



CEMBRE

FINANCIAL REPORT

2023 HALF-YEARLY

Cembre S.p.A.

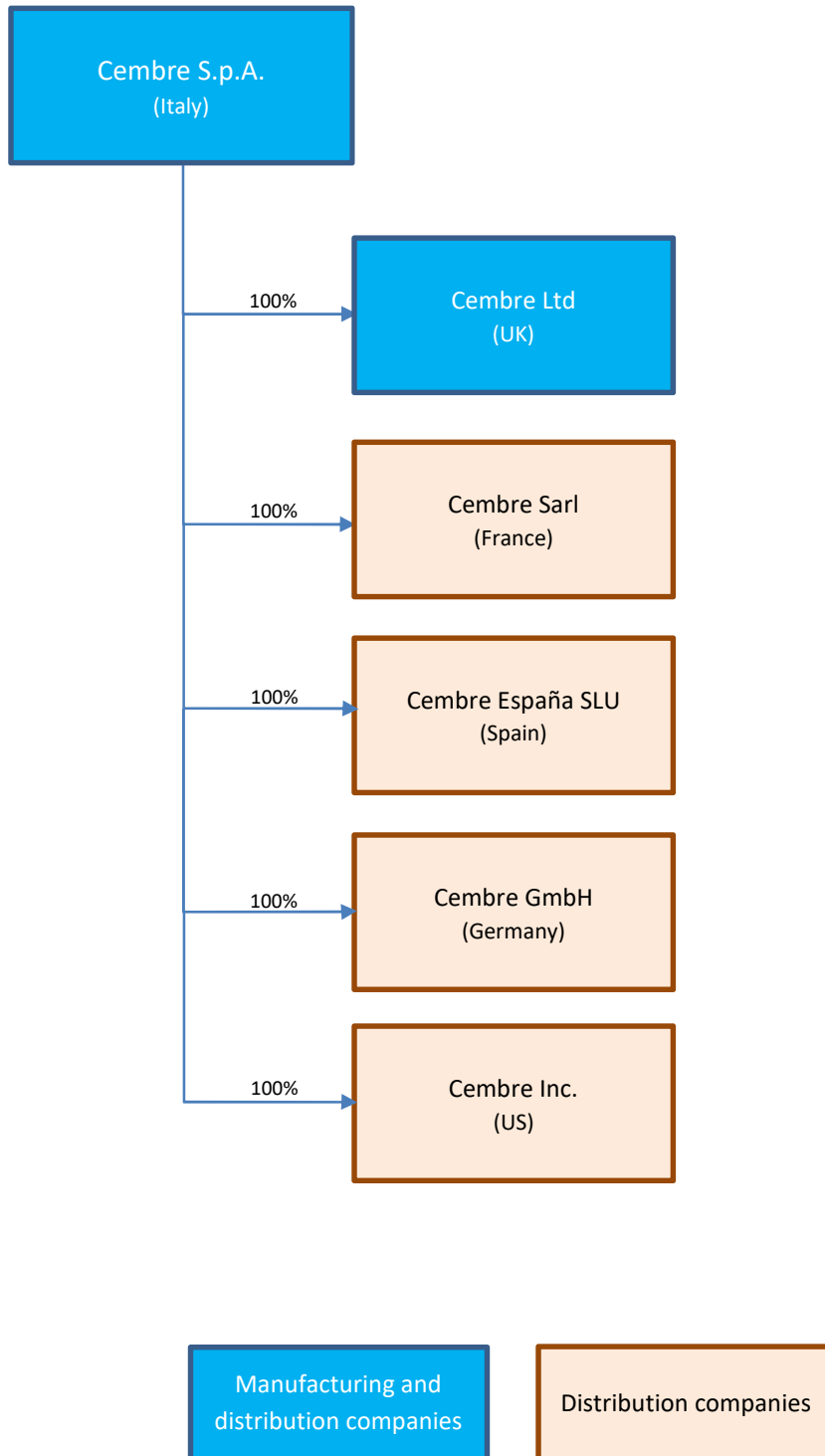
Head Office: Via Serenissima 9, Brescia, Italy
Share Capital: EUR 8,840,000 (fully paid-up).
Registration no: 00541390175 (Commercial Register of Brescia)

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

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Group Structure as at June 30, 2023



Interim report on operations of the Cembre Group for the 1st half of 2023

Operating review

The 1st half of 2023 confirmed the growth of the Cembre Group turnover, with consolidated sales in the second quarter close to €60 million, bringing total Group turnover for the first six months to €117.6 million, marking a 12.7% increase over the 1st half of 2022.

The performance of consolidated sales by geographical areas shows 12.1% growth in the Italian market, with sales equal to €52.0 million. Revenues in the European market (excluding Italy) grew by 14.5% to €53.9 million, while sales in non-European markets recorded an increase of 7.7%, with revenues equal to €11.7 million. In the 1st half of 2023, 44.2% of revenues from sales were represented by Italy (as compared with 44.4% in the 1st half of 2022), 45.9% by the rest of Europe (45.2% in the 1st half of 2022), and the remaining 9.9% by the rest of the World (10.4% in the 1st half of 2022).

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

(euro '000)	1 st half of 2023	1 st half of 2022	Change	1 st half of 2021	1 st half of 2020	1 st half of 2019	1 st half of 2018
Italy	52,019	46,387	12.1%	36,377	25,398	30,798	31,349
Rest of Europe	53,946	47,127	14.5%	39,567	30,383	35,727	30,718
Rest of the World	11,677	10,845	7.7%	8,603	8,875	10,353	11,228
Total	117,642	104,359	12.7%	84,547	64,656	76,878	73,295

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)	1 st half of 2023	1 st half of 2022	Change	1 st half of 2021	1 st half of 2020	1 st half of 2019	1 st half of 2018
Cembre S.p.A.	64,251	59,994	7.1%	46,948	33,279	40,361	40,680
Cembre Ltd. (UK)	13,412	12,251	9.5%	10,983	7,642	10,401	9,320
Cembre S.a.r.l. (F)	7,475	5,772	29.5%	5,956	4,309	5,633	5,270
Cembre España S.L.U. (E)	11,318	8,691	30.2%	6,548	5,495	6,045	5,366
Cembre GmbH (D)	13,519	11,191	20.8%	9,335	7,956	7,689	5,491
Cembre Inc. (USA)	7,667	6,460	18.7%	4,777	5,975	6,749	7,168
Total	117,642	104,359	12.7%	84,547	64,656	76,878	73,295

In the 1st half of 2023, Group companies reported the following results, prior to consolidation:

Net result prior to consolidation							
(euro '000)	1 st half of 2023	1 st half of 2022	Change	1 st half of 2021	1 st half of 2020	1 st half of 2019	1 st half of 2018
Cembre S.p.A.	24,175	18,463	30.9%	14,166	7,811	14,016	12,757
Cembre Ltd. (UK)	916	974	-6.0%	1,126	330	1,150	854
Cembre S.a.r.l. (F)	302	145	108.3%	130	50	420	307
Cembre España S.L.U. (E)	1,197	790	51.5%	439	191	312	148
Cembre GmbH (D)	879	757	16.1%	474	241	344	211
Cembre Inc. (USA)	167	478	-65.1%	311	291	554	694

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

Net result prior to consolidation in foreign currency								
(Euro '000)	Currency	1 st half of 2023	1 st half of 2022	Change	1 st half of 2021	1 st half of 2020	1 st half of 2019	1 st half of 2018
Cembre Ltd. (UK)	Gbp	802	820	-2.2%	977	289	1,005	751
Cembre Inc. (USA)	US\$	180	522	-65.5%	375	321	626	840

In order to provide a better understanding of the consolidated results for the 1st half of 2023, a Comparative Consolidated Income Statement is provided as Attachment “1”, which shows the percentage changes compared to the same period in 2022.

Consolidated gross operating profit for the half-year amounted to €38,649 thousand, representing a 32.9% margin on sales, up 26.7% on the corresponding period in 2022 when it amounted to €30,505 thousand, representing a 29.2% margin on sales.

This increase was nearly entirely due to the decline in the impact of the cost of goods sold. The weight of the cost for services increased due to higher energy costs, transport costs, travelling expenses and maintenance costs.

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 822 (2022 average figure) to 856.

Consolidated operating profit for the period amounted to €32,428 thousand, representing a 27.6% margin on sales, up 31.6% on €24,648 thousand in the 1st half of 2022, when it represented a 23.6% margin on sales.

Consolidated profit prior to taxes for the period amounted to €32,450 thousand, representing a 27.6% margin on sales, up 31.5% on €24,672 thousand in the 1st half of 2022, when it represented a 23.6% margin on sales.

Net profit for the half-year amounted to €23,880 thousand, representing a 20.3% margin on sales, up 31.3% on €18,192 thousand in the 1st half of 2022, when it represented a 17.4% margin on sales.

The net financial position went from a surplus of €14.6 million as at December 31, 2022, to a deficit of €5.2 million as at June 30, 2023. The financial position was affected by the payment of €23.5 million in dividends and capital expenditure in fixed assets made by the Parent Company, amounting to €8.5 million. As at June 30, 2022, the net financial position presented a deficit of €0.3 million; for details of the net financial position, please refer to Note 29 of the Explanatory Notes to the consolidated interim financial statements.

Definition of alternative performance indicators

In compliance with CONSOB Communication n. DEM/6064293 dated July 28, 2007, below we define the 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 prior to 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: it represents the algebraic sum of cash and cash equivalents, financial receivables and current and non-current financial debt.

Capital expenditure

Capital expenditure by the Group in the 1st half of 2023 with regard to fixed assets, gross of amortization and depreciation, is broken down as follows:

(euro '000)	1st half of 2023	1st half of 2022	Change
Capital expenditure on intangible fixes assets	749	406	343
Capital expenditure on tangible fixes assets	7,029	4,715	2,314
Total	7,778	5,121	2,657

For more information on capital expenditure, 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.

In the 1st half of 2023, the world economy continued to be affected by high inflation, which, despite repeated actions taken by central banks, is falling much more slowly than expected. On the contrary, rising interest rates had a negative impact on economic activity, limiting business investments and, on a macroeconomic level, hitting the poorest and most indebted nations.

Despite these negative pressures, the global economy proved resilient, driven mainly by the service segment, particularly tourism, which has marked a strong recovery since the end of the pandemic crisis. On the other hand, other segments, including manufacturing, were weaker as a result of what is described above.

The International Monetary Fund forecasts a global growth of 3.0% for 2023 and 2024, an increase over the previous year estimates of 0.2%, but still below the average growth trend of the pre-COVID period. As far as advanced economies are concerned, growth estimates are much lower and stand at 1.5% for 2023 and at 1.4% for 2024, with about 93% of the countries in this group seeing their growth fall from that achieved in 2022. The wide margins of uncertainty on which estimates of future performance are based make it

very difficult to have 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 the 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 their management, constantly monitoring past due amounts and soliciting payment when terms have expired.

In addition, in order 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, 2023, the Parent Company Cembre S.p.A. has one loan in place, expiring in August 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 the vast majority of 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.

In order 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 subject to risk and that establishes the behaviour 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 April 2023, the company obtained the UNI ISO 37001:2016 “Anti-Bribery Management Systems” certification.

ISO 37001 is the reference international standard for organisations wishing to effectively prevent the risk of corruption and foster a culture of transparency and integrity, further reinforcing the standards of conduct and the controls contained in the 231 Model and in the Code of Ethics.

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

Environmental management and protection of occupational health and safety

The Cembre Group continues on the path of developing and strengthening its Sustainability Model and meeting the regulatory requirements for the disclosure of non-financial information, introduced by Legislative Decree 254/2016.

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

The certification of the Environmental and Safety Management System of the Group 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 rigorous operating procedures aligned with regulations regarding environmental protection, occupational safety and the standards of sustainable development, Cembre contributes towards preventing and mitigating environmental impacts, reducing the risk of accidents and injuries in the workplace and promoting well-being in the workplace.

In particular, with the aim of giving substance to its actions in these areas, the Cembre Group has made significant investments relating to sustainability issues, as described in the following paragraphs.

Sustainable Mobility: several initiatives have been launched to encourage the use of means alternative to private vehicles.

Photovoltaic systems: at the end of 2022, the photovoltaic system of the Italian headquarters was expanded from 198.72 kW to 1,529.21 kW in nominal power, which will reach total power of 2,141.75 kW with the construction of the system included in the project co-financed under the NRRP. The British company is also building a photovoltaic system with total power of 497.75 kW.

Overall, the Group will be able to self-generate 3.2 GWh, equal to more than 1,000 tCO₂ in atmospheric emissions avoided.

Product Carbon Footprint Assessment: the project aims to assess and certify the environmental impact of Cembre products throughout their life cycle.

In this initial phase, activities were focused on the calculation of the CO2 emissions developed in the production of electrical connectors.

Worker well-being: Cembre S.p.A. has joined the “WHP-Lombardy: Workplace health promotion” network. This programme, promoted by the World Health Organisation (WHO) and coordinated by the Health Protection Agencies (HPAs), brings together the companies that are most committed to helping promote healthy lifestyles amongst their workers.

Research, development and technological innovation

The costs incurred by Cembre S.p.A. for personnel dedicated to Research and Development in new products amounted to a total of €371 thousand, of which €172 thousand for research and €199 thousand for development activities. External costs amounted to €35 thousand for research and to €189 thousand for development.

Below we include a brief description of the projects undertaken in the 1st 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 lugs and cable glands

There were 85 projects for new products. Each study involved both new connectors and cable glands and machinery for their manufacturing.

The installation tests, carried out with the end user, on the new small aluminium connectors were successful, and in the coming months performance trends will be monitored periodically in order to validate and certify the product.

Two new connector ranges for foreign markets are being studied and optimised, with the aim of making them competitive with those already on the market.

The expansion of the range of extended thread cable glands, in both brass and polymer, continued, in order to make them usable with larger cable cross-sections while maintaining the same thread; the Maxibrass family was already expanded in the 1st half

of the year and will be completed in the 2nd half of the year, while the Maxiblock family will be fully completed by year-end.

The pilot lot of the new product range for industrial applications was successfully manufactured and tested, and this activity will continue until the range is completed with the remaining models and variants. At the same time, the new machine that will be dedicated to the production of this product range is being installed and tested.

Railway tools and equipment

There were 79 projects for tools and equipment related to the maintenance of railway systems.

The design of a tool with innovative mechanical management, designed to maximise its service life and optimise consumption, is nearing completion; a special design has also been devised to distinguish it aesthetically from other products.

The development and testing phase of a mechanical tool with interchangeable dies has been completed; the first production lot will be available by the end of the year.

The structure of the pilot rail drilling tool dedicated to the American market has been defined. The first samples made with the new machine tool, which will be installed and made operational by the end of the year, are currently being tested.

In order to enter new emerging markets, a new hydraulic connector crimping tool with limited functionality compared to the standard and with a reduced price has been developed and made available. This tool will also have a distinctive look.

Design work was successfully completed and the testing phase has begun on a new hydraulic tool head that will allow for easier and faster connector crimping. Some metal components will be produced using the new laser sintering 3D printer, which was installed during the 1st half of the year.

An extensive testing campaign is currently under way to analyse the advantages and limitations of converting railway machines from internal combustion engines to electric motors.

Cable marking

There were 31 projects for new products for industrial marking. Studies also included the related manufacturing tools.

The new range of tags in detectable material for the food and pharmaceutical industry was launched on the market; the integration of the range will continue during the 2nd half of the year. In parallel, an in-depth technical study of the material is being carried out in order to document detectability characteristics so as to improve the ease of use of the product by the end user.

The testing phase of the MG4 printer with innovative functions implemented is continuing with some customers; once this is completed, the machine will be available for market launch.

During the 1st half of the year, an extremely strict ageing test was completed on the flat tags to analyse the resistance of the materials in use and to test new ones. The results showed the excellent behaviour of a new material in specific conditions, which will then be introduced across many catalogue products. This integration, which also includes new equipment, will continue at least until the end of the 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 Annamaria Onofri, Giovanni Rosani and Sara Rosani, members of the Board of Directors of Cembre S.p.A.

The invoices issued in the half-year relating to the above-mentioned contracts were all paid in full.

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

(Euro '000)	Assets	Non-current liabilities	Current liabilities	Amortisation	Interest expense
Leased assets from THA - Cembre S.p.A.	1,613	1,116	546	266	19
Leased assets from Borno - Cembre Ltd	2,901	2,648	272	167	41

For disclosure purposes, it should be noted that the total fees paid to related parties by Cembre S.p.A. in the 1st half of the year amounted to €290 thousand, while for Cembre Ltd they amounted to €174 thousand.

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

Absence of management and coordination

Despite the fact that article 2497-sexies of the Italian Civil Code states that “it is presumed that, unless otherwise proved, the management 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 company Lysne S.p.A..

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

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

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 States that are 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 Parent company 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 the Parent company independent auditors and it 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.

Treasury shares and shares of parent companies

As at June 30, 2023, the number of treasury shares held by Cembre S.p.A. was 217,541, corresponding to 1.28% of the share capital. No treasury shares were purchased or sold in the 1st half of 2023. The shareholders' meeting of Cembre S.p.A. Held on April 27, 2023 approved the authorisation to purchase treasury shares, effective for the 18 months subsequent to the date of the meeting.

Report on corporate governance and ownership structure

In compliance with the regulatory obligations contained in article 123-bis of Legislative Decree 58, dated February 24, 1998 (Testo Unico della Finanza - Consolidated Law on Finance), we refer to the "Report on corporate governance and ownership structure" 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 climate change

Climate change is one of the biggest challenges that companies and institutions will have to face in the coming years. At present, it is very complex to estimate the effects that this

process may bring in the long run; however, it is possible to begin to make a rough assessment of what may be the critical areas of the Group business and what may be the possible solutions to be put in place, in order to prevent the most onerous effects of climate change and possible restrictions imposed by Governments to try to reverse this dangerous process.

Geographically, as also highlighted in the 2023 risk map published by SACE, a company specialising in credit and investment insurance controlled by the MEF, the Group companies are not located in areas that may be subject to extreme weather events, such as to jeopardise the continuation of business. Over the years, Cembre has always paid particular attention to the safety and maintenance of its buildings, with an eye to environmentally friendly solutions as well, as evidenced, for example, by its investment in earthquake-proofing of structures, the use of light chimneys to improve natural lighting in offices and the installation of a photovoltaic plant at the Brescia and Birmingham sites.

The Group production process has an extremely limited impact on the environment, as evidenced by the analyses carried out periodically by external bodies. Furthermore, fixed assets and plants are cyclically renewed, thus ensuring compliance with the latest standards and regulations.

The electrical connection segment, in which the Group operates, could be positively affected by the increasing use of electricity as a driving force. In recent years, the range of battery-powered tools has been increasingly expanding, which now provide performance comparable to endothermic-powered machinery, but with the absence of combustion emissions. This focus on innovation, which is also aimed at respecting the sustainability of the Group offer, makes the risk of a loss of value that would jeopardise the Group operations extremely remote.

Subsequent events

No event having significant effects on the Group financial position or on the operating performance occurred after the end of the 1st half of the year.

Outlook

Given the uncertainty of the current situation, with persistent geopolitical tensions, high inflation and rising interest rates, as the International Monetary Fund pointed out in its World Economic Outlook published in July, it is extremely complex to make forecasts. In any case, the Cembre Group consolidated turnover is expected to grow in 2023 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, 2023.

Attachment 2 Composition of corporate boards.

Brescia, September 12, 2023

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

Attachment 1 - Report on Operations for the 1st Half 2023

Comparative Consolidated Income Statement

	1 st Half 2023	% of sales	1 st Half 2022	% of sales	Change
(€ '000)					
Revenues from contracts with customers	117.642	100,0%	104.359	100,0%	12,7%
Other revenues	460		316		45,6%
TOTAL REVENUES	118.102		104.675		12,8%
Cost of goods and merchandise	(37.451)	-31,8%	(44.178)	-42,3%	-15,2%
Change in inventories	1.238	1,1%	7.517	7,2%	
Cost of goods sold	(36.213)	-30,8%	(36.661)	-35,1%	-1,2%
Cost of services received	(14.383)	-12,2%	(11.806)	-11,3%	21,8%
Lease and rental costs	(155)	-0,1%	(108)	-0,1%	43,5%
Personnel costs	(28.454)	-24,2%	(25.632)	-24,6%	11,0%
Other operating costs	(924)	-0,8%	(828)	-0,8%	11,6%
Increase in assets due to internal construction	851	0,7%	1.026	1,0%	-17,1%
Write-down of receivables	(157)	-0,1%	(145)	-0,1%	8,3%
Accruals to provisions for risks and charges	(18)	0,0%	(16)	0,0%	12,5%
GROSS OPERATING PROFIT	38.649	32,9%	30.505	29,2%	26,7%
Property, plant and equipment depreciation	(4.658)	-4,0%	(4.516)	-4,3%	3,1%
Intangible asset amortization	(518)	-0,4%	(400)	-0,4%	29,5%
Depreciation of right of use assets	(1.045)	-0,9%	(941)	-0,9%	11,1%
OPERATING PROFIT	32.428	27,6%	24.648	23,6%	31,6%
Financial income	106	0,1%	1	0,0%	
Financial expenses	(133)	-0,1%	(43)	0,0%	209,3%
Foreign exchange gains (losses)	49	0,0%	66	0,1%	-25,8%
PROFIT BEFORE TAXES	32.450	27,6%	24.672	23,6%	31,5%
Income taxes	(8.570)	-7,3%	(6.480)	-6,2%	32,3%
NET PROFIT	23.880	20,3%	18.192	17,4%	31,3%

Attachment 2 to the Interim report on operations of the Cembre Group for the 1st half of 2023

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, 2023.

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

The Chairman holds by statute (article 18) powers of legal representation of the Company; the Board of Directors conferred to the Chairman 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 Chairman and Managing Director Giovanni Rosani, Deputy Chairman 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 the 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, 2023

Consolidated Statements of Financial Position

ASSETS	Notes	Jun. 30, 2023		Dec. 31, 2022	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
NON CURRENT ASSETS					
Property, plant and equipment	1	89.095		86.567	
Investment property	2	750		770	
Intangible assets	3	4.625		4.394	
Goodwill	4	4.608		4.608	
Right of use assets	5	7.057	4.514	5.038	2.501
Other investments		5		5	
Other non-current assets	6	78		79	
Deferred tax assets	15	3.375		3.358	
TOTAL NON-CURRENT ASSETS		109.593		104.819	
CURRENT ASSETS					
Inventories	7	72.927		71.571	
Trade receivables	8	49.309		31.656	
Other financial assets	9	-		15.000	
Tax receivables		143		2.169	
Other receivables	10	1.219		1.080	
Cash and cash equivalents		12.933		15.028	
TOTAL CURRENT ASSETS		136.531		136.504	
NON-CURRENT ASSETS AVAILABLE FOR SALE		-		-	
TOTAL ASSETS		246.124		241.323	

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Jun. 30, 2023		Dec. 31, 2022	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
SHAREHOLDERS' EQUITY					
Capital stock	11	8.840		8.840	
Reserves	11	156.224		147.337	
Net profit		23.880		31.918	
TOTAL SHAREHOLDERS' EQUITY		188.944		188.095	
NON-CURRENT LIABILITIES					
Non-current financial liabilities	12	5.297	3.764	3.365	1.836
Employee termination indemnity and other personnel benefits	13	1.689	134	1.682	129
Provisions for risks and charges	14	730	137	653	110
Deferred tax liabilities	15	3.539		3.608	
TOTAL NON-CURRENT LIABILITIES		11.255		9.308	
CURRENT LIABILITIES					
Current financial liabilities	12	12.864	818	12.067	734
Trade payables	16	16.178		19.203	
Tax payables		4.825		2.292	
Other payables	17	12.058	189	10.358	422
TOTAL CURRENT LIABILITIES		45.925		43.920	
LIABILITIES ON ASSETS HELD FOR DISPOSAL		-		-	
TOTAL LIABILITIES		57.180		53.228	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		246.124		241.323	

Consolidated Financial Statements at June 30, 2023

Statement of Consolidated Comprehensive Income

	Notes	1 st Half 2023		1 st Half 2022	
			of which: related parties		of which: related parties
(euro '000)					
Revenues from contracts with customers	18	117.642		104.359	
Other revenues	19	460		316	
TOTAL REVENUES		118.102		104.675	
Cost of goods and merchandise		(37.451)		(44.178)	
Change in inventories	7	1.238		7.517	
Cost of services received	20	(14.383)	(466)	(11.806)	(444)
Lease and rental costs		(155)		(108)	
Personnel costs	21	(28.454)	(202)	(25.632)	(195)
Other operating costs	22	(924)		(828)	
Increase in assets due to internal construction	23	851		1.026	
Write-down of receivables	8	(157)		(145)	
Accruals to provisions for risks and charges	24	(18)		(16)	
GROSS OPERATING PROFIT		38.649		30.505	
Property, plant and equipment depreciation	1-2	(4.658)		(4.516)	
Intangible asset amortization	3	(518)		(400)	
Depreciation of right of use assets	5	(1.045)	(423)	(941)	(368)
OPERATING PROFIT		32.428		24.648	
Financial income	25	106		1	
Financial expenses	25	(133)	(59)	(43)	(29)
Foreign exchange gains (losses)	31	49		66	
PROFIT BEFORE TAXES		32.450		24.672	
Income taxes	26	(8.570)		(6.480)	
NET PROFIT FROM ORDINARY ACTIVITIES		23.880		18.192	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL		-		-	
NET PROFIT		23.880		18.192	
Items of the other comprehensive income that will be reclassified subsequently to profit or loss					
Conversion differences included in equity		408		408	
COMPREHENSIVE INCOME	27	24.288		18.600	
BASIC EARNINGS PER SHARE	28	1,42		1,09	
DILUTED EARNINGS PER SHARE	28	1,42		1,08	

Consolidated Financial Statements at June 30, 2023

Consolidated Statement of Cash Flows

	1 st Half 2023	1 st Half 2022
€ '000		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	15.028	46.636
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	23.880	18.192
Income taxes	8.570	6.480
Financial charges/(Financial profits)	27	42
(Gains)/Losses on disposal of assets	(43)	(2)
Depreciation, amortization and write-downs	6.221	5.857
Net change in Employee Termination Indemnity	7	55
Net change in provisions for risks and charges	77	98
Stock options plan IFRS2 remeasurement	56	82
Operating profit (loss) before change in working capital	38.795	30.804
(Increase) Decrease in trade receivables	(17.653)	(16.096)
(Increase) Decrease in inventories	(1.356)	(7.620)
Increase (Decrease) of trade payables	(3.025)	1.781
(Increase) Decrease in working capital	(22.034)	(21.935)
Other changes	1.475	1.240
Interests received/(Interests paid)	(27)	(42)
(Paid income taxes)	(4.011)	(5.934)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	14.198	4.133
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(749)	(406)
- tangible	(7.029)	(4.715)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- tangible	52	37
- financial	1	-
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(7.725)	(5.088)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	15.000	-
Increase (Decrease) in bank payables	666	-
Repayment of leasing liabilities	(1.002)	(941)
Dividends distributed	(23.495)	(20.116)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(8.831)	(21.057)
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	(2.358)	(22.012)
F) Foreign exchange conversion differences	263	465
H) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F+G)	12.933	25.089
Of which: assets held for disposal	-	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	12.933	25.089
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	12.933	25.089
Current financial liabilities	(12.864)	(21.689)
Non current financial liabilities	(5.297)	(3.702)
NET CONSOLIDATED FINANCIAL POSITION	(5.228)	(302)
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	6	12
Bank deposits	12.927	25.077
	12.933	25.089

Please note that, in order to facilitate a better understanding of cash flows, the layout of the Statement of Cash Flows has been changed from previous years.

Consolidated Financial Statements at June 30, 2023

Statement of Changes in the Consolidated Shareholders' Equity

(€ '000)	Balance at December 31, 2022	Allocation of profit to reserves	Allocation of profit to dividends	Stock options plan: IFRS2 measurement	Comprehensive income of the period	Balance at June 30, 2023
Capital stock	8.840					8.840
Share premium reserve	12.245					12.245
Legal reserve	1.768					1.768
Reserve for own shares	(4.129)					(4.129)
Suspended-tax revaluation reserve	585					585
Other suspended-tax reserves	68					68
Reserve for previous years' profits	27.726	2.802				30.528
Conversion differences	(1.440)				408	(1.032)
Extraordinary reserve	101.722	5.621		(24)		107.319
Reserve for FTA	3.715					3.715
Reserve for discounting of Employee Termination Indemnity	347					347
Merger surplus reserve	4.397					4.397
Stock options reserve	333			80		413
Net profit	31.918	(8.423)	(23.495)		23.880	23.880
Total Shareholders' Equity	188.095	-	(23.495)	56	24.288	188.944

(€ '000)	Balance at December 31, 2021	Allocation of profit to reserves	Allocation of profit to dividends	Stock options plan: IFRS2 measurement	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
Net profit	25.321	(5.205)	(20.116)		18.192	18.192
Total Shareholders' Equity	176.158	-	(20.116)	82	18.600	174.724

Explanatory notes to the condensed consolidated interim financial statements as at June 30, 2023

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, 2023.

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

II. PREPARATION CRITERIA AND ACCOUNTING STANDARDS

Preparation criteria

The condensed consolidated interim financial statements as at June 30, 2023 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 it must be read in conjunction with the Group annual financial statements as at December 31, 2022. Unless otherwise indicated, the figures reported in the financial statements and the in the related explanatory notes are expressed in thousands of euro.

The scope of consolidation did not change with respect to December 31, 2022.

Relevant accounting standards

The accounting standards adopted in the preparation of these condensed consolidated interim financial statements are those formally approved by the European Union and in

force as at June 30, 2023 and they are consistent with those adopted in the preparation of the Group Financial Statements as at December 31, 2022.

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 2023, summarised in the table at the end of this section, did not have an impact on the condensed consolidated interim financial statements of the Group.

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 taxes 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
Amendments to IAS 12 - Application exception relating to deferred tax assets and liabilities arising from the introduction of the OECD Pillar 2 Model	January 1, 2023

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 as at 06/30/2023	Average exchange rate for the 1 st half of 2023
British pound (€/£)	0.8583	0.8764
US dollar (€/€/\$)	1.0866	1.0807

III. SEASONAL FACTORS

The Group 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 DISCLOSURE

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

For its analyses, the Cembre Group adopted a disclosure scheme 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”, details based on this element are not usually utilised for the purposes of internal reporting.

1 st half of 2023	ITALY	EUROPE	REST OF THE WORLD	Intragroup elimination	TOTAL
Revenues from contracts with customers	93,089	47,226	7,703	(30,376)	117,642
Operating profit by segment	27,941	4,264	223		32,428
Net financial charges					22
Income taxes					(8,570)
Net profit for the period					23,880

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

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:

	1 st half of 2023	1 st half of 2022
Italy	52,019	46,387
Europe	53,946	47,127
Rest of the world	11,677	10,845
	117,642	104,359

The breakdown of assets and liabilities is shown below:

06/30/2023	ITALY	EUROPE	REST OF THE WORLD	TOTAL
Assets and Liabilities				
Segment assets	172,786	67,678	10,847	251,311
Unassigned assets				(5,187)
Total assets				246,124
Segment liabilities	44,205	12,008	1,445	57,658
Unassigned liabilities				(478)
Total liabilities				57,180

12/31/2022	ITALY	EUROPE	REST OF THE WORLD	TOTAL
Assets and Liabilities				
Segment assets	175,737	59,345	10,878	245,960
Unassigned assets				(4,637)
Total assets				241,323
Segment liabilities	43,846	7,723	1,728	53,297
Unassigned liabilities				(69)
Total liabilities				53,228

1 st half of 2023 - Other segment information	ITALY	EUROPE	REST OF THE WORLD	TOTAL
Capital expenditure:				
- Tangible fixed assets	5,896	1,026	107	7,029
- Intangible fixed assets	732	12	5	749
Total capital expenditure				7,778
Depreciation and amortisation:				
- Tangible fixed assets	(3,970)	(566)	(122)	(4,658)
- Intangible fixed assets	(387)	(130)	(1)	(518)
- Right of use - leased assets	(512)	(388)	(145)	(1,045)
Total amortisation				(6,221)
Accruals to provision for employee benefits	460	-	-	460
Average number of employees	549	267	40	856

1 st half of 2022 - Other segment information	ITALY	EUROPE	REST OF THE WORLD	TOTAL
Capital expenditure:				
- Tangible fixed assets	4,030	682	3	4,715
- Intangible fixed assets	404	1	-	405
Total capital expenditure				5,120
Depreciation and amortisation:				
- Tangible fixed assets	(3,969)	(468)	(79)	(4,516)
- Intangible fixed 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 number of employees	532	252	29	813

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and Machinery	Equipment	Other assets	Work in progress and advances	Total
Historical cost	60,974	88,586	15,386	11,938	3,947	180,831
Reassessments pursuant to law	934	20	-	-	-	954
Accumulated amortisation	(18,306)	(57,698)	(11,316)	(7,898)	-	(95,218)
Balance as at 12/31/2022	43,602	30,908	4,070	4,040	3,947	86,567
Increases	1,465	1,992	191	586	2,795	7,029
Currency translation differences	68	49	-	29	-	146
Amortisation	(773)	(2,833)	(422)	(610)	-	(4,638)
Net divestments	-	(6)	-	(3)	-	(9)
Reclassifications	218	1,240	142	-	(1,600)	-
Balance as at 06/30/2023	44,580	31,350	3,981	4,042	5,142	89,095

	Land and buildings	Plant and Machinery	Equipment	Other assets	Work in progress and advances	Total
Historical cost	60,043	84,380	14,370	10,662	2,743	172,198
Reassessments pursuant to law	934	32	-	-	-	966
Accumulated amortisation	(17,068)	(53,040)	(10,651)	(7,904)	-	(88,663)
Balance as 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 as at 06/30/2022	43,664	30,954	3,937	3,211	2,864	84,630

In the 1st half of 2023, Group capital expenditure in tangible fixed assets amounted to €7,029 thousand, made primarily by the Parent Company.

Capital expenditure in Plant and Machinery, amounting to €1,992 thousand, represents the biggest item of expenditure and it is related primarily to the expansion and upgrade of production lines and to the installation of the photovoltaic plant at the Brescia and Birmingham sites. Capital expenditure in buildings, amounting to €1,465 thousand, instead concerned mainly works to upgrade the real estate housing the production

management and marketing office of the Parent Company, as well as works to upgrade the leased properties of the subsidiary Cembre Ltd.

Lastly, advances of €2,347 thousand were paid, while capital expenditure in work in progress, realised on the company own account, amounted to €448 thousand.

2. INVESTMENT PROPERTY

	Land and buildings	Plant and Machinery	Total
Historical cost	1,591	263	1,854
Accumulated amortisation	(821)	(263)	(1,084)
Balance as at 12/31/2022	770	-	770
Amortisation	(20)	-	(20)
Balance as at 06/30/2023	750	-	750

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

3. INTANGIBLE FIXED ASSETS

	Development costs	Patents	Software	Trademarks	Other	Work in progress and advances	Total
Historical cost	3,796	1,044	6,414	495	2,181	-	13,930
Accumulated amortisation	(2,179)	(951)	(5,180)	(231)	(995)	-	(9,536)
Balance as at 12/31/2022	1,617	93	1,234	264	1,186	-	4,394
Increases	388	15	288	-	30	28	749
Amortisation	(131)	(45)	(220)	(24)	(98)	-	(518)
Balance as at 06/30/2023	1,874	63	1,302	240	1,118	28	4,625

Intangible fixed assets refer almost entirely to the Parent Company Cembre S.p.A. Software increases mainly refer to upgrades and additions to programs already in use. With regard to Development Costs, reference should instead be made to the Directors' Report on Operations.

4. GOODWILL

	06/30/2023	12/31/2022	Change
Goodwill	4,608	4,608	-

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

In the 1st half of 2023, there were no external or internal indicators of impairment that resulted in the need to analyse the consistency of the goodwill; in fact, the positive performance of the “Germany CGU”, aligned with the expected cash flows used for the impairment test as at December 31, 2022, guarantees the full recoverability of the value booked in the financial statements.

5. RIGHT OF USE - LEASED ASSETS

In the 1st half of 2023, the item recorded the following changes:

	Buildings	Cars	Total
Historical cost	7,653	2,398	10,051
Accumulated amortisation	(3,709)	(1,304)	(5,013)
Balance as at 12/31/2022	3,944	1,094	5,038
Increases	3,156	653	3,809
Currency translation differences	(1)	3	2
Amortisation	(632)	(413)	(1,045)
Closure of contracts	(747)	-	(747)
Balance as at 06/30/2023	5,720	1,337	7,057

The increase in the item “buildings” is due to the recognition of the new ten-year lease contract signed in March between Cembre Ltd and Borno Ltd, a related party, which unified and superseded the previous contracts existing between the two companies. The increases in contracts relating to cars are primarily represented by replacements of existing contracts that expired in the 1st half of the year.

6. OTHER NON-CURRENT ASSETS

	06/30/2023	12/31/2022	Change
Guarantee deposits	78	79	(1)
Total	78	79	(1)

7. INVENTORIES

	06/30/2023	12/31/2022	Change
Raw materials	18,479	21,333	(2,854)
Work in progress and semi-finished goods	16,295	16,157	138
Finished goods	37,001	32,904	4,097
Advances to goods suppliers	1,152	1,177	(25)
Total	72,927	71,571	1,356

The value of finished goods is adjusted to its presumed realisable value through a provision for slow-moving inventory amounting to €4,871 thousand. Changes in the provision in 2023 are shown in the table that follows:

	06/30/2023	12/31/2022
Provision at beginning of the period	4,989	4,467
Accruals	260	669
Uses	-	(37)
Releases	(377)	(79)
Currency translation differences	(1)	(31)
Provision at end of the period	4,871	4,989

8. TRADE RECEIVABLES

	06/30/2023	12/31/2022	Change
Nominal receivables due from customers	50,037	32,246	17,791
Provision for doubtful accounts	(728)	(590)	(138)
Total	49,309	31,656	17,653

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

	06/30/2023	12/31/2022	Change
Italy	25,904	12,723	13,181
Europe	20,977	16,288	4,689
North America	2,173	2,051	122
Oceania	192	247	(55)
Middle East	262	415	(153)
Far East	331	224	107
Africa	198	298	(100)
Total	50,037	32,246	17,791

The increase in receivables is due to both the increase in sales during the half-year and the termination, as of May, of several reverse factoring contracts. From the schedule published at the end of this section, it appears that most receivables were not yet due at the reporting date. The average collection time, amounting to 70 days, remained unchanged compared to the 1st half of 2022.

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

	06/30/2023	12/31/2022
Provision at beginning of the period	590	485
Accruals	157	243
Uses	(2)	(128)
Release of excess accrual	(5)	(10)
Currency translation differences	(12)	-
Provision at end of the period	728	590

The breakdown of receivables by maturity as at June 30, 2023 and December 31, 2022 is shown below:

Situation as at:	Not past due	0-90 days	91-180 days	181-365 days	Over one year	Under litigation	Total
06/30/2023	44,283	5,180	327	98	68	81	50,037
12/31/2022	28,433	3,454	213	81	3	62	32,246

9. OTHER FINANCIAL ASSETS

As at December 31, 2022, this item comprised the amounts deposited in term current accounts maturing between January and May 2023.

10. OTHER ASSETS

	06/30/2023	12/31/2022	Change
Receivables from employees	52	87	(35)
Advances to suppliers	488	482	6
Other	679	511	168
Total	1,219	1,080	139

The remaining item “Other” includes prepaid expenses of the UK subsidiary Cembre Ltd relating to insurance and contractual maintenance, as well as receivables of Cembre SpA for INAIL advances.

11. SHAREHOLDERS’ EQUITY

The share capital 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.

As at June 30, 2023, Cembre S.p.A. held 217,541 treasury shares, corresponding to 1.28% of its share capital. Against these shares the Company recorded €4,129 thousand in a specific shareholders' 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 the beneficiaries

of the plan itself, assuming the attainment of the performance targets established and continuity of the working relationship. As at June 30, 2023, this reserve amounted to €413 thousand, while the effect in the income statement, included under personnel costs, amounted to €56 thousand.

12. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

	Effective interest rate	Term ending	06/30/2023	12/31/2022
Leasing liabilities - Non-current portion				
Cembre S.p.A.			1,605	1,719
Cembre Ltd.			2,719	547
Cembre Sarl			93	66
Cembre España SLU			4	15
Cembre GmbH			153	149
Cembre Inc.			723	869
Total non-current portion			5,297	3,365
NON-CURRENT FINANCIAL LIABILITIES			5,297	3,365
Bank loans				
Cembre S.p.A.				
<i>Current portion</i>				
BNL contract 03739	0.02	Mar-23	-	10,000
Unicredit contract 33453	3.35	Aug-23	10,000	-
Total current portion			10,000	10,000
Bank overdrafts				
(on presentation of customer bills)				
Cembre S.p.A.	2.9	On request	1,024	358
Total			1,024	358
Bank charges				
			1	1
Leasing liabilities - Current portion				
Cembre S.p.A.			938	875
Cembre Ltd.			320	249
Cembre Sarl			90	85
Cembre España SLU			35	57
Cembre GmbH			177	165
Cembre Inc.			279	277
Total current portion			1,839	1,708
CURRENT FINANCIAL LIABILITIES			12,864	12,067

13. EMPLOYEE SEVERANCE 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.

	06/30/2023	12/31/2022
Opening balance	1,682	1,989
Accruals	460	1,582
Uses	(572)	(523)
Social security (INPS) treasury provision	119	(1,058)
Actuarial effect	-	(308)
Closing balance	1,689	1,682

14. PROVISIONS FOR RISKS AND CHARGES

Changes in provisions for risks and charges in the half-year are shown in the table below.

	Supplementary customer allowances	Directors variable compensation	Personnel incentives	Other provisions	Total
As at December 31, 2022	255	110	167	121	653
Accruals	18	27	35	(2)	78
Use	(1)	-	-	-	(1)
As at June 30, 2023	272	137	202	119	730

In line with the remuneration policy of Cembre S.p.A., a variable compensation based on the achievement of medium-long term targets was introduced in favour of the Chairman and Managing Director. This variable compensation, which is recorded as a cost of services, will be disbursed in 2024 if the targets set by the Board of Directors for the 2021-2023 period are met.

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

The item "Other provisions" includes the amounts set aside by Cembre S.p.A. and Cembre Sarl to protect against the possible effects of ongoing disputes with former employees.

15. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities as at June 30, 2023 are summarised as follows:

	06/30/2023	12/31/2022
Deferred tax assets		
Reversal of unrealised intra-group profits in stock	1,878	1,750
Write-down of inventories	636	691
Provision for French personnel costs	61	61
Consulting capitalised by Cembre GmbH	124	124
Provision for doubtful accounts of the Parent Company	114	95
Differences on amortisation and depreciation of the Parent Company	247	312
Write-down of Calcinate property	34	34
Other	281	291
Gross deferred tax assets	3,375	3,358
Deferred tax liabilities		
Average cost assessment of inventories by the Parent Company	(783)	(825)
Civil/tax depreciation misalignment of Cembre Ltd	(459)	(444)
Reversal of German subsidiary product warranty provision	(2)	(14)
Reversal of land depreciation	(24)	(24)
Reassessment of land	(1,652)	(1,652)
Allocation of IKUMA investment purchase price	(588)	(592)
Reversal of amort. of non-competition agreem. of former IKUMA directors	-	(25)
Other	-	(1)
Gross deferred tax liabilities	(3,539)	(3,608)
Net deferred tax assets	(164)	(250)

16. TRADE PAYABLES

	06/30/2023	12/31/2022	Change
Trade payables	15,323	18,643	(3,320)
Advances received from customers	855	560	295
Total	16,178	19,203	(3,025)

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

	06/30/2023	12/31/2022	Change
Italy	12,164	15,327	(3,163)
Europe	3,089	3,119	(30)
Far East	37	21	16
North America	27	172	(5)
Other	6	4	2
Total	15,323	18,643	(3,180)

17. OTHER PAYABLES

The item “Other payables” may be broken down as follows:

	06/30/2023	12/31/2022	Change
Payables to employees	5,419	4,102	1,317
Employee withholding taxes payable	516	1,083	(567)
VAT and similar foreign taxes payable	2,672	723	1,949
Commissions payable	461	544	(83)
Payables to Statutory Auditors and similar foreign boards	31	44	(13)
Payables to directors	138	262	(124)
Social security payables	2,221	3,023	(802)
Payables for sundry taxes	351	255	96
Sundry items	249	322	(73)
Total	12,058	10,358	1,700

The increase in payables to employees, compared to December 31, 2022, is due to the accrual of amounts for holidays, thirteenth month pay and year-end bonuses that have already matured, but which will be paid in the coming months. The increase in VAT payables is due to the lower sales volume in December compared to June, due to the Christmas holiday closure.

18. REVENUES FROM SALES AND SERVICES PROVIDED

	1 st half of 2023	1 st half of 2022	Change
Revenues from sales and services provided	117,642	104,359	13,283

In the 1st half of 2023, revenues rose by 12.7% on the corresponding period in the previous financial year. A total of 44.2% of Group sales were to Italian customers (12.1% more than in 2022), while sales in the rest of Europe (excluding Italy) represented 45.9% of total turnover (growth of 14.5% on the previous year). Turnover from non-European countries, equal to 9.9% of sales, increased by 7.7% compared to the 1st half of 2022.

In accordance with the relevant accounting standards, revenues are recognised net of discounts, allowances and premiums to customers and net of adjustments to customer bonus estimates relating to previous financial years.

19. OTHER REVENUES AND INCOME

Other operating revenues are made up as follows:

	1 st half of 2023	1 st half of 2022	Change
Capital gains	50	4	46
Insurance reimbursements	72	19	53
Reimbursements	162	262	(100)
Operating grants	16	4	12
Capital grants	110	22	88
Other	50	5	45
Total	460	316	144

Reimbursements relate primarily to transport costs charged to customers. Operating grants, as in 2022, refer to the amounts received for personnel training. With regard to capital grants, it should be noted that these are recognised against a tax credit for capital expenditure made in 2022.

20. COST OF SERVICES

The item is broken down as follows:

	1 st half of 2023	1 st half of 2022	Change
Subcontracted work	2,095	1,977	118
Electricity, heating and water	1,406	1,031	375
Transport of goods sold	1,841	1,681	160
Fuel	376	338	38
Travelling expenses	1,109	683	426
Maintenance and repair	1,867	1,456	411
Consulting	1,204	860	344
Advertising and promotion	578	335	243
Insurance	506	436	70
Compensation of corporate boards	537	516	21
Postage and telephone	220	217	3
Commissions	746	650	96
Security and cleaning	417	448	(31)
Bank services	90	96	(6)
Software maintenance fees	562	492	70
Sundry items	829	590	239
Total	14,383	11,806	2,577

Cembre S.p.A. obtained a tax credit for the expenses incurred for electricity and heating, which is why the item “Electricity, heating and water” was reduced by €185 thousand. The increase in the item “Travelling expenses” is due to commercial trends and to the increases in the air fares charged by the various companies. The item “Sundry items”

includes personnel search costs of €63 thousand, employee training costs of €169 thousand and entertainment and hospitality expenses of €256 thousand.

21. PERSONNEL COSTS

Personnel costs are broken down as follows:

	1 st half of 2023	1 st half of 2022	Change
Wages and Salaries	21,873	19,644	2,229
Social security charges	5,031	4,558	473
Employee Severance Indemnity	801	805	(4)
Retirement benefits	138	131	7
Other costs	611	494	117
Total	28,454	25,632	2,822

The item “Wages and salaries” includes €2,196 thousand related to the cost of temporary employment in the 1st half of 2023, incurred mainly by the Parent Company; in the 1st half of 2022, this component amounted to €1,877 thousand.

The item “Other costs” includes the provision for the Stock Option Reserve, amounting to €56 thousand.

Average number of employees by category:

	1 st half of 2023	1 st half of 2022	Change
Executives	21	20	1
White collars	418	386	32
Blue collars	327	329	(2)
Temporary workers	90	78	12
Total	856	813	43

Average number of employees by Group company:

	Executives	White collars	Blue collars	Outsourced personnel	Total 1 st half of 2023	Total 1 st half of 2022	Change
Cembre S.p.A.	8	235	229	77	549	532	17
Cembre Ltd.	2	54	57	7	120	117	3
Cembre Sarl	4	25	5	2	36	33	3
Cembre España SLU	1	32	11	3	47	44	-
Cembre Inc.	3	32	5	0	40	29	11
Cembre GmbH	3	40	20	1	64	58	6
Total	21	418	327	90	856	813	43

22. OTHER OPERATING COSTS

The item is broken down as follows:

	1 st half of 2023	1 st half of 2022	Change
Sundry taxes	470	485	(15)
Losses on receivables	25	1	24
Capital losses	6	2	4
Donations	44	20	24
Membership fees	35	34	1
Ancillary expenses for production	59	132	(73)
Ancillary general and administrative expenses	105	84	21
Ancillary trade expenses	110	49	61
Other	70	21	49
Total	924	828	96

The residual item “Other” consists primarily of sundry expenses not otherwise classifiable.

23. INCREASES IN FIXED ASSETS FOR INTERNAL WORK

	1 st half of 2023	1 st half of 2022	Change
Increases in fixed assets for internal work	851	1,026	(175)

This item represents the amount of costs capitalised by the Parent Company for the construction of equipment and dies built internally, as well as costs relating to development activities.

24. ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES

The item is broken down as follows:

	1 st half of 2023	1 st half of 2022	Change
Customer allowances	18	16	2
Total	18	16	2

25. FINANCIAL INCOME AND CHARGES

	1 st half of 2023	1 st half of 2022	Change
Bank loans and overdrafts	(50)	(3)	(47)
Interest on leased assets	(82)	(40)	(42)
Other	(1)	-	(1)
	(133)	(43)	(90)
Interest earned on bank account balances	106	1	105
	106	1	105
Total financial income and charges	(27)	(42)	15

26. INCOME TAXES

Income taxes are composed as follows:

	1 st half of 2023	1 st half of 2022	Change
Current taxes	(8,706)	(6,427)	(2,279)
Deferred taxes	104	(53)	157
Net extraordinary gains	32	-	32
Total	(8,570)	(6,480)	(2,090)

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

	1 st half of 2023	1 st half of 2022
Profit prior to taxes	32,450	24,672
Taxes	(8,570)	(6,480)
Effective tax rate	26.41%	26.26%
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 2020 financial year. 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, 2023, 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:

	1 st half of 2023	1 st half of 2022
Reversal of unrealised intra-group profits in stock	128	(13)
Write-down of inventories	(55)	105
Provision for doubtful accounts of the Parent Company	19	26
Differences on amortisation and depreciation of the Parent Company	(65)	(47)
Average cost assessment of inventories by the Parent Company	42	(111)
Accelerated depreciation	(15)	8
Allocation of IKUMA investment purchase price	25	169
Other	25	(190)
Prepaid/deferred taxes for the financial year	104	(53)

27. 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. As at June 30, 2023, 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 13, at the time of preparation of the Interim Report, in view of the modest effects, the discounting of employee severance indemnity was not updated.

28. EARNINGS PER SHARE (BASIC AND DILUTED)

Basic earnings per share are calculated by dividing the net profit by the weighted average number of shares in circulation for the financial year, excluding treasury shares held at the end of the period, equal to 217,541.

Diluted earnings per share are 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.

	1 st half of 2023	1 st half of 2022
Group Net Profit (Euro '000)	23,880	18,192
Number of ordinary shares outstanding (Euro '000)	16,782	16,763
Basic earnings per share (Euro)	1.42	1.09
Weighted number of shares potentially eligible for allocation (Euro '000)	20	22
Diluted earnings per share (Euro)	1.42	1.08

29. NET FINANCIAL POSITION

The net financial position of the Group amounted to a deficit of €5,228 thousand, down on December 31, 2022 due to capital expenditure made in the period and to the payment of dividends for the 2022 financial year.

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 Net Financial Position are provided below:

		06/30/2023	12/31/2022
A	Cash	6	10
B	Bank deposits	12,927	15,018
C	Other financial assets	-	15,000
D	Cash and cash equivalents (A+B+C)	12,933	30,028
E	Current bank payables	(11,025)	(10,359)
F	Current financial leasing liabilities	(1,839)	(1,708)
G	Current financial indebtedness (E+F)	(12,864)	(12,067)
H	Net current financial position (G+D)	69	17,961
I	Non-current bank payables	-	-
J	Non-current financial leasing liabilities	(5,297)	(3,365)
K	Non-current financial indebtedness (I+J)	(5,297)	(3,365)
L	Net financial position (H+K)	(5,228)	14,596

30. DISCLOSURE ON RELATED PARTIES

Among the assets leased to Cembre S.p.A. by third parties are an industrial building adjacent to the Company 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 the amounts due to Tha Immobiliare S.p.A. had been settled.

Cembre Ltd leases a complex of industrial buildings from Borno Ltd, a company controlled by Lysne S.p.A. (parent company of Cembre S.p.A.).

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

	Net assets	Non-current liabilities	Current liabilities	Amortisation	Interest expense
Leased assets from THA - Cembre S.p.A.	1,613	1,116	546	266	19
Leased assets from Borno - Cembre Ltd	2,901	2,648	272	167	41

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

	1 st half of 2023	1 st half of 2022	Change
Rentals paid to related parties	464	402	62

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 company. 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 2023, 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	476
Remuneration as employees	-	202
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 Cembre S.p.A., a variable compensation linked to the achievement of medium-long term targets was introduced in favour of the Chairman and Managing Director. Such compensation will be paid out in 2024 in case the targets set for the 2021-2023 period by the Board of Directors, upon proposal of the Remuneration Committee, are achieved. The Company prudentially accrued a provision of €28 thousand for the part relating to the 1st half of 2023.

31. 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, 2023, as shown in detail in Note 12, the Parent Company Cembre S.p.A. has one loan in place, expiring in August 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 volumes are not such as to have a significant impact on the Group results.

As described in the consolidation standards section, the 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 Foreign Exchange Office).

In addition to currency risk, the Group is also exposed to currency translation risk.

As described in the consolidation standards section, in fact, the 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 the main financial items of consolidated companies operating outside the euro area.

	Currency	Change in Exchange rate	Change in Shareholders' Equity	Change in Turnover	Change in Profit prior to taxes
Cembre Ltd	GBP	5% / -5%	723/(723)	644/(644)	48/(48)
Cembre Inc.	USD	5% / -5%	427/(427)	416/(416)	12/(12)

In the income statement as at June 30, 2023, the item “exchange gains (losses)” is a positive €49 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 balanced, as shown by the ratio of current assets to current liabilities.

Credit risk

The Group 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 who do not provide adequate guarantees. The 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 this kind of risk.

32. SUBSEQUENT EVENTS

No event having significant effects on the Group financial position or on the operating performance occurred after the end of the 1st half of the year.

33. CONSOLIDATED COMPANIES

The scope of consolidation did not change during the 1st half of 2023.

Companies consolidated line-by-line are:

Company	Registered office	Share capital	Share held as at 06/30/2023	Share held as at 12/31/2022
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, 2023

**FOR THE BOARD OF DIRECTORS
OF THE PARENT COMPANY CEMBRE S.P.A.**
The Chairman 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 2023.

It is furthermore attested that the Half-year Condensed Financial Statements for the 1st Half of 2023:

- 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, 2023

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 2023. 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, 2023 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 2023

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



CEMBRE SpA

Via Serenissima, 9 • 25135 Brescia ITALY
Ph +39 030 3692.1 • Fax +39 030 3365766
www.cembre.com • info@cembre.com