

INTERIM FINANCIAL REPORT AS AT SEPTEMBER 30, 2023

(Translation into English of the original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,461,355.84
MILANO MONZA-BRIANZA LODI COMPANY REGISTER AND TAX CODE N. 00607460201
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.
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BOARD OF DIRECTORS' REPORT

ON OPERATIONS

AS AT SEPTEMBER 30, 2023

THE AUTOMOTIVE MARKET IN 2023

In the third quarter of 2023 world car production increased by 3.8% compared to the third quarter of 2022, which had in its turn reported growth of 29.5% on the previous year.

In the first nine months of 2023, world production of motor vehicles rose by 9.0% compared to the corresponding period of 2022. Growth was particularly strong in Europe (+15.3%) and NAFTA (+11.3%) and significant also in Mercosur (+6.0%) and India (+6.7%). As for China, the performance of the quarter had its ups and downs with production in the first nine months posting an overall increase of +4.8%.

S&P Global (IHS) expects that the fourth quarter will see growth in world car production of 3.5% compared to fourth quarter 2022, forecasting for the whole year 2023 a rise of 7.5% on 2022, with growth in all the main geographical areas.

INFORMATION ON OPERATIONS

In the first nine months of 2023, the consolidated revenues of the Group recorded growth of 8.1% on the first nine months of 2022; at constant exchange rates the increase would have been 10.7%, thanks to the 7.1% rise in production volumes and the 3.4% rise in selling prices.

The results were positive and showed a significant improvement on those of the first nine months of 2022:

- **EBITDA**¹, totalling Euro 173.9 million, was up by 14.7% thanks to the growth in revenues and the greater contribution margin;
- **EBIT**, which came to Euro 89.1 million, was up by 39.5%, with an EBIT margin of 7.1% of revenues, up from 5.5% in the first nine months of 2022;
- **Net income** came in at Euro 45.8 million (+39% compared to Euro 33.0 million in the first nine months of 2022);
- **Free Cash Flow** was positive for Euro 38.4 million (Euro 31.6 million in the first nine months of 2022);
- **Net debt (before IFRS 16)** stood at Euro 192.7 million at 30 September 2022, down from Euro 224.3 million at 31 December 2022.

Business activity performed positively, with a good percentage of contracts for E-mobility (28% of the value of the new contracts acquired in the first nine months of 2023); the acquisition of new businesses was particularly dynamic in North America, China and India.

In particular, **Air and Cooling** obtained important contracts in North America, which will make it possible to increase market share in that area, and in China, including

¹ EBITDA is calculated by adding "EBIT", the item "Depreciation and amortization" and the amount of writedowns of tangible and intangible assets posted in "Other non-operating expenses (income)" for Euro -0.2 million at 30 September 2023 (Euro 0.9 million in the corresponding period last year).

various orders from the car manufacturer BYD. 32% of the value of the new contracts obtained in 2023 by the business unit were for parts for E-mobility platforms.

Suspensions, in addition to having obtained new orders in Europe mainly for the supply of stabilizer bars, also signed a contract in China with an innovative local player who aspires to becoming one of the main producers in the electric car market.

CONSOLIDATED RESULTS FOR THE FIRST NINE MONTHS OF 2023²

Revenues for the first nine months of 2023 came in at Euro 1,252.5 million, posting a rise of 8.1% at current exchange rates and of 10.7% at constant exchange rates compared to the same period of 2022.

Sales revenues by geographic area

(in millions of Euro)	9M 2023	9M 2022	reported change 2023 vs 2022	constant exchange rates 2023 vs 2022	reference market production
	<i>Amount</i>	<i>Amount</i>	%	%	%
Europe	743.0	668.6	11.1	11.4	15.3
North America	270.7	248.0	9.2	13.3	11.3
South America	83.5	85.2	(2.1)	3.1	6.0
India	83.4	77.4	7.8	16.8	6.7
China	78.1	84.6	(7.6)	0.3	4.8
Intercompany eliminations	(6.2)	(5.1)			
TOTAL	1,252.5	1,158.7	8.1	10.7	9.0

Growth was very significant in Europe (+11.1%), North America (+9.2% and +13.3% at constant exchange rates) and India (+7.8% and +16.8% at constant exchange rates). However, in South America and in China revenues were down slightly because of the changes in exchange rates; at constant exchange rates, revenues were equivalent to or slightly higher than those of the previous year.

Sogefi's overall performance was substantially in line with that of the market; by geographical areas, its performance was better in NAFTA and India.

Sales revenues by business sector

(in millions of Euro)	9M 2023	9M 2022	reported change 2023 vs 2022	constant exchange rates 2023 vs 2022
	<i>Amount</i>	<i>Amount</i>	%	%
Suspensions	453.0	412.7	9.8	11.7
Filtration	435.0	403.0	7.9	10.1
Air&Cooling	369.7	345.9	6.9	10.7
Intercompany eliminations	(5.2)	(2.9)		
TOTAL	1,252.5	1,158.7	8.1	10.7

All of the business units reported substantial revenue growth.

² During the third quarter of 2023, an agreement was reached for the sale of the suspension business in Mexico -which is currently being finalized- and it is expected to be completed by the end of 2023. In the first nine months of 2023, the revenue from this business amounted to Euro 7 million. Consequently, the values for the first nine months of 2023 and 2022 have been prepared applying the IFRS 5 principle ("Non-current Assets Held for Sale and Discontinued Operations") to the suspension business in Mexico.

Revenues of Suspensions were up by 9.8% (+11.7% at constant exchange rates), with particularly positive performance in Europe (+14.4% at constant exchange rates) and India (+25.7% at constant exchange rates).

Filtration reported revenue growth of 7.9% (+10.1% at constant exchange rates), with the Aftermarket channel in Europe reporting +10.7% and India reporting +15.3% at constant exchange rates.

Air and Cooling reported a 6.9% rise in revenues (+10.7% at constant exchange rates), with growth of 14.5% at constant exchange rates in NAFTA.

Overview of consolidated income statement

(in millions of Euro)	Note (*)	9M 2023		9M 2022		Change	
		Amount	%	Amount	%	Amount	%
Sales revenues		1,252.5	100.0	1,158.7	100.0	93.8	8.1
Variable cost of sales		891.5	71.2	837.2	72.3	54.3	6.5
CONTRIBUTION MARGIN		361.0	28.8	321.5	27.7	39.5	12.3
Fixed Costs	(a)	179.0	14.3	167.4	14.4	11.6	6.9
Restructuring costs		3.9	0.3	7.9	0.7	(4.0)	(50.2)
Other expenses (income)	(b)	4.2	0.3	(5.5)	(0.5)	9.7	(175.7)
EBITDA	(c)	173.9	13.9	151.7	13.1	22.2	14.7
Depreciation and amortization	(d)	84.8	6.8	87.8	7.6	(3.0)	(3.4)
EBIT		89.1	7.1	63.9	5.5	25.2	39.5
NET INCOME (LOSS) OF OPERATING ACTIVITIES		54.5	4.4	35.3	3.0	19.2	54.5
Net income (loss) from discontinued operations, net of tax effects		(6.4)	(0.5)	(1.1)	(0.1)	(5.3)	(469.7)
Loss (Income) attributable to non-controlling interests		(2.3)	(0.2)	(1.2)	(0.1)	(1.1)	(99.6)
GROUP NET RESULT		45.8	3.7	33.0	2.8	12.8	39.0

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

EBITDA, totalling Euro 173.9 million, was up by 14.7% compared to the first nine months of 2022 (Euro 151.7 million).

The contribution margin increased by 12.3% compared to the first nine months of 2022, thanks to the higher revenues and greater margins (% of ratio of contribution margin to revenues), rising from 27.7% in 2022 to 28.8%.

The impact of fixed costs on revenues (14.3%) was unchanged from the first nine months of 2022.

Other income/charges made a negative contribution to EBITDA of Euro 4.2 million, versus a positive contribution of Euro 5.5 million in the first nine months of 2022 and consist mainly of exchange rate differences.

EBIT came in at Euro 89.1 million, +39.5% from Euro 63.9 million in the first nine months of 2022. Its ratio to revenues increased from 5.5% in the first nine months of 2022 to 7.1% in the first nine months of 2023.

Financial expense, totalling Euro 16.4 million, was higher than in the first nine months of 2022 (Euro 13.6 million) because the rise in interest rates affected the loans at variable interest rates.

Tax expense came to Euro 18.2 million (Euro 15.0 million in the same period of 2022).

Net income from continuing operations was Euro 54.5 million, up from Euro 35.3 million in the same period of last year.

The net result of “discontinued operations and assets held for sale” refers to the sale, currently under negotiation, of the Suspensions business in Mexico; the result was a negative Euro 6.4 million (Euro -1.1 million in the same period of 2022) and includes the net result of the business in the first nine months of 2023 and the best estimate of the income from the envisaged sale.

The group reported **net income** of Euro 45.8 million (Euro 33.0 million in the first nine months of 2022).

Free Cash Flow was positive for Euro 38.4 million (Euro 31.6 million in the first nine months of 2022).

At 30 September 2023 **shareholders’ equity**, excluding minority interests, stood at Euro 273.5 million, versus Euro 230.7 million at 31 December 2022. The increase mainly reflects the net result for the period.

Net financial debt before IFRS 16 totalled Euro 192.7 million at 30 September 2023, down from Euro 224.3 million at 31 December 2022 and Euro 219.7 million at 30 September 2022. Including the financial payables for rights of use, in accordance with IFRS 16, the net financial debt stood at Euro 257.9 million at 30 September 2023, down from Euro 294.9 million at 31 December 2022 and Euro 292.7 million at 30 September 2022.

At 30 September 2023 the Group had committed credit lines in excess of its requirements for Euro 270.0 million.

The **employees** of Sogefi Group at 30 September 2023 were 5,326, compared to 5,321 at 31 December 2022 and 5,399 at 30 September 2022.

PERFORMANCE OF BUSINESS UNITS

Air & Cooling Business Unit

In the first nine months of 2023, the Air and Cooling business unit reported revenues of Euro 369.7 million, up by 6.9% (+10.7% at constant exchange rates), thanks to the significant development in NAFTA (+14.5% at constant exchanges rates).

EBITDA amounted to Euro 63.0 million (Euro 58.5 in the first nine months of 2022) with an EBITDA margin at 17.0%, stable compared to the first nine months of 2022.

EBIT amounted to Euro 31.1 million, up compared to Euro 25.4 million in the same period of the previous fiscal year.

The employees of the business unit at 30 September 2023 were 1,225 (1,220 at 31 December 2022 and 1,204 at 30 September 2022).

Suspension Business Unit

In 2023, the Suspension business unit reported revenues of Euro 453.0 million, up by 9.8% (11.7% at constant exchange rates) thanks to the increase in volumes and the adjustment of sales prices. At constant exchange rates, all geographic regions showed positive trends, with significant growth in Europe (+14.4%) and India (+25.7%).

EBITDA amounted to Euro 30.9 million, compared to Euro 23.8 million in the first nine months of 2022, and EBITDA margin increased from 5.8% in 2022 to 6.8% in the same period of 2023.

EBIT was at Euro +4.2 million, compared to Euro -3.6 million in the same period of

2022. This improvement is attributed to measures underway and the positive trend is expected to continue in the coming months and into 2024.

The employees of the business unit at 30 September 2023 were 2,065 (2,091 at 31 December 2022 and 2,166 at 30 September 2022).

Filtration Business Unit

In the first nine months of 2023, Filtration business unit reported revenues of Euro 435.0 million, up by +7.9% (+10.1% at constant exchange rates) compared to the same period of 2022, with positive developments in all geographic areas, particularly in India (+15.3% at constant exchange rates) and in the Aftermarket channel in Europe (+10.7%).

EBITDA amounted to Euro 80.0 million, compared to Euro 60.8 million in the first nine months of 2022, and the EBITDA margin increased to 18.4%, up from 15.1% in the same period of 2022.

EBIT was positive at Euro 57.1 million, up from Euro 37.9 million in the first nine months of 2022, with operating profitability increasing to 13.1% compared to 9.4% in the same period of the previous year.

The employees of the business unit at 30 September 2023 were 1,979 (1,954 at 31 December 2022 and 1,971 at 30 September 2022).

PERFORMANCE IN THE THIRD QUARTER OF 2023

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

(in millions of Euro)	Note (*)	Q3 2023		Q3 2022		Change	
		Amount	%	Amount	%	Amount	%
Sales revenues		404.9	100.0	406.8	100.0	(1.9)	(0.5)
Variable cost of sales		283.6	70.0	296.8	73.0	(13.2)	(4.5)
CONTRIBUTION MARGIN		121.3	30.0	110.0	27.0	11.3	10.3
Fixed Costs	(a)	58.2	14.5	56.0	13.8	2.2	3.9
Restructuring costs		1.0	0.2	3.8	0.9	(2.8)	(74.5)
Other expenses (income)	(b)	0.4	0.1	(1.4)	(0.4)	1.8	(128.2)
EBITDA	(c)	61.7	15.2	51.6	12.7	10.1	19.7
Depreciation and amortization/Write-downs	(d)	29.4	7.2	29.3	7.2	0.1	0.2
EBIT		32.3	8.0	22.3	5.5	10.0	44.6
NET INCOME (LOSS) OF OPERATING ACTIVITIES		20.2	5.0	13.4	3.3	6.8	50.6
Net income (loss) from discontinued operations, net of tax effects		(5.0)	(1.2)	(0.3)	(0.1)	(4.7)	0.0
Loss (Income) attributable to non-controlling interests		(0.8)	(0.2)	(0.9)	(0.2)	0.1	(10.5)
GROUP NET RESULT		14.4	3.6	12.2	3.0	2.2	18.2

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

In the third quarter of 2023, the Sogefi Group reported revenues of Euro 404.9 million, -0.5% compared to the same period of 2022 and +4.6% at constant exchange rates.

EBITDA came in at Euro 61.7 million, up from Euro 51.6 million in the third quarter of 2022, thanks to the contribution margin increasing from 27.0% to 30.0%.

EBIT was a positive Euro 32.3 million (versus Euro 22.3 million in the third quarter of 2022).

The **net income from continuing operations** in the quarter was Euro 20.2 million, up

from Euro 13.4 million in the same period of the previous year.

In the third quarter a negative net result of Euro 5.0 million was recorded for “discontinued operations and assets held for sale” (Euro -0.3 million in the same period of 2022), which refers to the Suspensions business in Mexico and includes, as well as the net result of the business in the third quarter, the best estimate of the result from the disposal.

The **consolidated net result** for the third quarter of 2023 was Euro 14.4 million compared to Euro 12.2 million in the same period of the previous year.

IMPACTS OF THE MACROECONOMIC ENVIRONMENT, THE COVID-19, THE RUSSIA-UKRAINE AND GAZA – ISRAEL CONFLICTS AND THE CLIMATE CHANGE ON OPERATIONS

Impact of the macroeconomic environment on operations

With reference to the macroeconomic context, in the first nine months of 2023, the trend of the economies of the main geographical areas in which Sogefi operates was positive, and global car production increased by 9.0%, with significant progress in all geographical areas. This trend enabled sogefi to achieve revenue growth of 8.1%.

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

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

Impacts of the Russia-Ukraine and Gaza-Israel conflicts on operations

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

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

Direct impacts of the Gaza-Israel conflict on the group's business are not expected, as Sogefi has no direct operations in the affected areas. At present, it is not possible to assess any indirect impacts.

Impact of Covid-19 pandemic on operations

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

Climate change and transition risks

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

SIGNIFICANT EVENTS OCCURRED AFTER 30 SEPTEMBER 2023

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

OUTLOOK FOR THE YEAR

Visibility as to the automotive market trend in 2023 remains limited due to the uncertainties regarding the macroeconomic evolution in a context of high inflation and still rising interest rates.

For the fourth quarter of 2023, S&P Global (IHS) expects world car production to grow by 3.5% compared to the same period of 2022.

As far as raw materials are concerned, in the first nine months of 2023 prices trended downwards and as yet there have been no signs of any inversion of the trend. As for energy costs, after a phase of containment, volatility remains high and could potentially intensify due to the new geo-political tensions.

Assuming there are no factors that could cause a deterioration of the macroeconomic scenario from today's levels, for 2023 the Sogefi Group expects to see revenue growth of over 5% and an increase in profitability, excluding non-recurring charges, in line with the results reported for the first nine months of the year.

Milan, 23 October 2023

For THE BOARD OF DIRECTORS

The Chief Executive Officer

Frédéric Sipahi

ANNEX: NOTES RECONCILING THE FINANCIAL STATEMENTS SHOWN IN THE REPORT ON OPERATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS AT 30 SEPTEMBER 2023

- (a) The item corresponds to the sum of the lines “Manufacturing and R&D overheads”, “Distribution and sales fixed expenses” and “Administrative and general expenses”;
- (b) The item corresponds to the sum of the lines “Losses (gains) on disposal”, “Exchange (gains) losses” and “Other non-operating expenses (income)”, with the exception of the amount relating to the write-downs of tangible and intangible fixed assets;
- (c) The item corresponds to the sum of the lines “EBIT”, “Depreciation and amortization” and the amount of the write-downs of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)”;
- (d) The item corresponds to the sum of the lines “Depreciation and amortization” and the amount of the write-downs of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)”.

SOGEFI GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

ASSETS	09.30.2023	12.31.2022
CURRENT ASSETS		
Cash and cash equivalents	113.9	118.5
Other financial assets	2.6	6.1
Inventories	145.0	129.7
Trade receivables	197.2	161.2
Other receivables	13.4	11.4
Tax receivables	33.4	29.0
Other assets	5.8	3.1
ASSETS HELD FOR SALE	7.6	-
TOTAL CURRENT ASSETS	518.9	459.0
NON-CURRENT ASSETS		
Land	9.8	9.7
Property, plant and equipment	355.0	367.8
Other tangible fixed assets	6.2	6.3
Rights of use	60.0	65.9
Intangible assets	210.2	218.2
Other financial assets	4.1	3.0
Financial receivables	4.2	5.6
Other receivables	32.1	32.5
Deferred tax assets	30.5	31.8
TOTAL NON-CURRENT ASSETS	712.1	740.8
TOTAL ASSETS	1,231.0	1,199.8

LIABILITIES	09.30.2023	12.31.2022
CURRENT LIABILITIES		
Bank overdrafts and short-term loans	2.5	1.9
Current portion of medium/long-term financial debts and other loans	63.8	69.1
Short-term financial debts for rights of use	13.6	13.7
Other short-term liabilities for derivative financial instruments	-	-
Trade and other payables	373.7	347.6
Tax payables	16.9	4.7
Other current liabilities	44.3	40.1
Current provisions	8.1	10.1
LIABILITIES RELATED TO ASSETS HELD FOR SALE	1.5	-
TOTAL CURRENT LIABILITIES	524.4	487.2
NON-CURRENT LIABILITIES		
Financial debts to bank	196.8	233.4
Non current portion of medium/long-term financial debts and other loans	54.4	52.3
Medium/long-term financial debts for right of use	51.6	57.5
Other medium/long-term financial liabilities for derivative financial instruments	-	-
Non-current provisions	32.6	33.7
Other payables	61.7	64.5
Deferred tax liabilities	22.7	23.7
TOTAL NON-CURRENT LIABILITIES	419.8	465.1
SHAREHOLDERS' EQUITY		
Share capital	62.5	62.5
Reserves and retained earnings (accumulated losses)	165.2	138.6
Group net result for the period	45.8	29.6
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY	273.5	230.7
Non-controlling interests	13.3	16.8
TOTAL SHAREHOLDERS' EQUITY	286.8	247.5
TOTAL LIABILITIES AND EQUITY	1,231.0	1,199.8

SHAREHOLDERS' EQUITY

(in millions of Euro)	Consolidated shareholders' equity - Group	Capital and reserves pertaining to non-controlling interests	Total Group and non-controlling shareholders' equity
Balance at December 31, 2022	230.7	16.8	247.5
Dividends	-	(6.3)	(6.3)
Currency translation differences	(8.2)	-	(8.2)
Actuarial gain (loss)	0.6	-	0.6
Fair value cash flow hedging instruments	(0.8)	-	(0.8)
Other changes	5.4	0.5	5.9
Net result for the period	45.8	2.3	48.1
Balance at September 30, 2023	273.5	13.3	286.8

CONSOLIDATED INCOME STATEMENT

(in millions of Euro)	Period		Period		Change	
	01.01 – 09.30.2023		01.01 – 09.30.2022 (*)			
	Amount	%	Amount	%	Amount	%
Sales revenues	1,252.5	100.0	1,158.7	100.0	93.8	8.1
Variable cost of sales	891.5	71.2	837.2	72.3	54.3	6.5
CONTRIBUTION MARGIN	361.0	28.8	321.5	27.7	39.5	12.3
Manufacturing and R&D overheads	97.5	7.8	90.9	7.7	6.6	7.3
Depreciation and amortization	85.0	6.8	86.8	7.5	(1.8)	(2.1)
Distribution and sales fixed expenses	23.7	1.9	23.3	2.0	0.4	1.6
Administrative and general expenses	57.8	4.6	53.2	4.6	4.6	8.6
Restructuring costs	3.9	0.3	7.9	0.7	(4.0)	(50.2)
Losses (gains) on disposal	(0.0)	-	0.1	-	(0.1)	(153.9)
Exchange (gains) losses	1.6	0.1	(5.2)	(0.4)	6.8	131.4
Other non-operating expenses (income)	2.4	0.2	0.6	0.1	1.8	313.8
EBIT	89.1	7.1	63.9	5.5	25.2	39.5
Financial expenses	21.0	1.7	16.6	1.4	4.4	26.5
Financial (income)	(4.6)	(0.4)	(3.0)	(0.2)	(1.6)	52.6
RESULT BEFORE TAXES	72.7	5.8	50.3	4.3	22.4	44.4
Income taxes	18.2	1.4	15.0	1.3	3.2	20.5
NET INCOME (LOSS) OF OPERATING ACTIVITIES	54.5	4.4	35.3	3.0	19.2	54.5
Net income (loss) from discontinued operations, net of tax effects	(6.4)	(0.5)	(1.1)	(0.1)	(5.3)	(469.7)
NET RESULT INCLUDING THIRD PARTY	48.1	3.9	34.2	2.9	13.9	41.1
Loss (Income) attributable to non-controlling interests	(2.3)	(0.2)	(1.2)	(0.1)	(1.1)	(99.6)
GROUP NET RESULT	45.8	3.7	33.0	2.8	12.8	39.0

(*) The values for the 2022 financial year, relating to “Assets held for sale”, have been reclassified following the application of IFRS 5 “Non-current assets held for sale and discontinued operations” to the line “Net income (loss) from discontinued operations, net of tax effects”.

CONSOLIDATED INCOME STATEMENT FOR THIRD QUARTER 2023

(in millions of Euro)	Period		Period		Change	
	07.01 – 09.30.2023		07.01 – 09.30.2022 (*)			
	Amount	%	Amount	%	Amount	%
Sales revenues	404.9	100.0	406.8	100.0	(1.9)	(0.5)
Variable cost of sales	283.6	70.0	296.8	73.0	(13.2)	(4.5)
CONTRIBUTION MARGIN	121.3	30.0	110.0	27.0	11.3	10.3
Manufacturing and R&D overheads	31.2	7.7	30.5	7.5	0.7	2.3
Depreciation and amortization	29.2	7.2	29.1	7.2	0.1	0.2
Distribution and sales fixed expenses	7.9	1.9	7.6	1.9	0.3	3.4
Administrative and general expenses	19.1	4.8	18.0	4.3	1.1	6.1
Restructuring costs	1.0	0.2	3.8	0.9	(2.8)	(74.5)
Losses (gains) on disposal	-	0.0	0.1	-	(0.1)	(61.8)
Exchange (gains) losses	(0.4)	(0.1)	(1.3)	(0.3)	0.9	72.7
Other non-operating expenses (income)	1.0	0.3	(0.1)	-	1.1	-
EBIT	32.3	8.0	22.3	5.5	10.0	44.6
Financial expenses	6.2	1.5	5.8	1.4	0.4	7.7
Financial (income)	(0.9)	(0.2)	(1.4)	(0.3)	0.5	(32.6)
RESULT BEFORE TAXES	27.0	6.7	17.9	4.4	9.1	50.6
Income taxes	6.8	1.7	4.5	1.1	2.3	50.6
NET INCOME (LOSS) OF OPERATING ACTIVITIES	20.2	5.0	13.4	3.3	6.8	50.6
Net income (loss) from discontinued operations, net of tax effects	(5.0)	(1.2)	(0.3)	(0.1)	(4.7)	0.0
NET RESULT INCLUDING THIRD PARTY	15.2	3.8	13.1	3.2	2.1	16.3
Loss (Income) attributable to non-controlling interests	(0.8)	(0.2)	(0.9)	(0.2)	0.1	(10.5)
GROUP NET RESULT	14.4	3.6	12.2	3.0	2.2	18.2

(*) The values for the 2022 financial year, relating to “Assets held for sale”, have been reclassified following the application of IFRS 5 “Non-current assets held for sale and discontinued operations” to the line “Net income (loss) from discontinued operations, net of tax effects”.

CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)	09.30.2023	12.31.2022	09.30.2022
A. Cash	113.9	118.5	140.0
B. Cash equivalent	-	-	-
C. Other current financial assets	2.6	6.1	1.7
D. Liquidity (A) + (B) + (C)	116.5	124.6	141.7
E. Current Financial Debt (including debt instruments, but excluding current portion of non-current financial debt)	2.5	2.6	1.2
F. Current portion of non-current financial debt	77.4	82.1	75.4
G. Current financial indebtedness (E) + (F)	79.9	84.7	76.6
H. Net current financial indebtedness (G) - (D)	(36.6)	(39.9)	(65.1)
I. Non-current financial debt (excluding the current portion and debt instruments)	244.6	285.4	299.1
J. Debt instruments	60.3	52.3	59.8
K. Non-current trade and other payables	-	-	-
L. Non-current financial indebtedness (I) + (J) + (K)	304.9	337.7	358.9
M. Total Financial indebtedness (H) + (L)	268.3	297.8	293.8
Other non current financial assets	4.1	2.9	1.1
Other current liabilities	6.3	-	-
Financial indebtedness net, including other non current financial assets (as Net Financial Position reported in Consolidated Cash Flow Statement)	257.9	294.9	292.7

CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)	09.30.2023	12.31.2022	09.30.2022
SELF-FINANCING	135.1	137.4	118.8
Change in net working capital	(27.2)	(11.9)	(16.0)
Other medium/long-term assets/liabilities	0.7	12.0	10.0
CASH FLOW GENERATED BY OPERATIONS	108.6	137.5	112.8
Net decrease from sale of fixed assets	2.7	6.9	0.4
TOTAL SOURCES	111.3	144.4	113.2
TOTAL APPLICATION OF FUNDS	69.3	109.5	73.8
Net financial position of subsidiaries purchased/sold during the period	0.1	-	-
Exchange differences on assets/liabilities and equity	(3.7)	(5.6)	(7.8)
FREE CASH FLOW	38.4	29.3	31.6
Dividends paid by subsidiaries to non-controlling interests	-	(2.1)	(2.1)
Change in fair value derivative instruments	(1.4)	5.5	5.4
CHANGES IN SHAREHOLDERS' EQUITY	(1.4)	3.4	3.3
Change in net financial position	37.0	32.7	34.9
Opening net financial position	(294.9)	(327.6)	(327.6)
CLOSING NET FINANCIAL POSITION	(257.9)	(294.9)	(292.7)

CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Introduction

The consolidated Interim financial report at 30 September 2023, which has not been externally audited, has been prepared in compliance with International Accounting Standards (IAS/IFRS) and to this end, the financial statements of consolidated companies have been duly reclassified and adjusted.

The interim financial report has been drawn up in accordance with the provisions of art. 154-ter, paragraph 5 of Legislative Decree no. 58 of 2/24/98 (Consolidated Law on Finance) and subsequent amendments. Therefore, the provisions of the international accounting standard regarding interim financial information (IAS 34 “Interim financial reporting”) have not been adopted.

2. Consolidation principles

Consolidation is performed on a line-by-line basis. The criteria adopted for the application of this method have not changed with respect to those used at 31 December 2022.

3. Accounting Standards applied

The accounting standards applied in the preparation of the financial statements at 30 September 2023 are the same as those applied to the financial statements at 31 December 2022.

This financial information has been prepared on a going concern basis.

It should be noted that the values for the first nine months of 2023 and 2022 include the application of IFRS 5 principle (“Non-current Assets Held for Sale and Discontinued Operations”) to the values of the suspension business in North America (Mexico), which is being sold and for which, based on ongoing negotiations, the completion of the sale by 2023 is considered highly probable.

The item “Assets held for sale and liabilities related to assets held for sale” in the Consolidated Statement of Financial Position includes the assets and liabilities of the subsidiary Sogefi Engine Systems Mexico S. de R.L. de C.V. related to the aforementioned suspension business in North America, which is the subject of disposal.

The item “Net income (loss) from discontinued operations, net of tax effects” in the Consolidated Income Statement includes the values of the aforementioned suspension business in North America and the best estimate of the result from the envisaged sale.

**DECLARATION PURSUANT TO ART. 154-BIS, PARAGRAPH 2, LEGISLATIVE
DECREE NO. 58/1998**

Subject: Interim financial report at 30 September 2023

The undersigned, Mrs Maria Beatrice De Minicis - Manager responsible for preparing the Company's financial reports-

declares

pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance that the accounting information contained in this document corresponds to the document results, books and accounting records.

Milan, 23 October 2023

SOGEFI S.p.A
(Maria Beatrice De Minicis)