elimination of unrealised intra-group profits in stock	1,622	1,635
Write-down of inventories	676	571
Provision for French personnel costs	71	71
Consulting capitalised by Cembre GmbH	123	124
Provision for doubtful accounts of the Parent Company	106	80
Differences on amortisation and depreciation of Parent Company	230	277
Discounting of employee termination indemnity	43	43
Write-down of Calcinate property	34	34
Other	217	222
Gross deferred tax assets	3,122	3,057
Deferred tax liabilities		
Average cost valuation of inventories by the Parent Company	(662)	(551)
Civil/tax depreciation misalignment	(398)	(406)
Elimination of German subsidiary product warranty provision	(11)	(11)
Reversal of land depreciation	(24)	(24)
Revaluation of land	(1,652)	(1,652)
Discounting of the Cembre GmbH guarantee loan	-	(1)
Allocation of IKUMA investment purchase price	(403)	(572)
Reversal of amort. of non-competition agreement of former IKUMA directors	(307)	(150)
Currency translation differences	(7)	(4)
Gross deferred tax liabilities	(3,464)	(3,371)
Net deferred tax assets	(342)	(314)

15. TRADE PAYABLES

	06/30/2022	12/31/2021	Change
Trade payables	17,636	15,777	1,859
Advances received from customers	406	484	(78)
Total	18,042	16,261	1,781

Trade payables by geographical area, in thousands of Euro, are disclosed here below.

	06/30/2022	12/31/2021	Change
Italy	13,624	12,929	695
Europe	3,954	2,345	1,609
Far East	2	498	(496)
North America	34	2	32
Other	22	3	19
Total	17,636	15,777	1,859

16. OTHER PAYABLES

The item "Other payables" may be broken down as follows:

	06/30/2022	12/31/2021	Change
Payables to employees	5,356	3,559	1,797
Employee withholding taxes payable	374	1,146	(772)
VAT and similar foreign taxes payable	2,644	1,324	1,320
Commissions payable	440	403	37
Payable to Statutory Auditors and similar foreign boards	31	44	(13)
Payables to Directors	128	274	(146)
Social security payables	2,192	3,115	(923)
Payables for sundry taxes	349	156	193
Payables to former IKUMA directors	-	698	(698)
Sundry items	475	416	59
Deferrals	(140)	(230)	90
Total	11,849	10,905	944

The increase in payables to employees, compared to December 31, 2021, is due to the accrual of amounts for holidays, thirteenth month's pay and year-end bonuses that have already matured, but which will be paid in the coming months.

The payable to former IKUMA directors, which represented the value of the current portion of the non-competition bonus provided for in the purchase contract, was settled in the first half of 2022.

17. REVENUES FROM SALES AND SERVICES PROVIDED

	1st Half of 2022	1st Half of 2021	Change
Revenues from sales and services provided	104,359	84,547	19,812

In the first half of 2022, revenues rose by 23.4% on the corresponding period in the previous year. A total of 44.4% of Group sales were to Italian customers (27.5% more than in 2021), while sales in the rest of Europe (excluding Italy) represented 45.2% of total sales (growth of 19.1% on the previous year). Turnover from non-European countries, equal to 10.4% of sales, increased by 26.1% compared to the first half of 2021. In accordance with the relevant accounting standards, revenues are recognised net of discounts, allowances and premiums to customers and net of adjustments to customer estimates relating to previous years.

18. OTHER REVENUES AND INCOME

Other operating revenues are made up as follows:

	1st Half of 2022	1st Half of 2021	Change
Capital gains	4	22	(18)
Insurance reimbursements	19	19	-
Reimbursements	262	280	(18)
Operating grants	26	3	23
Other	5	21	(16)
Total	316	345	(29)

Reimbursements relate primarily to transport costs charged to customers. Operating grants, as in 2021, refer to the amounts received for employee training.

19. COST OF SERVICES

The item is broken down as follows:

	1st Half of 2022	1st Half of 2021	Change
Subcontracted work	1,977	1,640	337
Electricity, heating and water	1,031	985	46
Transport of goods sold	1,681	1,489	192
Fuel	338	235	103
Travelling expenses	683	239	444
Maintenance and repair	1,456	1,077	379
Consulting	860	795	65
Advertising and promotion	335	136	199
Insurance	436	379	57
Boards' compensation	516	378	138
Postage and telephone	217	196	21
Commissions	650	503	147
Security and cleaning	448	366	82
Bank services	96	80	16
Software maintenance fees	492	422	70
Sundry items	590	226	364
Total	11,806	9,146	2,660

The cost of electricity in the first half of 2022 was in line with that of the same period in 2021, as Cembre S.p.A. had contractually fixed the price of electricity for the period from July 1, 2021 to June 30, 2022. The new price set for the period from July 1, 2022 to June 30, 2023 is doubled compared with the previous price. The increase in the item Travelling expenses is due to the return to normal business relations, after the contraction related to travel restrictions following the pandemic.

The item Sundry items includes personnel research costs of €189 thousand and employee training costs of €149 thousand.

20. PERSONNEL COSTS

Personnel costs are broken down as follows:

	1st Half of 2022	1st Half of 2021	Change
Wages and salaries	19,644	17,678	1,966
Social security contributions	4,558	4,252	306
Employee termination indemnity	805	628	177
Retirement benefits	131	110	21
Other costs	494	620	(126)
Total	25,632	23,288	2,344

The item "Wages and salaries" includes €1,877 thousand related to the cost of temporary employment in the first half of 2022, incurred mainly by the Parent Company; in the first half of 2021, this component amounted to €1,218 thousand.

The item "Other costs" includes the provision for the Stock Option Reserve, amounting to €82 thousand. For details refer to Note 10.

Average number of employees by category:

	1st Half of 2022	1st Half of 2021	Change
Managers	20	22	(2)
White collars	386	381	5
Blue collars	329	320	9
Temporary workers	78	51	27
Total	813	774	39

Average number of employees by Group company:

	Managers	White collars	Blue collars	Outsourced personnel	Total 1st Half 2022	Total 1st Half 2021	Change
Cembre S.p.A.	9	222	225	76	532	499	33
Cembre Ltd.	2	52	63	-	117	108	9
Cembre Sarl	3	23	7	-	33	37	(4)
Cembre España SLU	1	32	11	-	44	44	-
Cembre Inc.	2	22	5	-	29	30	(1)
Cembre GmbH	3	35	18	2	58	56	2
Total	20	386	329	78	813	774	41

21. OTHER OPERATING COSTS

The item is broken down as follows:

	1st Half of 2022	1st Half of 2021	Change
Sundry taxes	485	488	(3)
Losses on receivables	1	11	(10)
Capital losses	2	54	(52)
Donations	20	18	2
Fees	34	37	(3)
Other production expenses	132	127	5
Other administration expenses	52	30	22
Other commercial expenses	49	101	(52)
Other	53	101	(48)
Total	828	967	(139)

The residual item “Other” consists primarily of sundry expenses not classifiable in the other categories.

22. ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES

The item is broken down as follows:

	1st Half of 2022	1st Half of 2021	Change
Customer indemnities	16	13	3
Total	16	13	3

23. FINANCIAL INCOME (EXPENSE)

	1st Half of 2022	1st Half of 2021	Change
Bank loans and overdrafts	(3)	(2)	(1)
Interest on leased assets	(40)	(47)	7
	(43)	(49)	6
Interest earned on bank account balances	1	2	(1)
	1	2	(1)
Total financial income (expense)	(42)	(47)	5

24. INCOME TAXES

Income taxes are composed as follows:

	1st Half of 2022	1st Half of 2021	Change
Current taxes	(6,427)	(5,043)	(1,384)
Deferred taxes	(53)	1	(54)
Net extraordinary gains	-	16	(16)
Total	(6,480)	(5,026)	(1,454)

The difference between the real tax rate and the theoretical tax is as follows:

	1st Half of 2022	1st Half of 2021
Profit before taxes	24,672	19,676
Taxes	(6,480)	(5,026)
Effective tax rate	26.26%	25.54%
Theoretical tax rate (*)	27.90%	27.90%

(*)Tax rate of the parent company (IRES + IRAP)

Cembre S.p.A. submitted a request to the Revenue Agency for the renewal of the agreement concerning the application of the “Patent box” regime for the period 2020-2024. Said request was declared admissible; however, as of the date of this document, it is not possible to establish the outcome and the date of conclusion of this negotiation. For this reason, no effect has been reflected in the financial statements.

As at June 30, 2022, there were no temporary differences on which no deferred tax asset and/or liability had been recorded.

Deferred tax assets and liabilities are made up as follows:

	1st Half of 2022	1st Half of 2021
Elimination of unrealised intra-group profits in stock	(13)	149
Write-down of inventories	105	(16)
Provision for doubtful accounts of the Parent Company	26	(2)
Differences on amortisation and depreciation of Parent Company	(47)	(40)
Average cost valuation of inventories by the Parent Company	(111)	(100)
Accelerated depreciation	8	(14)
Allocation of IKUMA investment purchase price	169	37
Other	(190)	(13)
Prepaid/deferred taxes for the period	(53)	1

25. COMPREHENSIVE INCOME

The Cembre Group uses a single table to report its comprehensive income. In particular, the economic effects recorded directly under Shareholders’ Equity are reported separately and result in an increase or decrease of net profit for the period. At June 30, 2022, the only difference relates to foreign exchange translation differences, arising upon consolidation, on the translation into euro of the financial statements of companies whose functional currency is not the euro. As indicated in Note 12, at the time of

preparation of the Interim Report, in view of the modest effects, the discounting of employee termination indemnity was not updated.

26. EARNINGS PER SHARE (BASIC AND DILUTED)

Basic earnings per share are calculated by dividing net profit by the weighted average number of shares in circulation for the period, excluding treasury shares held at the end of the period, equal to 236,541.

Diluted earnings per share is determined by dividing the net profit by the weighted average number of shares in circulation in the period, excluding treasury shares, increased by the weighted number of shares that potentially could be added to those in circulation due to the stock option plan.

	1st Half of 2022	1st Half of 2021
Consolidated net profit (€ '000)	18,192	14,650
No. of ordinary shares outstanding ('000)	16,763	16,742
Basic earnings per share (€)	1.09	0.88
Weighted number of shares potentially eligible for allocation ('000)	22	19
Diluted earnings per share (€)	1.08	0.87

27. NET FINANCIAL POSITION

The net financial position of the Group amounted to a deficit of €317 thousand, down on December 31, 2021 due to capital expenditure made in the period and the payment of dividends for financial year 2021.

At the reporting date, the Group had no outstanding debt involving covenants (equity/profit ratios) or negative pledges (limitation clauses). In respect of the “Guidelines on disclosure obligations pursuant to the prospectus regulation” set forth by ESMA, details of the Group’s Net Financial Position are provided below:

	06/30/2022	12/31/2021
A Cash	12	11
B Bank deposits	25,077	46,625
C Cash and cash equivalents (A+B)	25,089	46,636
D Financial receivables	-	-
E Current bank payables	(20,000)	(20,000)
F Current financial leasing liabilities	(1,689)	(1,710)
G Current financial debt (E+F)	(21,689)	(21,710)

H	Net current financial position (C+D+G)	3,400	24,926
I	Non-current financial leasing liabilities	(3,702)	(4,279)
J	Non-current financial debt (I)	(3,702)	(4,279)
K	Net financial position (H+J)	(302)	20,647

28. RELATED PARTIES

Among assets leased to Cembre S.p.A. by third parties are an industrial building adjacent to the Company's registered office measuring a total of 5,960 square meters on three floors, in addition to the Monza, Padua and Bologna sales offices. These properties are owned by "Tha Immobiliare S.p.A.", a company with registered office in Brescia, whose capital is held by Giovanni Rosani and Sara Rosani, members of the Board of Directors of the Parent Company Cembre S.p.A.; the interest for the company can be seen in the prospect of continuity and in the reduction of the risks of termination of the lease contract. At the end of the half-year, all amounts due to Tha Immobiliare S.p.A. had been settled.

Cembre Ltd. leases an industrial building from Borno Ltd., a company controlled by Lysne S.p.A. (holding company of Cembre S.p.A.).

A summary of the amounts reported in the financial statements relating to the above contracts is provided below:

	Net assets	Non-current liabilities	Current liabilities	Amortisation	Interest expense
Leased assets from THA - Cembre S.p.A.	2,035	1,578	506	252	23
Leased assets from Borno - Cembre Ltd	842	634	226	115	6

For disclosure purposes, the table below summarises the costs relating to rentals to related parties incurred in the period:

	1st Half of 2022	1st Half of 2021	Change
Rent paid to related parties	402	379	23

Cembre S.p.A. does not have direct relationships with the parent company Lysne S.p.A. of any other nature than that of the exercise of shareholders' rights on the part of the parent. Lysne S.p.A. does not carry out any management or coordination activity with respect to Cembre S.p.A.

Remuneration of Directors and Statutory Auditors

In the 1st Half of 2022, compensation for the Board of Directors and the Board of Statutory Auditors amounted to:

	Board of Statutory Auditors	Directors
Emoluments as directors and auditors of Cembre S.p.A.	44	457
Remuneration as employees	-	195
Non-monetary benefits	-	10

Non-monetary benefits relate to the use of a company car and insurance policies underwritten in favour of directors.

In line with the remuneration policy of the Company, variable compensation linked to the achievement of medium-long term objectives was introduced in favour of the Chairman and Managing Director. Such compensation will be paid out in 2024 in case targets set for years 2021-2023 by the Board of Directors, upon proposal of the Remuneration Committee, are achieved. The Company prudentially accrued a provision of €25 thousand for the part relating to the 1st Half of 2022.

29. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group does not use derivative instruments to hedge against interest risk and currency exposure.

The short-term maturity of a large part of the financial instruments held is such that their carrying value is in line with their fair value of the same.

Risks connected with the market

The Group faces these risks with ongoing innovation, the widening of the product range and the upgrade of its production process, by implementing, also with the help of its foreign subsidiaries, targeted marketing policies and pursuing a policy of expansion on markets where the Group has less of a presence.

Interest rate risk

As at June 30, 2022, as shown in detail in Note 11, the Parent Company Cembre S.p.A. has three loans in place, expiring between July 2022 and March 2023. The nature of the rate

applied and the relatively short-term maturity protect the Group from any fluctuations in interest rates.

Currency risk

Despite a strong international presence, the Group does not have a significant exposure to currency risk (on an operating or equity basis), as it operates mainly in the Euro area, the currency in which its trade transactions are mainly denominated.

Exposure to currency risk is determined mainly by some sales in US dollars and British pounds. The entity and volume are not such as to have a significant impact on the Group's results.

As described in the consolidation principles section, financial statements of consolidated companies prepared in currencies other than the euro are translated into euro at the exchange rate published on the website of the Ufficio Italiano Cambi (Italian Exchange Office).

In addition to currency risk, the Group is also exposed to currency translation risk. As described in the consolidation principles section, in fact, financial statements of consolidated companies prepared in currencies other than the Euro are translated into Euro at the exchange rate published on the website of the Bank of Italy.

In the table that follows we report the economic effect of possible fluctuations in exchange rates for main financial figures of consolidated companies operating outside the euro area.

	Currency	Change exchange rate	Change Shareholders' Equity	Change Turnover	Change Profit before taxes
Cembre Ltd	GBP	5% / -5%	662/(662)	564/(564)	54/(54)
Cembre Inc.	USD	5% / -5%	455/(455)	356/(356)	32/(32)

In the income statement as at June 30, 2022, the item "exchange gains (losses)" is a positive €66 thousand.

Liquidity risk

The exposure of the Group to liquidity risk is not material as its financial position is balanced. The collection and payment cycle is also in balance, as shown by the ratio of current assets to current liabilities.

Credit risk

The Group's exposure to credit risk relates exclusively to trade receivables.

As shown in note 8, none of the areas in which the Group operates poses relevant credit risks.

Operating procedures limit the sale of products or services to customers who do not possess an adequate credit profile or provide adequate guarantees. Receivables matured over 12 months and those under litigation are widely covered by the provision for doubtful accounts accrued. Moreover, Cembre S.p.A. has stipulated an insurance policy against commercial credit risk, allowing it to reduce further exposure to credit risk.

30. SUBSEQUENT EVENTS

No event having significant effects on the Group's financial position or operating performance occurred after the close of the first half.

31. CONSOLIDATED COMPANIES

The scope of consolidation did not change during the first half of 2022.

Companies consolidated line-by-line are:

Company	Registered office	Share capital	Share held at 06/30/2022	Share held at 12/31/2021
Cembre Ltd	Sutton Coldfield (Birmingham - UK)	GBP 1,700,000	100%	100%
Cembre Sarl	Morangis (Paris - France)	EURO 1,071,000	100%	100%
Cembre España SLU	Torrejón de Ardoz (Madrid -Spain)	EURO 2,902,200	100%	100%
Cembre GmbH	Munich (Germany)	EURO 10,112,000	100%	100%
Cembre Inc.	Edison (New Jersey, US)	US \$ 1,440,000	100%	100%

Brescia, September 12, 2022

**FOR THE BOARD OF DIRECTORS
OF THE PARENT COMPANY CEMBRE S.P.A.**
Chair and Managing Director
Giovanni Rosani

**CEMBRE**

Attestation of the Half-year Condensed Financial Statements

pursuant to art 154-bis Paragraph 5, of Legislative Decree 58 dated Feb. 24, 1998 "Consolidated Law on financial intermediation regulations" and subsequent integrations and updates
(Translation from the original Italian text)

The undersigned Giovanni Rosani and Claudio Bornati in their capacity respectively of, Managing Director and Manager responsible for preparing the financial reports of Cembre S.p.A., attest, pursuant to article 154-bis, paragraphs 3 and 4 of Legislative Decree no.58 dated February 24, 1998, as amended and integrated:

- the adequacy in relation to the characteristics of the company, and
- the application of

administrative and accounting procedures used in the preparation of the Half-year Condensed Financial Statements for the 1st Half of 2022.

It is furthermore attested that the Half-year Condensed Financial Statements for the 1st Half of 2022:

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel dated July 19, 2002;
- correspond to the document results, books and accounting records;
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

It is furthermore attested that the Report on Operations includes reference to important events that occurred in the first six months of the year and their impact on the condensed consolidated interim financial statements, along with a description of the main risks and uncertainties for the six remaining months of the year, in addition to information on significant related-party transactions. The interim management statement also contains a reliable analysis of the information on significant transactions with related parties.

Brescia, September 12, 2022

Manager responsible for the
preparation of financial reports

signed by: Claudio Bornati

Chairman and
Managing Director

signed by: Giovanni Rosani

Review report on the half-yearly condensed consolidated financial statements

(Translation from the original Italian text)

To the Shareholders of
Cembre S.p.A.

Introduction

We have reviewed the half-yearly condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated comprehensive income statement, the statement of changes in the consolidated shareholders' equity and the consolidated statement of cash flows and the related explanatory notes of Cembre S.p.A. and its subsidiaries (the "Cembre Group") as of 30 June 2022. The Directors of Cembre S.p.A. are responsible for the preparation of the half-yearly condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and 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 half-yearly condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of Cembre Group as of June 30, 2022 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Brescia, 13 September 2022,

EY S.p.A.
Signed by: Andrea Barchi, Auditor

This report has been translated into the English language solely for the convenience of international readers



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