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AT 30 JUNE 2023

Testo del comunicato

Vedi allegato.

Press Release

THE BOARD OF DIRECTORS OF COFLE S.p.A APPROVES THE CONSOLIDATED HALF-YEAR REPORT AT 30 JUNE 2023

CONSOLIDATED FIGURES AT 30 JUNE 2023:

- **PRODUCTION REVENUES: € 30.8 MILLION, UP 7% ON THE FIRST HALF OF 2022 (€28.8 MILLION)**
- **ADJUSTED EBITDA EQUAL TO € 5.4 MILLION (€ 6.8 MILLION FOR THE FIRST HALF OF 2022)
ADJUSTED EBITDA MARGIN 17,5% (23,7% FOR THE FIRST HALF OF 2022)**
- **NET FINANCIAL POSITION EQUAL TO € 3.3 MILLION (Cash Surplus € 0.2 MILLION AT 31 DECEMBER 2022)**

Trezzo sull'Adda (MI), 28 September 2023 – The Board of Directors of Cofle S.p.A. (EGM: CFL) - a leading company in the design, production and worldwide trading of control cables and control systems for the off-road vehicles, automotive and automotive after market sectors – met today to examine and approve the consolidated half-year report at 30 June 2023.

Walter Barbieri, Chairman and CEO of Cofle, commented as follows:

“The Production Value in the first six months has shown a significant growth compared to the previous year, highlighting the robustness of the company's strategic operations. Both business divisions, OE and IAM, have demonstrated substantial increases compared to the previous fiscal year, with OE experiencing a 10% growth and IAM seeing a 5% increase.

During the first six months of the year, the company made substantial investments, expected to be fully operational by 2024, aimed at supporting long-term growth and improving competitiveness, thereby laying the foundation for future success and sustained growth of the Cofle Group. It should be noted that the results of the first half, particularly the decrease in adjusted EBITDA, were influenced by various factors, including ongoing investments, increased labor costs due to renegotiations of collective contracts in Turkish subsidiaries, and the purchase of more raw materials to support increased volumes.

Looking ahead, the forecasts for the coming months of fiscal year 2023 are positive. The OE division will continue to benefit from the demand for agricultural machinery, in line with the growing need for independence from food raw materials by European countries and new regulations on sustainability and safety. Furthermore, with the full operation of the new subsidiary, Cofle France, and new business strategies, further growth in the IAM division is expected, with revenue recovery in both the eurozone and Eastern Europe markets.

In the second half of 2023, we expect to reap the rewards of the actions taken by management in the first half to address macroeconomic challenges, especially in relation to Turkish subsidiaries. Investors can confidently look at the positive prospects emerging from ongoing operations and growth opportunities in the company's key divisions”.

CONSOLIDATED FINANCIAL HIGHLIGHTS FOR THE FIRST HALF OF 2023

For the purpose of comparing the Group's performance with the same period of the previous year, it is important to note that the financial results for the first six months of 2023 include the impacts of the accounting principle related to hyperinflation, a principle that was not applied in the 2022 interim report.

Revenues amounted to € 29.7 milion, showing an 8% increase compared to the first half of 2022 (€ 27.5 milion).

The detailed performance of the group's two business lines may be analysed as follows :

- the **OE business line**, which produces cables and control systems in the agricultural, earthmoving machinery, commercial vehicles and the premium automotive sectors, rose by 10% on the same period in 2022 ;
- **The IAM (Independent After Market) business line**, specialized in the production of automotive spare parts, recorded a +5% increase compared to the first six months of 2022, thanks to new business strategies that have become fully operational in both the eurozone and Eastern European markets.

Total revenues for the first half of 2023 are broken down below by business line, with prior period corresponding figures :

Consolidated Revenues of Cofle Group	1H-2023	1H-2022	Var %
OE Division	€ 20,4Mil.	€18,6 Mil.	+10%
IAM Division	€9,3 Mil.	€8,9 Mil.	+4%
Total Revenues	29,7 Mil.	27,5 Mil.	8%

Production revenues amount to € 30.8 million (€ 28.8 million in the first half of 2022), up by 7%.

Ebitda Adjusted amount to € 5.4 million (€ 6.8 million in the first half of 2022), down by 20.6%.

Ebit amount to € 2.7 million (€ 4.8 million in the first half of 2022), down by 43.8%.

The **Net Profit** amounts to € 0.8 million, showing a decrease of -76.5% compared to the previous semester (€3.4 million), primarily impacted by high inflation in Turkey, which resulted in increased personnel costs of approximately €1 million and hyperinflation expenses of approximately €1.8 million.

The **Net Financial Position** is €3.3 million (with a Cash Surplus of €0.2 million as of December 31, 2022). The net financial position has increased y € 3.5 million, primarily due to investments totaling approximately €4.2 million, including €1.2 million for the purchase of the new logistics plant in Italy, €1.5 million for investments in the new electronics production department in Turkey, and €1.5 million for dividend distribution.

The **Adjusted Financial Position** stands at €8.5 million (compared to €3.6 million as of December 31, 2022).

Consolidated Net Equity is €27.4 million (compared to €29.6 million as of December 31, 2022).

MAIN EVENTS OF THE PERIOD

In May 2023, the Parent Company completed a real estate investment of €2.4 million to acquire a property complex consisting of two warehouses with a covered area of over 3,000 square meters, strategically located near the Milan-Venice highway. The primary objective of this investment is to create a state-of-the-art logistics hub that will stand out for the implementation of artificial intelligence-based solutions designed to effectively optimize delivery times.

Simultaneously, the subsidiary Cofle TK OTOMOTIV also made investments in machinery and robotic systems to increase production capacity and in a new electronics production department, with the goal of internalizing the production of electronic components.

During the first half of the year, Cofle strengthened its commercial activities by participating in two significant trade fairs: Agrishow, the international agricultural technology fair in Brazil, and Automechanika Istanbul, the world's leading fair for the Aftermarket Automotive sector.

SIGNIFICANT POST-BALANCE SHEET EVENTS

In August 2023, the parent company entered into an agreement with **Sofinn Italia s.r.l.**, one of the major solution partners in the automotive sector. Alongside the construction of the new warehouse, this agreement will allow for the enhancement of services and logistical efficiency, with a particular focus on the IT reorganization of the Aftermarket Logistics. The optimization of services within the IAM division will also involve the creation of a new website, enabling customers to access a completely revamped portal and providing instant visibility into warehouse availability and delivery times for various products. Through the use of artificial intelligence, a tailored warehouse can be designed in real-time to meet customer needs.

In September 2023, the new French commercial subsidiary, Cofle France, forged a strategic commercial agreement with the second-largest European group in spare parts distribution. This group boasts the widest distribution network in the automotive aftermarket sector in France and supplies parts and equipment to mechanics, body shops, and auto centers. The agreement includes the distribution of Cofle products through the international platform of the new partner, thereby enabling Cofle to extend its global reach and reach a broader customer base.

Thanks to this agreement and the increase in orders from long-standing customers, as well as ongoing negotiations, the Cofle Group anticipates an annual revenue increase of approximately €2 million for the Independent Aftermarket (IAM) division, driven entirely by the commercial operations of Cofle France.

OUTLOOK

The foreseeable outlook for the coming months of fiscal year 2023 continues to affirm the steady growth in the OE sector due to the ongoing demand for new agricultural machinery, driven by the increasing need for food raw material independence among European countries and new regulations concerning sustainability and safety. Growth estimates for the IAM division, with revenue recovery in both the eurozone and Eastern Europe markets, are also confirmed. Furthermore, in the second half of 2023, the benefits of the management's actions taken in the first half are expected to materialize, aimed at addressing the macroeconomic scenario that has particularly impacted the Turkish subsidiaries.

FILING OF THE DOCUMENTATION

A copy of the Report at 30 June 2023, including the independent auditors' report, will be made available to the public in accordance with the law at the company's registered office (Via del Ghezzo 54 - Trezzo sull'Adda - Milan) and will be posted on the institutional website www.cofle.com, "Investor Relations/Budgets and reports" section. The Company uses the eMarket SDIR transmission system and the eMarket STORAGE

mechanism available at www.emarketstorage.com managed by Spafid Connect S.p.A., with registered office at Foro Buonaparte 10, Milan, to transmit and store regulated information.

This press release is available in the Investor Relations section of the website <https://www.cofle.com/it/>.
Il presente comunicato stampa è disponibile nella sezione Investor Relations del sito <https://www.cofle.com/it/>.

About Cofle

The Cofle Group, founded in 1964, is a multinational company specializing in the design, production, and worldwide marketing of cables and remote control systems for the off-road vehicles, automotive, and aftermarket automotive sectors. It closed the year 2022 with a Production Value of €58.0 million. The company operates in 6 facilities located in Italy (1), Turkey (3), India (1), and Brazil (1) for the manufacturing of its products. Cofle sells its products in 38 countries to approximately 294 customers. Since November 11, 2021, Cofle has been listed on the Euronext Growth Milan market, organized and managed by Borsa Italiana S.p.A.

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ANNEXES

CONSOLIDATED INTERIM BALANCE SHEET

<i>Amounts in euros</i>	30/06/2023	31/12/2022
Total Assets	62.901.875	62.612.123
B) Non-Current Assets	14.102.573	11.455.063
I) Intangible Assets	3.635.876	4.177.422
1) Plant and Equipment Costs	638,360	766,033
2) Development Costs	788,818	1,080,446
3) Industrial Patents and Intellectual Property Rights	118,263	93,297
4) Concessions, Licenses, Trademarks, and Similar Rights	1,779,514	1,836,879
5) Goodwill	54,457	98,588
7) Others ...	256,463	302,180
II) Tangible Assets	10.072.302	6.957.389
1) Land and Buildings	2,978,007	453,381
2) Plant and Machinery	5,011,877	4,618,642
3) Industrial and Commercial Equipment	333,616	418,768
4) Other Assets	986,415	1,172,986
5) Work in Progress and Advances	762,388	293,612
III) Financial Assets	394.395	320.251
1) Investments in:	4.662	4.939
b) Associated Companies	4.662	4.939
2) Receivables	100.000	100.000
b) From Associated Companies	100.000	100.000
2) Beyond the Next Fiscal Year	100.000	100.000
3) Other Securities	181.920	90.960
4) Active Derivative Financial Instruments	107.813	124.352
C) Current Assets	48.101.445	50.499.045
I) Inventories	13.266.177	14.065.613
1) Raw Materials, Subsidiary, and Consumables	8,775,381	9,187,070
2) Work in Progress and Semi-Finished Products	553,801	518,053
4) Finished Products and Goods	3,248,509	3,679,764
5) Advances	688,486	680,726
II) Receivables	17.458.716	16.113.617
1) From Customers	14.378.308	13.338.147
1) Due Within the Next Fiscal Year	14.378.308	13.338.147
5 bis) For Tax Credits	2.212.404	1.900.771

	2.212.404	1.900.771
1) Due Within the Next Fiscal Year		
5 ter) For Deferred Taxes	262.421	281.668
1) Due Within the Next Fiscal Year	262.421	281.668
5 quater) To Others	605.583	593.031
1) Due Within the Next Fiscal Year	605.583	593.031
IV) Cash and Cash Equivalents	17.376.552	20.319.815
1) Bank and Postal Deposits	17,371,893	20,316,070
3) Cash and Cash Equivalents	4,660	3,746
D) Accruals and Deferred Income	697.857	658.015
<i>Amounts in euros</i>	30/06/2023	31/12/2022
Liabilities	62.901.875	62.612.123
A) Equity	27.413.911	29.636.901
I) Group Equity	25.509.518	27.810.486
I) Capital	615,600	615,600
II) Share Premium Reserve	14,916,771	14,916,771
III) Revaluation Reserves	2,434,930	2,434,930
IV) Legal Reserve	123,120	123,075
VI) Other Reserves, Separately Indicated	(9,487,981)	(6,625,734)
Foreign Consolidation Conversion Reserves	(10,107,210)	(7,244,963)
Consolidation Reserve	619,229	619,229
VII) Reserve for Expected Cash Flow Hedge	103,494	118,226
VIII) Retained Earnings (Losses)	16,158,129	13,939,578
IX) Earnings (Losses) for the Year	645,456	2,288,040
Third-Party Equity	1.904.394	1.826.416
Capital and Third-Party Reserves	1,701,916	1,466,385
Third-Party Earnings (Losses)	202,478	360,031
B) Provisions for Risks and Charges	1.128.150	1.149.362
1) Severance Pay and Similar Obligations Funds	272.880	181.920
2) Tax Provisions, including deferred taxes	850.875	967.442
4) Others	4.395	
C) Severance Pay for Subordinate Employment	614.785	628.516
D) Liabilities	33.024.647	30.561.222
1) Bonds	4.872.022	4.852.919
1) Due within the next fiscal year	500.000	
2) Due beyond the next fiscal year	4.372.022	4.852.919
4) Liabilities to Banks	15.689.351	14.570.713
1) Due within the next fiscal year	8.304.368	4.269.010
2) Due beyond the next fiscal year	7.384.983	10.301.703
5) Liabilities to Other Creditors	429.900	432.963

1) Due within the next fiscal year	0	8.350
2) Due beyond the next fiscal year	429.900	424.613
6) Advances	33.570	30.259
1 Due within the next fiscal year	33.570	30.259
7) Liabilities to Suppliers	8.396.037	8.092.379
1) Due within the next fiscal year	8.396.037	8.092.379
11 Liabilities to Controlling Entities	0	255.000
2) Due beyond the next fiscal year		255.000
12 Tax Liabilities	1.134.654	464.293
1 Due within the next fiscal year	1.134.654	464.293
13) Liabilities to Social Security and Welfare Institutions	388.955	452.821
1) Due within the next fiscal year	388.955	452.821
14) Other Debts	2.080.159	1.409.874
1 Due within the next fiscal year	2.080.159	1.409.874
E Accruals and Deferred Income	720.382	636.122

CONSOLIDATED INTERMEDIATE INCOME STATEMENT

<i>Amounts in euros</i>	30/06/2023	30/06/2022
A) Production Value	30.782.090	28.768.055
1) Sales and Service Revenues	29.740.621	27.552.132
Changes in the Inventories of Work in Progress, Semi-finished and Finished Goods	372.548	695.167
5) Other Revenues and Income, with Separate Indication of Contributions to Operating Income	668.921	520.756
B) Production Costs	28.045.974	23.918.127
6) For Raw Materials, Subsidiaries, Consumption, and Goods	13.358.691	12.694.475
7) For Services	5.974.566	5.320.569
8) For Third-Party Leased Assets	701.280	601.899
9) For Staff	6.743.552	5.625.098
a) Salaries and Wages	5.110.270	4.290.799
b) Social Charges	1.342.006	1.052.781
c) Termination Benefits	155.241	175.645
e) Other Costs	136.035	105.873
10) Depreciation and Impairment	1.498.208	1.194.260
a) Depreciation of Intangible Assets	454.208	421.534
b) Depreciation of Tangible Assets	1.043.999	772.726
11) Changes in Inventories of Raw Materials, Subsidiaries, Consumption, and Goods	(1.176.085)	(2.035.405)
14) Other Operating Expenses	945.762	517.231
Difference between Production Value and Production Costs (A - B)	2.736.117	4.849.928
C) Financial Revenues and Expenses	(1.086.478)	(116.366)
16) Other Financial Revenues	118.979	42.419
b) From Securities Classified as Non-Participating Investments	0	4.000
d) Other Revenues Apart from the Above	118.979	38.419
17) Interest and Other Financial Expenses	2.627.343	448.049
e) Other	2.627.343	448.049
17 bis) Gains and Losses on Exchange Rates	1.421.887	289.264
Pre-Tax Result (A - B + - C + - D)	1.649.639	4.733.562
20) Income Taxes, Current, Deferred, and Anticipated	801.705	1.363.602
a) Current Taxes	651.879	1.426.038
c) Deferred Taxes (Anticipated)	149.826	(62.436)
21) Net Income	847.934	3.369.960
1) Net Income Attributable to Third Parties	202.478	366.244
2) Net Income Attributable to the Group	645.456	3.003.716



Control Cables & Systems

CONSOLIDATED INTERMEDIATE CASH FLOW STATEMENT

<i>Amounts in euros</i>	30/06/2023	31/12/2022
A) Cash Flows from Operating Activities (indirect method)		
Net Income	847,934	2,648,071
Income Taxes	801,705	1,893,502
Interest Expense/(Income)	1,086,478	3,893,784
1) Net Income before Income Taxes, Interest, Dividends, and Gains/Losses from Asset Sales	2.736.117	8.435.356
<i>Adjustments for Non-Monetary Items with no Impact on Net Working Capital Provisions</i>		
Allocations to funds	155.241	490.963
Depreciation of fixed assets	1.498.208	3.431.263
Other adjustments for non-monetary items	0	56.868
Total adjustments for non-monetary items that had no impact on net working capital	1.653.449	3.979.094
2) Financial flow before changes in net working capital	4.389.565	12.414.450
<i>Changes in net working capital</i>		
Decrease/(Increase) in inventories	400.655	(3.344.139)
Decrease/(Increase) in trade receivables	(1.040.161)	(685.263)
Decrease/(Increase) in trade payables	303.658	40.027
Decrease/(Increase) in accrued income and deferred income	(39.842)	(301.776)
Decrease/(Increase) in accrued expenses and deferred charges	84.260	(83.374)
Other decreases/ (Other increases) in net working capital	597.177	(936.408)
Total changes in net working capital	305.748	(5.310.934)
3) Financial flow after changes in net working capital	4.695.313	7.103.517
<i>Other adjustments</i>		
Interest received/(paid)	(1.086.478)	(3.893.784)
(Income taxes paid)	(464.189)	(2.368.525)
(Use of funds)	(168.973)	492.997
Total other adjustments	(1.719.639)	(5.769.312)
Operating activities cash flow (A)	2.975.674	1.334.205
B) Cash Flows from Investing Activities		
<i>Tangible assets</i>	(4.680.186)	(2.191.822)
(Investments)	(4.700.567)	(2.468.041)
Disposals	20.380	276.219
<i>Intangible assets</i>	(58.937)	(784.148)
(Investments)	(65.102)	(784.148)
Disposals	6.164	0
<i>Financial assets</i>	(88.876)	599.688
(Investments)	(88.876)	(939)
Disposals	0	600.627



Control Cables & Systems

Investing activities cash flow (B)		(4.827.999)	(2.376.282)
C) Cash Flows from Financing Activities			
<i>Funds from third parties</i>			
	Increase/(Decrease) in bank borrowings	1.118.637	3.922.864
	Increase/(Decrease) in other financial liabilities	(3.063)	(55.807)
	Increase/(Decrease) in liabilities to parent companies	(255.000)	(467.500)
	Increase/(Decrease) in bond liabilities	19.103	4.852.919
<i>Own funds</i>			
	Variations in net equity	(215.400)	33.907
	(Dividends and advances on dividends paid)	(1.755.215)	(2.418.260)
Financing activities cash flow (C)		(1.090.937)	5.868.123
Increase (decrease) in cash and cash equivalents (A ± B ± C)		(2.943.263)	4.826.047
	Cash and cash equivalents at the beginning of the period	20.319.815	15.493.769
	Cash and cash equivalents at the end of the period	17.376.552	20.319.815

Fine Comunicato n.20232-23

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