



**CEMBRE**

# 2023 ANNUAL FINANCIAL REPORT

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## Cembre S.p.A.

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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 draft statutory annual financial statements and consolidated annual financial statements prepared in the Italian language for the purpose of the law.  
This document is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815.**

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## Report on Operations for the 2023 Financial Year

### Operating review

FY 2023 closed with satisfactory results for the Cembre Group. Consolidated revenues reached €222.6 million, an increase of 11.9% over 2022.

The performance of consolidated sales by geographical areas shows 14.6% growth in the Italian market, with sales equal to €96.7 million. Sales in the rest of Europe grew by 9.7% on the previous year to €102.3 million while sales in the rest of the World were 11.2% higher, reaching €23.6 million. In 2023, sales revenues to the Italian market represented 43.5% of the total (42.4% in 2022), sales to the rest of Europe 46.0% (46.9% in 2022) and sales in the rest of the world represented 10.6% of total sales (10.7% in 2022).

Sales by geographical area:

(euro '000)	2023	2022	Change	2021	2020	2019	2018
Italy	96,691	84,385	14.6%	70,406	55,955	58,469	59,023
Rest of Europe	102,280	93,214	9.7%	78,772	64,050	68,757	62,649
Rest of the World	23,580	21,197	11.2%	17,657	17,132	19,070	22,424
<b>Total</b>	<b>222,551</b>	<b>198,796</b>	<b>11.9%</b>	<b>166,835</b>	<b>137,137</b>	<b>146,296</b>	<b>144,096</b>

Revenues by Group company (net of intragroup sales):

(euro '000)	2023	2022	Change	2021	2020	2019	2018
Parent Company	121,141	109,318	10.8%	91,708	73,578	76,917	77,955
Cembre Ltd. (UK)	27,247	25,293	7.7%	22,633	16,688	19,274	18,336
Cembre S.a.r.l. (F)	14,223	12,124	17.3%	11,258	9,557	10,654	10,089
Cembre España S.L.U. (E)	20,539	16,988	20.9%	12,471	11,107	11,765	10,853
Cembre GmbH (D)	24,437	21,935	11.4%	18,875	15,587	15,149	12,987
Cembre Inc. (USA)	14,964	13,138	13.9%	9,890	10,620	12,537	13,876
<b>Total</b>	<b>222,551</b>	<b>198,796</b>	<b>11.9%</b>	<b>166,835</b>	<b>137,137</b>	<b>146,296</b>	<b>144,096</b>

In 2023, the turnovers of all Group companies were higher than in 2022.

Overall, sales of the foreign subsidiaries increased by 13.3% from €89.5 million in FY 2022, or 45.0% of consolidated revenue, to €101.4 million in FY 2023, accounting for 45.6% of total consolidated revenue.

Revenues from sales of the various companies prior to consolidation are outlined below:

	Revenues from sales prior to consolidation						
(euro '000)	2023	2022	Change	2021	2020	2019	2018
Cembre S.p.A.	173,061	149,516	15.7%	125,696	101,410	108,809	109,068
Cembre Ltd. (UK)	29,812	25,574	16.6%	24,318	18,207	21,254	20,937
Cembre S.a.r.l. (F)	14,295	12,403	15.3%	11,532	9,748	10,799	10,107
Cembre España S.L.U. (E)	20,589	17,001	21.1%	12,518	11,111	11,779	10,860
Cembre GmbH (D)	24,649	22,063	11.7%	19,002	15,662	15,237	13,187
Cembre Inc. (USA)	15,058	13,193	14.1%	9,917	10,663	12,572	13,898

In 2023, Group companies reported the following results:

	Net result prior to consolidation						
(euro '000)	2023	2022	Change	2021	2020	2019	2018
Cembre S.p.A.	39,629	29,117	36.1%	23,420	16,455	22,600	21,257
Cembre Ltd. (UK)	1,471	2,449	-39.9%	2,113	1,408	2,062	1,926
Cembre S.a.r.l. (F)	236	647	-63.6%	(327)	221	338	545
Cembre España S.L.U. (E)	1,953	1,530	27.6%	682	491	443	585
Cembre GmbH (D)	1,277	1,360	-6.1%	1,096	515	367	758
Cembre Inc. (USA)	128	491	-73.9%	705	385	666	1,063

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:

	Currency	Revenues from sales prior to consolidation						
(euro '000)		2023	2022	Change	2021	2020	2019	2018
Cembre Ltd. (UK)	Gbp	25,930	23,514	10.3%	20,904	16,198	18,656	18,523
Cembre Inc. (USA)	US\$	16,282	13,893	17.2%	11,730	12,179	14,075	16,412

	Currency	Net result prior to consolidation						
(euro '000)		2023	2022	Change	2021	2020	2019	2018
Cembre Ltd. (UK)	Gbp	1,280	2,088	-38.7%	1,816	1,253	1,810	1,704
Cembre Inc. (USA)	US\$	138	517	-73.2%	834	439	833	1,256

To provide a better understanding of the consolidated financial performance for 2023, a Comparative Consolidated Income Statement for the previous year showing percentage changes is enclosed as Attachment 1.

Gross operating profit for the period amounted to €66,569 thousand, representing a 29.9% margin on sales, up 21.9% on 2022 when it amounted to €54,593 thousand, representing a 27.5% margin on sales.

The incidence of cost of sales decreased compared to 2022, from 34.5% to 32.1%. Service costs, the incidence of which rose from 12.6% to 12.7%, include the higher volume of technical, legal and administrative consulting.

The incidence of personnel costs reduced slightly, from 25.8% to 25.5%, despite the average workforce rising from 822 collaborators in 2022 (including 79 temporary workers) to 863 collaborators in 2023 (including 91 temporary workers).

Consolidated operating profit for the period amounted to €53,964 thousand, representing a 24.2% margin on sales, up 26.8% on €42,572 thousand in 2022, when it represented a 21.4% margin on sales.

Consolidated profit before taxes amounted to €53,828 thousand, representing a 24.2% margin on sales, up 26.3% on €42,619 thousand in 2022, when it represented a 21.4% margin on sales.

Consolidated net profit for the year amounted to €40,828 thousand, representing a 18.3% margin on sales, up by 27.9% compared to 2022, when it amounted to €31,918 thousand and represented a 16.1% margin on sales.

The net result for 2023 incorporates an extraordinary tax benefit of roughly €1,103 thousand relating to the year 2020 and accounted for in December 2023, after a specific agreement was entered into with the Italian Revenue Agency concerning the "Patent Box" facilitation for the 2020-2024 tax years; for further information on this agreement, please refer to the note on Income Taxes in the Notes to the 2023 Financial Statements.

The consolidated net financial position went from a surplus of €14.6 million at December 31, 2022 to a surplus of €18.2 million at December 31, 2023.

See the notes and the statement of cash flows for further detail.

## Capital expenditure

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

(euro '000)	2023	2022	Change
Capital expenditure on intangible fixes assets	1,407	750	657
Capital expenditure on tangible fixes assets	13,162	11,534	1,628
<b>Total</b>	<b>14,569</b>	<b>12,284</b>	<b>2,285</b>

More detail is provided in the notes under Property, plant and equipment.

## Results of the Parent Company

Results of the Parent Company for the last two financial years are shown in the table below.

(euro '000)	2023	%	2022	%	Change
Revenue from contracts with customers	173,061	100	149,516	100	15.7
Gross operating profit	57,657	33.3	44,224	29.6	30.4
Operating profit	47,777	27.6	34,621	23.2	38.0
Pre-tax result	51,103	29.5	38,198	25.5	33.8
Net profit/loss for the year	39,629	22.9	29,117	19.5	36.1

In 2023, Cembre S.p.A. recognised €3,413 thousand in dividends from its subsidiaries as compared with €3,403 thousand in 2022.

Revenues from sales and services of Cembre S.p.A. were up by 15.7%, from €149,516 thousand in 2022 to €173,061 thousand in 2023. Domestic sales grew by 14.6%, sales to other European countries posted an 17.6% increase and sales in the rest of the World increased by 15.9%.

Area (euro '000)	2023	2022	Change
Italy	96,691	84,385	14.6
Rest of Europe	60,497	51,436	17.6
Rest of the World	15,873	13,695	15.9
<b>Total</b>	<b>173,061</b>	<b>149,516</b>	<b>15.7</b>

## 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*: represents the algebraic sum of cash and cash equivalents, financial receivables and current and non-current financial debt.

### Reclassified Consolidated Statement of Financial Position

	(euro '000)	12.31.2023	12.31.2022
	Trade receivables, net	42,493	31,656
	Inventories	68,743	71,571
	Other non-financial assets	2,833	3,249
	Trade payables	(14,829)	(19,203)
	Other non-financial liabilities	(15,982)	(12,650)
<b>A)</b>	<b>Net current assets (working capital)</b>	<b>83,258</b>	<b>74,623</b>
	Property, plant and equipment and investment	90,981	87,337
	Intangible fixed assets	4,712	4,394
	Goodwill	4,608	4,608
	Assets for rights of use on leased assets	6,422	5,038
	Deferred tax assets	3,447	3,358
	Other non-current assets	83	84
<b>B)</b>	<b>Net fixed assets</b>	<b>110,252</b>	<b>104,819</b>
<b>C)</b>	<b>Non-current assets available for sale</b>	<b>-</b>	<b>-</b>
<b>D)</b>	<b>Employee Termination Indemnity and other personnel benefits</b>	<b>1,751</b>	<b>1,682</b>
<b>E)</b>	<b>Provisions for risks and charges</b>	<b>691</b>	<b>653</b>
<b>F)</b>	<b>Deferred tax liabilities</b>	<b>3,570</b>	<b>3,608</b>
<b>G)</b>	<b>Net capital employed (A+B+C-D-E-F)</b>	<b>187,498</b>	<b>173,499</b>
	Financed by:		
<b>H)</b>	<b>Shareholders' equity</b>	<b>205,719</b>	<b>188,095</b>
	Long-term financial payables	4,693	3,365



	Cash and short-term financial receivables	(20,882)	(15,028)
	Other financial assets	(4,000)	(15,000)
	Short-term financial payables	1,968	12,067
<b>I)</b>	<b>Net Debt/(Availability)</b>	<b>(18,221)</b>	<b>(14,596)</b>
<b>J)</b>	<b>Total sources of funds (H+I)</b>	<b>187,498</b>	<b>173,499</b>

## Shareholders' equity

Consolidation adjustments determined the following differences between the Financial Statements of the Parent Company Cembre S.p.A. at December 31, 2023 and the consolidated accounts at the same date:

(euro '000)	Shareholders' equity	Net Profit
<b>Shareholders' equity and result of the Parent Company</b>	<b>175,579</b>	<b>39,629</b>
Difference between the book value and shareholders' equity and pro-rotta result	35,144	5,065
Elimination of intra-group profits included in the value of inventories	(4,997)	(475)
Currency translation differences from elimination of intragroup balances	(6)	-
Intra-group reconciliations	-	-
Cancellation of dividends	-	(3,395)
Netting of intragroup dividends	(1)	4
<b>Shareholders' equity and result of the Group</b>	<b>205,719</b>	<b>40,828</b>

## 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, as well as the repercussions of the various international crises connected to ongoing conflicts.

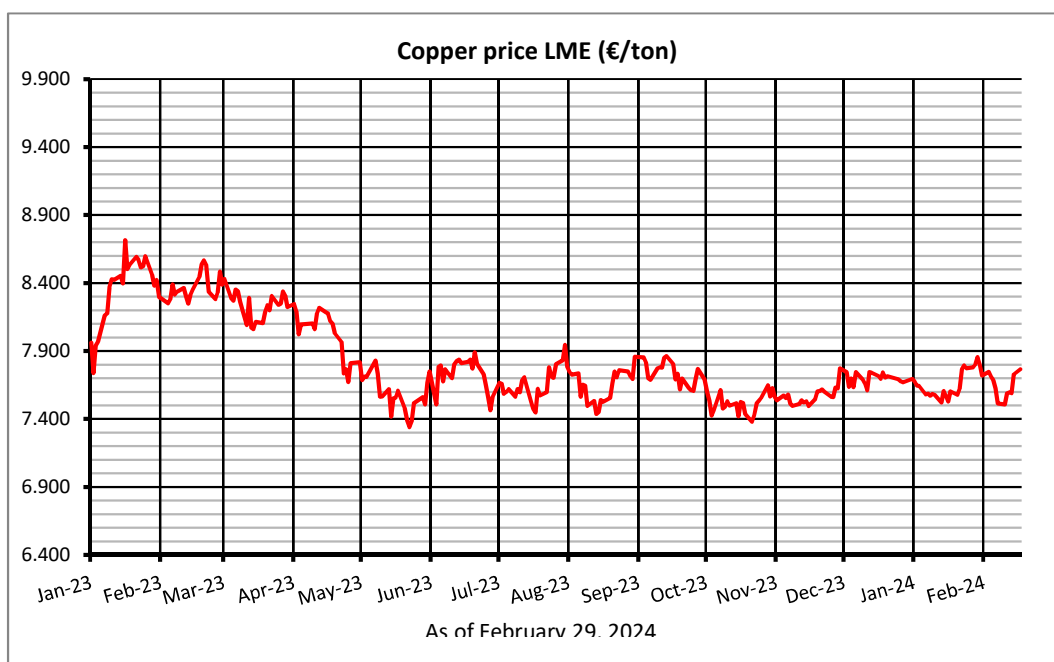
Inflation is falling from its 2022 peak, yet central banks are continuing to keep interest rates high.

The International Monetary Fund forecasts global growth of 3.1% in 2024, 0.2% higher than the October 2023 World Economic Outlook (WEO), due to greater resilience than expected in the United States, emerging markets and developing economies as well as fiscal support in China. However, the forecast for the 2024-2025 period is lower than the historical average (2020-2019) of 3.8%. Growth in the Eurozone is expected to be 0.5% in

2023, reflecting relatively high exposure to the war in Ukraine, 0.9% in 2024 and 1.7% in 2025. The energy price shock is expected to fade, and falling inflation, supporting real income growth, will drive the recovery.

Copper continues to represent the main raw material used in the Cembre Group production process and the price of the commodity is thus constantly monitored.

In the early months of 2023, the price of copper remained at very high levels, reaching its peak in mid-January; in June and July, however, fears of a recessionary period and falling demand on the Chinese market led to a sharp drop in quotations, which fell, after more than a year, below €7,000 per tonne. In the second half of the year, positive indications from the markets led to a rise in the price of copper, which stabilised around an average value of €7,900 per tonne. Forecasts for 2024 estimate a rising price, as a result of the recovery of the Chinese economy and an ever-increasing demand due to the acceleration of the decarbonisation process, which will put a strain on copper stocks currently at their lowest.



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, the launch of lower cost products and by introducing into production processes the most advanced methods and machinery, while implementing targeted marketing policies with the help of its foreign subsidiaries.

### **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. Some time ago, to further reduce this type of risk, Cembre S.p.A., Cembre España SLU and Cembre Sarl 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 December 31, 2023, a fixed rate loan was taken out for €100 thousand in the name of the Parent Company Cembre S.p.A., expiring in 2024. Owing to the nature and duration of the contracts, the interest rate risk can be considered zero.

### **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. To prevent the risk of these occurrences and in line with Legislative Decree 231/2001, the Parent Company Cembre S.p.A. adopted an organisational, management and control model that identifies processes that are subject to risk and establishes the conduct that the various persons are to engage in while carrying out their tasks. The model was illustrated to employees through specific training sessions. The Parent Company constantly integrates and upgrades the model. The Code of Ethics was adopted at Group level, containing the values and principles that all Group companies must be inspired by in carrying out their activities.

### **Risks and effects linked to 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 Ministry of Economy and Finance, the Group companies are not located in areas that may be subject to extreme weather events, such as to jeopardise the continuation of business. The Cembre Group has always paid particular attention to the safety and maintenance of its buildings, with

an eye also to environmentally friendly solutions, as evidenced, for example, by its investment in earthquake-proofing of structures or the use of light chimneys to improve natural lighting in offices.

In particular, Cembre has focused on the following climate change mitigation projects:

- sustainable mobility: Cembre is committed to promoting sustainable mobility. In 2023, the initiatives introduced made it possible to avoid more than 30 tCO<sub>2</sub>eq; these results encourage Cembre to continue investing in this area.
- energy efficiency: Cembre has already achieved significant milestones in this area and will continue to work to reduce its energy consumption. An energy efficiency programme has been initiated within the Group. This programme will reduce energy consumption and save costs. In 2023 at the Brescia site, 372 conventional lighting fixtures were replaced with 285 LED lighting fixtures. This resulted in energy savings of more than 64% for the lighting of the areas concerned.
- reduction of greenhouse gas emissions: Cembre is actively engaged in this direction and has started a process to measure the carbon footprint of its products according to UNI EN ISO 14067:2018 standard. This process, based on life cycle assessment, makes it possible to analyse product environmental impact throughout the entire production and consumption chain. In 2023, the model development phase was completed to measure the carbon footprint of the connector family using SimaPro software. This model will be extended starting in 2024 to measure the carbon footprint of other product families.
- photovoltaic energy: during 2023, the photovoltaic system installed at the Brescia site produced more than 1.6 GWh of electricity, thus reducing dependence on the market and covering around 16% of the plant's total energy needs. In addition, a photovoltaic system with a capacity of around 500 kW has been installed at the Birmingham, England plant, which, although not yet fully operational, has already generated over 145 MWh of electricity.

- technological innovations: technological innovations can make a significant contribution to sustainability. Cembre invests in new technologies to improve the energy efficiency of its operations. These technologies will reduce energy consumption and contribute to combating climate change. Cembre also invests in research and development to develop products with a lower environmental impact.

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.

The Group believes that its business model and products will still be attractive following the transition to a low-emission economy.

Climate change entails a broad spectrum of possible impacts for the Group arising from both physical and transition risks. When making new investments, the Group takes into account the possible future impacts that climate change may have on their usability and useful life. It also closely monitors regulatory developments and changes, such as new climate-related regulations and standards.

Climate-related issues may increase the uncertainty of the estimates and assumptions regarding certain elements or items of the financial statements. For further discussion of this aspect, please refer to the section "Effects of Climate Change" in the sub-chapter "Use of estimates" of the chapter "ACCOUNTING STANDARDS AND VALUATION CRITERIA".

## **Environmental management and protection of occupational health and safety**

Cembre relies its internal control system on company procedures relevant to the prevention and monitoring of operational risks for the environmental part according to the orientation and line of UNI EN ISO 14001:2015 and for the workplace health and safety part, according to the orientation and line of the UNI EN ISO 45001:2018 standard.

The certification of the Environmental and Safety Management System of the Group's production sites allows us to ensure the application of common, shared and respectful behavioural guidelines towards the environment where they are based, and towards the protection of their workers.

This management system is monitored through internal and external audits and through the Management Review.

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

- create opportunities to protect the environment by preventing or mitigating environmental impacts, in which it is present;
- fulfil its compliance obligations;
- improve environmental performance;
- design and manufacture products using materials and processes that ensure the protection of the environment throughout the life of the product, from manufacturing to disposal;
- reduce as much as possible the risk of injuries and accidents during working activities and while using its products;
- guarantee occupational well-being;
- create new and important opportunities for growth by developing synergy between values, economy and productive development.

## Result indicators

To provide a better understanding of results of the Group, we provide below the value of some ratios commonly used in financial statement analysis:

### Financial ratios

		12/31/2023	12/31/2022
<b>ROE</b>	Return on Equity	19.8%	17.0%
<b>ROS</b>	Sales revenues	24.2%	21.4%
<b>ROI</b>	Revenues from ordinary operations	21.7%	17.6%

*ROE (Return on Equity)*: is the ratio between net profit and Shareholders' Equity. It is an index of the profitability of capital invested, used to compare the investment in the company with investments of a different nature on a yield basis.

*ROS (Return on Sales)*: is calculated as the ratio between operating profit and net revenues. It indicates profitability as a proportion of revenues, or the ability to generate profit from the purchase-manufacturing-resale cycle.

*ROI (Return on Investment)*: is the ratio between capital employed (total assets net of investments in non-operating assets, which for the Cembre Group do not exist). It indicates the ability of the company to generate profits through operating activities.

### Liquidity ratios

		12/31/2023	12/31/2022
<b>DI</b>	Current ratio	4.24	3.11
<b>LS</b>	Liquidity ratio	2.14	1.48

*DI*: it is computed by dividing current assets by current liabilities. It indicates the ability of the company to face current liabilities with current assets. A value above 2 signals an optimal situation.

*LS*: it is computed by dividing the sum of current and deferred liquidity by current liabilities, and is used to assess the firm's ability to pay off current liabilities. A value above 1 signals an ideal liquidity position.

### Debt management ratios

		12/31/2023	12/31/2022
<b>CI</b>	Self-coverage of fixed assets ratio	1.93	1.86



<b>LEV</b>	Debt ratio	1.21	1.28
<b>IN</b>	Debt ratio	17.4%	22.1%

*CI*: it is computed by dividing Shareholders' Equity by Fixed Assets and it indicates the ability of the company's equity to cover its investment needs. A value above 1 signals an optimal situation.

*LEV (Leverage)*: it is computed by dividing capital employed by the Shareholders' Equity and it represents the degree of debt of the company. The higher the ratio, the higher the riskiness of the company.

A value between 1 and 2 represents equilibrium in the sources of funds.

*IN*: it is computed by dividing the sum of current and non-current liabilities by capital employed and it indicates the percentage share of funds provided by third parties in financing the company. A value below 50% indicates an adequate financial structure.

### **Research, development and technological innovation**

The costs for the personnel of Cembre S.p.A. dedicated to Research and Development in new products amounted to a total of €694 thousand, of which €331 thousand for research and €363 thousand for development activities. Costs for external supplies and the provision of services amounted to €77 thousand for research and €347 thousand for development.

Below we include a brief description of projects undertaken during 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 Clamps**

There were 62 projects carried out for Cable lugs and Clamps. Each study involved both new connectors and machinery for their manufacturing.

Throughout 2023, a pair of aluminium connectors devoted to power transmission was developed, tested in the field with customers and industrialised; a special feature of one

of the two connectors is its optimised shape, enabling it to be installed in extremely small spaces.

The cable lug range, according to industry standards for the German market and consisting of 18 families, has been completed; the relative equipment, for both low and high numbers, has been designed and manufactured by Cembre and each connector has been sampled and validated to ensure quality.

At the beginning of 2023, work began on a new family of connectors, representing the evolution of a range already present in Cembre's catalogue, with a strong optimisation of costs, shapes and production processes; this product range will help to gain share in foreign markets where Cembre still has little presence.

Complementing the new connectors, continuous optimisation work is being performed on compression matrices, in addition to customisation for specific customers.

In the second half of 2023, a new range of panel clamps was launched on the market, adding to Cembre's catalogue dedicated to panel operators. New sizes and features are continuing to be introduced, even after the launch.

### **Railroad equipment**

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

Throughout 2023, the overhaul of a range of railway track maintenance machines was completed, introducing new environmentally friendly engines that meet the latest regulations regarding pollutant emissions. All of these machines have been partially redesigned, tested and inspected to validate their technical characteristics.

A battery-powered machine was also almost completely redesigned and overhauled, inheriting Cembre's latest and most innovative technologies in terms of working performance in harsh environments, ease of use and design.

The year 2023 saw the start of a new and innovative design for a track maintenance machine that aims to be the new market benchmark. For this project, preliminary feasibility tests were carried out by creating an ad hoc prototype fully equipped with

sensors in order to acquire significant amounts of data and determine the optimal operating configuration. The project will continue throughout 2024.

Throughout the year, the testing of a new product family for rail drilling continued; to this end, a new production machine and a new process were introduced at the end of the year, which will make it possible to introduce the new range to the market in 2024.

### **Tools**

There was a total of 98 projects relating to tools, in both Industry and Rail&Power. Each study involved both new tools and machinery for their manufacturing.

The design, testing and industrialisation of the new mechanical terminal compression tool was completed. Branded versions were offered to two major customers.

The development of two new and innovative hydraulic tools for compressing cable lugs continued and was completed. The two sizes cover different crimping ranges, adapting to different uses depending on the final application where the connector is installed. A patent has been filed.

Also in the area of connector crimping, the design and creation of a new version of an existing hydraulic tool was completed, which will be able to save energy in the utilisation phase while guaranteeing compression quality.

The design and production of a hydraulic tool with simplified hardware and basic functionality was also completed, which will cover an entry-level market segment in which Cembre does not currently have a presence. These last two hydraulic tools will have shells with a new, dedicated colour to distinguish them from the main series.

### **Cable marking**

There were 45 projects for products for industrial marking. Studies also included the related manufacturing tools.

The successful testing and refinement of new features for the MG4 printer continued throughout 2023.

A new family of printable nameplates dedicated primarily to the food and pharmaceutical industries has been introduced; their special feature is that they can be detected, thanks to their metal content, directly in the customer's production line.

In parallel, research continues into new and innovative materials as well as their testing under extreme conditions for outdoor and railway applications.

### **Cable glands**

There were 42 projects for new cable glands. Studies also included the related manufacturing tools. VDE and UL certification was required for all products.

The extension of the MAXIblock and MAXIbrass cable glands range was completed and launched to meet new market requirements mainly related to the world of EV chargers and beyond. In fact, the general market trend is to move towards higher currents and therefore larger conductor cross-sections.

In addition to the intermediate versions, which are included and harmonised in terms of range taking with existing sizes, the brass cable gland with M75 thread was introduced, a first for Cembre.

Throughout 2023, a new range of cable glands for industry was developed, tested and industrialised. The project involved the creation of a considerable amount of new equipment, some of which will be extended throughout 2024, and the introduction of a machine and the associated new production process at Cembre.

### **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 Anna Maria Onofri, Giovanni Rosani and Sara Rosani, members of the Board of Directors of Cembre S.p.A..

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

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

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

	Assets	Non-current liabilities	Current liabilities	Amortisation	Interest expense
Leased assets from THA - Cembre S.p.A.	1,149	929	523	532	37
Leased assets from Borno - Cembre Ltd	2,576	2,376	248	303	106

Detail of compensation received by directors and statutory auditors is provided in the notes.

### **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**

In 2023, Cembre S.p.A. controlled two companies incorporated under the laws of States that are not part of the European Union, Cembre Inc., incorporated in the US and Cembre Ltd, incorporated in the 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 financial statements prepared by the companies, for the purpose of preparing the consolidated financial statements, are subject to auditing by the parent company's auditor.

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

Cembre S.p.A. already holds the By-laws, composition and powers of the boards of Cembre Ltd and Cembre Inc.; directives have been issued ensuring the timely disclosure of any change or amendment to the above.

### **Treasury shares and shares of parent companies**

At December 31, 2023, the number of own shares held by Cembre S.p.A. was 202,541, corresponding to 1.19 % of the capital stock. 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. During the 2023 financial year, no own shares were purchased. The only transaction is related to the assignment of 15,000 shares to employees, in execution of the provisions of the incentive plan. It annually provides for the allocation to Company executives and middle managers of the rights to acquire Cembre S.p.A. ordinary shares, approved by the Shareholders' Meeting of April 18, 2019, described in detail in the notes, to which reference is made for further details.

### **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 Group's institutional web site [www.cembre.it](http://www.cembre.it).

### **Consolidated non-financial declaration**

The Consolidated non-financial declaration issued pursuant to the provisions of Legislative Decree no. 254 of December 30, 2016, constitutes a separate report, available in the "Investor Relations" section of the [www.cembre.it](http://www.cembre.it) website, under "Reports and Financial Statements".

### **Significant events after year-end**

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

### **Outlook**

As highlighted by the International Monetary Fund, there are many variables that may lead to a reduction in economic growth forecasts: rising commodity prices due to geopolitical and weather shocks; the conflict in Gaza and Israel could escalate and expand further in the region, which generates roughly 35% of the world's oil exports and 14% of gas exports; continued attacks in the Red Sea, through which 11% of global trade passes, and the war in Ukraine risk generating new negative shocks to the global recovery with spikes in food, energy and transport costs; persistent core inflation requiring a more restrictive monetary policy stance; uncertain growth in China in the absence of a comprehensive policy package to restructure the ailing real estate sector; a shift towards fiscal consolidation needed in many economies to address rising debt-to-GDP ratios.

While these elements of uncertainty persist, the Cembre Group remains confident in its ability to increase its consolidated turnover in 2024 while maintaining a positive economic result.

### **Proposal for the Allocation of the Net Profit**

In order to complete the planned investments and to benefit from self-financed growth, it is advisable that at least a portion of net profit generated be retained. In seeking the

approval for our actions by submitting to you the present Financial Statements and Report on Operations, we also invite you, in view of the fact that the legal reserve has already reached 20% of the share capital, to approve our proposed allocation of net profit, amounting to €39,629,051.75 (rounded off to €39,629,052) as follows:

- €1.80 to be distributed to each of the Company's 16,797,459 shares entitled to dividends (taking into account the 202,541 own shares held), for a total of €30,235,426.20, with May 13, 2024 as the ex-dividend date, May 14, 2024 as the record date pursuant to article 83-terdecies of Legislative Decree 58/1998, and May 15, 2024 as dividend payment date;
- the remainder, amounting to €9,393,625.55, to the extraordinary reserve;
- noting that, keeping into account the program for the acquisition of own shares currently under way, (i) the total amount of the dividend distributed could vary with the number of shares entitled to a dividend at the date of the Shareholder's Meeting resolution, and (ii) additional own shares acquired after the date of the Shareholders' Meeting resolution allocating net profit held by the Company at the record date will not be entitled to the distribution of a dividend and the corresponding share of net profit will be accrued to the extraordinary reserve.



## **Attachments**

This document includes the following attachments:

Attachment 1 Comparative Consolidated Income Statement for the year ended December 31, 2023.

Attachment 2 Composition of corporate boards.

Brescia, March 14, 2024

**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 2023

### Comparative Consolidated Income Statement

	2023	% of sales	2022	% of sales	Change
	(€ '000)				
Revenues from contracts with customers	222,551	100.0%	198,796	100.0%	11.9%
Other revenues	1,274		999		27.5%
<b>TOTAL REVENUES</b>	<b>223,825</b>		<b>199,795</b>		<b>12.0%</b>
Cost of goods and merchandise	(69,043)	-31.0%	(83,673)	-42.1%	-17.5%
Change in inventories	(2,370)	-1.1%	14,993	7.5%	
<b>Cost of goods sold</b>	<b>(71,413)</b>	<b>-32.1%</b>	<b>(68,680)</b>	<b>-34.5%</b>	<b>4.0%</b>
Cost of services received	(28,163)	-12.7%	(25,100)	-12.6%	12.2%
Lease and rental costs	(361)	-0.2%	(256)	-0.1%	41.0%
Personnel costs	(56,640)	-25.5%	(51,293)	-25.8%	10.4%
Other operating costs	(1,792)	-0.8%	(1,521)	-0.8%	17.8%
Increase in assets due to internal construction	1,480	0.7%	2,047	1.0%	-27.7%
Write-down of receivables	(237)	-0.1%	(243)	-0.1%	-2.5%
Accruals to provisions for risks and charges	(130)	-0.1%	(156)	-0.1%	-16.7%
<b>GROSS OPERATING PROFIT</b>	<b>66,569</b>	<b>29.9%</b>	<b>54,593</b>	<b>27.5%</b>	<b>21.9%</b>
Property, plant and equipment depreciation	(9,466)	-4.3%	(9,298)	-4.7%	1.8%
Intangible asset amortization	(1,070)	-0.5%	(830)	-0.4%	28.9%
Depreciation of right of use assets	(2,069)	-0.9%	(1,893)	-1.0%	9.3%
<b>OPERATING PROFIT</b>	<b>53,964</b>	<b>24.2%</b>	<b>42,572</b>	<b>21.4%</b>	<b>26.8%</b>
Financial income	313	0.1%	59	0.0%	
Financial expenses	(354)	-0.2%	(105)	-0.1%	237.1%
Foreign exchange gains (losses)	(95)	0.0%	93	0.0%	-202.2%
<b>PROFIT BEFORE TAXES</b>	<b>53,828</b>	<b>24.2%</b>	<b>42,619</b>	<b>21.4%</b>	<b>26.3%</b>
Income taxes	(13,000)	-5.8%	(10,701)	-5.4%	21.5%
<b>NET PROFIT</b>	<b>40,828</b>	<b>18.3%</b>	<b>31,918</b>	<b>16.1%</b>	<b>27.9%</b>

## Attachment 2 to the Report on Operations for 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 March 14, 2024.

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 December 31, 2023

### Consolidated Statements of Financial Position

ASSETS	Notes	Dec. 31, 2023		Dec. 31, 2022	
(euro '000)			of which: related parties		of which: related parties
<b>NON CURRENT ASSETS</b>					
Property, plant and equipment	<b>1</b>	90,252		86,567	
Investment property	<b>2</b>	729		770	
Intangible assets	<b>3</b>	4,712		4,394	
Goodwill	<b>4</b>	4,608		4,608	
Right of use assets	<b>5</b>	6,422	3,725	5,038	2,501
Other investments		5		5	
Other non-current assets	<b>6</b>	78		79	
Deferred tax assets	<b>16</b>	3,446		3,358	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>110,252</b>		<b>104,819</b>	
<b>CURRENT ASSETS</b>					
Inventories	<b>7</b>	68,743		71,571	
Trade receivables	<b>8</b>	42,493		31,656	
Other financial assets	<b>9</b>	4,000		15,000	
Tax receivables	<b>10</b>	1,583		2,169	
Other receivables	<b>11</b>	1,250		1,080	
Cash and cash equivalents		20,882		15,028	
<b>TOTAL CURRENT ASSETS</b>		<b>138,951</b>		<b>136,504</b>	
<b>NON-CURRENT ASSETS AVAILABLE FOR SALE</b>		<b>-</b>		<b>-</b>	
<b>TOTAL ASSETS</b>		<b>249,203</b>		<b>241,323</b>	

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Dec. 31, 2023		Dec. 31, 2022	
(euro '000)			of which: related parties		of which: related parties
<b>SHAREHOLDERS' EQUITY</b>					
Capital stock	<b>12</b>	8,840		8,840	
Reserves	<b>12</b>	156,051		147,337	
Net profit		40,828		31,918	
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>205,719</b>		<b>188,095</b>	
<b>NON-CURRENT LIABILITIES</b>					
Non-current financial liabilities	<b>13</b>	4,693	3,305	3,365	1,836
Employee termination indemnity and other personnel benefits	<b>14</b>	1,751	139	1,682	129
Provisions for risks and charges	<b>15</b>	691	165	653	110
Deferred tax liabilities	<b>16</b>	3,570		3,608	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>10,705</b>		<b>9,308</b>	
<b>CURRENT LIABILITIES</b>					
Current financial liabilities	<b>13</b>	1,968	771	12,067	734
Trade payables	<b>17</b>	14,829		19,203	
Tax payables	<b>18</b>	4,193		2,292	
Other payables	<b>19</b>	11,789	313	10,358	422
<b>TOTAL CURRENT LIABILITIES</b>		<b>32,779</b>		<b>43,920</b>	
<b>LIABILITIES ON ASSETS HELD FOR DISPOSAL</b>		<b>-</b>		<b>-</b>	
<b>TOTAL LIABILITIES</b>		<b>43,484</b>		<b>53,228</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>249,203</b>		<b>241,323</b>	

## Consolidated Financial Statements at December 31, 2023

### Statement of Consolidated Comprehensive Income

	Notes	2023		2022	
		(euro '000)		of which: related parties	
Revenues from contracts with customers	<b>20</b>	222,551		198,796	
Other revenues	<b>21</b>	1,274		999	
<b>TOTAL REVENUES</b>		<b>223,825</b>		<b>199,795</b>	
Cost of goods and merchandise		(69,043)		(83,673)	
Change in inventories	<b>7</b>	(2,370)		14,993	
Cost of services received	<b>22</b>	(28,163)	(818)	(25,100)	(915)
Lease and rental costs	<b>23</b>	(361)		(256)	
Personnel costs	<b>24</b>	(56,640)	(431)	(51,293)	(407)
Other operating costs	<b>25</b>	(1,792)		(1,521)	
Increase in assets due to internal construction	<b>26</b>	1,480		2,047	
Write-down of receivables	<b>8</b>	(237)		(243)	
Accruals to provisions for risks and charges	<b>27</b>	(130)		(156)	
<b>GROSS OPERATING PROFIT</b>		<b>66,569</b>		<b>54,593</b>	
Property, plant and equipment depreciation	<b>1-2</b>	(9,466)		(9,298)	
Intangible asset amortization	<b>3</b>	(1,070)		(830)	
Depreciation of right of use assets	<b>5</b>	(2,069)	(835)	(1,893)	(734)
<b>OPERATING PROFIT</b>		<b>53,964</b>		<b>42,572</b>	
Financial income	<b>28</b>	313		59	
Financial expenses	<b>28</b>	(354)	(143)	(105)	(55)
Foreign exchange gains (losses)	<b>37</b>	(95)		93	
<b>PROFIT BEFORE TAXES</b>		<b>53,828</b>		<b>42,619</b>	
Income taxes	<b>29</b>	(13,000)		(10,701)	
<b>NET PROFIT FROM ORDINARY ACTIVITIES</b>		<b>40,828</b>		<b>31,918</b>	
<b>NET PROFIT FROM ASSETS HELD FOR DISPOSAL</b>		<b>-</b>		<b>-</b>	
<b>NET PROFIT</b>		<b>40,828</b>		<b>31,918</b>	
<b>Items of the other comprehensive income that will not be reclassified subsequently to profit or loss</b>					
Gains (losses) from discounting of Employees' Termination Indemnity		1		326	
Income tax relating to items that will not be reclassified		(1)		(78)	
<b>Items of the other comprehensive income that will be reclassified subsequently to profit or loss</b>					
Conversion differences included in equity		40		(452)	
<b>COMPREHENSIVE INCOME</b>	<b>30</b>	<b>40,868</b>		<b>31,714</b>	
<b>BASIC EARNINGS PER SHARE</b>	<b>31</b>	<b>2.43</b>		<b>1.90</b>	
<b>DILUTED EARNINGS PER SHARE</b>	<b>31</b>	<b>2.43</b>		<b>1.90</b>	

## Consolidated Financial Statements at December 31st, 2023

### Consolidated Statement of Cash Flows

	2023	2022
€'000		
<b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>15,028</b>	<b>46,636</b>
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit for the period	40,828	31,918
Income taxes	13,000	10,701
Financial charges/(Financial profits)	41	46
(Gains)/Losses on disposal of assets	(64)	(19)
Depreciation, amortization and write-downs	12,604	12,021
Net change in Employee Termination Indemnity	69	(307)
Net change in provisions for risks and charges	38	281
Stock options plan IFRS2 remeasurement	101	149
<b>Operating profit (loss) before change in working capital</b>	<b>66,616</b>	<b>54,790</b>
(Increase) Decrease in trade receivables	(10,837)	(3,492)
(Increase) Decrease in inventories	2,828	(13,954)
Increase (Decrease) of trade payables	(4,374)	2,942
<b>(Increase) Decrease in working capital</b>	<b>(12,383)</b>	<b>(14,504)</b>
Other changes	1,135	(473)
Interests received/(Interests paid)	(41)	(46)
(Paid income taxes)	(10,513)	(12,669)
<b>NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>44,814</b>	<b>27,098</b>
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets:		
- intangible	(1,407)	(750)
- tangible	(13,162)	(11,534)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- intangible	20	0
- tangible	199	47
- financial	1	2
<b>NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES</b>	<b>(14,350)</b>	<b>(12,235)</b>
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Increase) Decrease in other non current assets	11,000	(15,000)
Increase (Decrease) in bank payables	(10,231)	(9,641)
Repayment of leasing liabilities	(1,995)	(1,886)
Changes in reserves	(135)	(170)
Sale (Purchase) of own shares	285	360
Dividends distributed	(23,495)	(20,116)
<b>NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(24,571)</b>	<b>(46,453)</b>
<b>E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)</b>	<b>5,894</b>	<b>(31,590)</b>
F) Foreign exchange conversion differences	(40)	(266)
G) Discounting of Employee Termination Indemnity	1	248
<b>H) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F+G)</b>	<b>20,882</b>	<b>15,028</b>
Of which: assets held for disposal	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>20,882</b>	<b>15,028</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>20,882</b>	<b>15,028</b>
Financial assets	4,000	15,000
Current financial liabilities	(1,968)	(12,067)
Non current financial liabilities	(4,693)	(3,365)
<b>NET CONSOLIDATED FINANCIAL POSITION</b>	<b>18,221</b>	<b>14,596</b>
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		
Cash	5	10
Bank deposits	20,877	15,018
	<b>20,882</b>	<b>15,028</b>

## Consolidated Financial Statements at December 31st, 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	Stock options plan: Shares assignment	Comprehensive income of the period	Balance at December 31, 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)				285		(3,844)
Suspended-tax revaluation reserve	585						585
Other suspended-tax reserves	68						68
Reserve for previous years' profits	27,726	2,800				0	30,526
Conversion differences	(1,440)					40	(1,400)
Extraordinary reserve	101,722	5,623		(24)	37	0	107,358
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			125	(172)		286
Net profit	31,918	(8,423)	(23,495)			40,828	40,828
<b>Total Shareholders' Equity</b>	<b>188,095</b>	<b>-</b>	<b>(23,495)</b>	<b>101</b>	<b>150</b>	<b>40,868</b>	<b>205,719</b>

(€ '000)	Balance at December 31, 2021	Allocation of profit to reserves	Allocation of profit to dividends	Stock options plan: IFRS2 measurement	Stock options plan: Shares assignment	Comprehensive income of the period	Balance at December 31, 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)				360		(4,129)
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)					(452)	(1,440)
Extraordinary reserve	98,342	3,373			7		101,722
Reserve for FTA	3,715						3,715
Reserve for discounting of Employee Termination Indemnity	99					248	347
Merger surplus reserve	4,397						4,397
Stock options reserve	361			149	(177)		333
Net profit	25,321	(5,205)	(20,116)			31,918	31,918
<b>Total Shareholders' Equity</b>	<b>176,158</b>	<b>-</b>	<b>(20,116)</b>	<b>149</b>	<b>190</b>	<b>31,714</b>	<b>188,095</b>



## Notes to the Consolidated Financial Statements at December 31, 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, cable accessories and tools.

The publication of the Consolidated Financial Statements of the Cembre Group for the year ended December 31, 2023 was authorized by a resolution of the Board of Directors dated March 14, 2024.

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.

The following table summarizes the key information:

<b>Company:</b>	Cembre S.p.A.
<b>Domicile:</b>	Brescia (Italy), via Serenissima n. 9
<b>Corporate Form:</b>	Joint Stock Company
<b>Country:</b>	Italy
<b>Registered Office:</b>	Brescia (Italy), via Serenissima n. 9
<b>Headquarters:</b>	Brescia (Italy), via Serenissima n. 9
<b>Activity performed:</b>	Production and marketing of electrical connectors, cable accessories and tools
<b>Parent company:</b>	Lysne S.p.A.

### II. FORM AND CONTENT

These Consolidated Financial Statements at December 31, 2023 were prepared according to the International Financial Reporting Standards (IFRS) adopted by the European Union and the related implementation regulations issued in application of article 9 of Italian Legislative Decree no. 38/2005.

The standards adopted in the preparation of the Financial Statements are those formally endorsed by the European Union and in force as at December 31, 2023.

The consolidated financial statements have been prepared on a Group's going concern basis and in accordance with the historical cost principle, except for those items for which international accounting standards require a different measurement.

The amounts shown in the accounting statements and notes are in thousands of Euro, unless otherwise stated.

The table that follows contains a list of international accounting principles and interpretations approved by the IASB that became effective in 2023, which were taken into account, where applicable, in the preparation of the present Financial Statements.

Amendments to accounting standards	Date of effectiveness set forth by the standard
IFRS 17 – Insurance contracts	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Description of accounting policies	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

The amendments to IAS 1 and the "IFRS Practice Statement 2 Making Materiality Judgements" replace the requirement for Groups to disclose their "significant" accounting standards with the requirement to disclose their "material" accounting standards; this has resulted in an assessment of the materiality of the accounting standards disclosed in these financial statements, although it has no impact on the measurement, recognition and presentation of the elements of the financial statements.

The amendments to the accounting standards listed above did not change the Group's financial statements.

### **Standards issued but not yet entered into force**

The standards and interpretations that, at the date of drafting of the Group's consolidated financial statements, had already been issued by the IASB but had not yet been endorsed by the EU. The Group intends to adopt these standards and interpretations, if applicable,

when they come into force; however, they are not expected to have a significant impact on the financial statements:

New and revised standards	Date of effectiveness set forth by the standard
Amendments to IFRS 16: lease liability in a sale and leaseback	1 January 2024
Amendments to IAS 1: classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	1 January 2024

The adoption of these standards should not result in any significant change to the Group's accounting position.

### Consolidation principles

The Consolidated Financial Statements of the Cembre Group include the statutory accounts at December 31 of every year of Cembre S.p.A. and of its subsidiaries. The financial statements of the subsidiaries used in the consolidation were prepared by adopting, for the close of each financial year, the same accounting standards of the Parent Company.

The financial statements of consolidated subsidiaries are consolidated under the line-by-line method, thus including all items, irrespective of the share held by the Group, of the elimination of intragroup transactions and of unrealised gains on transactions with third parties.

The book value of investments is netted against the related share in the shareholders' equity of consolidated companies, attributing to assets and liabilities the respective current value at the time control was acquired and recording contingent liabilities, where appropriate. Where positive, the residual amount is recorded among non-current assets as goodwill. Negative residual differences are recorded in the Income Statement.

There are no cases in which an investment is lower than 100% and requires the recognition of the portion of profit and equity attributable to third parties.

Therefore, the companies consolidated line-by-line are:

Company	Registered office	Share capital	Share held as at 12/31/2023	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 2,902,000	100%	100%
Cembre GmbH	Munich (Germany)	EURO 10,112,000	100%	100%
Cembre Inc.	Edison (New Jersey, US)	US\$ 1,440,000	100%	100%

### 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 year;
- foreign-exchange translation differences are recorded in a specific shareholders' equity reserve.

Upon the disposal of an investment in a foreign company, the related cumulative translation adjustments recognised in equity are recorded in the income statement.

Exchange rates applied in the translation of financial statements of subsidiaries, drawn from the foreign exchange section of the Bank of Italy's website, are shown in the table below (expressed in currency/€).

Currency	Exchange rate at Dec. 31, 2023	Average exchange rate 2023
British pound	0.86905	0.869789
US dollar	1.10500	1.081269

## III. ACCOUNTING STANDARDS AND VALUATION CRITERIA

### Presentation of the Financial Statements

The Financial Statements are prepared as follows:

- current and non-current assets and liabilities are reported separately in the Consolidated Statement of Financial Position;
- the analysis of costs in the Statement of Consolidated Comprehensive Income is carried out based on the nature of the same;
- the Consolidated Statement of Cash Flows is prepared by applying the indirect method.

The methods for preparing the Financial Statements have unchanged from previous year.

Finally, with reference to CONSOB Regulation no. 15519 dated July 27, 2006, the Financial Statements include a separate reporting of amounts pertaining to related parties, where significant.

### **Property, plant and equipment**

Property, plant and equipment is recorded at the historical cost and reported net of accumulated depreciation and losses in value.

Ordinary maintenance and repair costs are not capitalised, and are charged to the income statement in the year in which they are incurred, with the exception of those that result in an increase in the useful life of the asset.

Depreciation commences when the asset is available for use and is calculated on a straight line basis over the estimated residual useful life of the asset, taking into account its residual value. Depreciation rates applied reflect the useful life generally attributed to the various classes of assets and are summarised below, with no changes compared to the prior year:

- |  |                 |
|--|-----------------|
| - Buildings and light installations:   | from 2% to 10%  |
| - Plant and machinery:                 | from 5% to 25%  |
| - Industrial and commercial equipment: | from 6% to 25%  |
| - Other assets:                        | from 6% to 33%. |

Land has an undetermined useful life and is therefore not subject to depreciation.

The book value of property, plant and equipment is subjected to an impairment test whenever events or changes occurred indicate that the book value of the same can no longer be retrieved in line with the depreciation schedule originally set. Whenever there exists such an indication and the book value of the asset exceeds its realizable value, the assets or cash generating units are written down to reflect their expected realisable value. The residual value and useful life of an asset and the accounting methods used are reviewed yearly and adjusted where necessary at the end of each financial year.

Tangible assets are eliminated from the balance sheet at the time of their sale or when there no longer exists the expectation of future economic benefits from their use or disposal.

Losses and gains (calculated as the difference between net revenues from the disposal and the book value of the asset) are recorded in the Income Statement in the year in which they are disposed of.

### **Leasing**

The Group evaluates, when a contract is signed, whether it can be classified as a lease, or:

- whether it confers the right of exclusive use of an asset;
- whether a period is identified in which the right of use can be exercised;
- whether a consideration for use of said right has been set.

The assets identified in this way are recognised at cost, inclusive of all initial direct expenses, and are amortised on a straight-line basis from the date of effectiveness until the end of the useful life of the asset underlying the contract, or, if before, until the expiry of the lease.

At the same time as the recognition under assets of the right of use, the Group books the present value of payments due under lease payables, including the price of any purchase option. The value of the liabilities is reduced due to the payments made and may change depending on changes in the contractual terms.

The discount rate used to determine the value of the liabilities is the incremental borrowing rate.

Leases with a duration of less than or equal to 12 months have been excluded from application of the standard, as have low value leases. The associated fees, therefore, are booked as costs over the duration of the lease.

### **Investment property**

Investment property is recorded at the historical cost and reported net of accumulated depreciation and losses in value.

Assets that cease to be used in the context of the company's ordinary operations but possess all the characteristics set forth in IFRS 5 to be included among non-current assets available for sale, are classified among Investment property and continue to be amortized as if they were still included among Property, plant and equipment, applying the same amortisation rates used for the latter.

Please refer to the section on property, plant and equipment for a specification of the rates applied.

The book value of property, plant and equipment is subjected to an impairment test whenever events or changes occurred indicate that the book value of the same can no longer be retrieved in line with the depreciation schedule originally set. Whenever there exists such an indication and the book value of the asset exceeds its realizable value, the assets or cash generating units are written down to reflect their expected realisable value.

The residual value and useful life of an asset and the accounting methods used are reviewed yearly and adjusted where necessary at the end of each financial year.

### **Intangible assets**

Intangible assets are recorded under assets, as provided by IAS 38 (Intangible assets), whenever it is probable that future economic benefits are generated through use and when the cost of the intangible asset can be determined in a reliable manner.

Intangible assets acquired separately are initially capitalised at cost, while those acquired through business combinations are capitalised at their fair value on the acquisition date.

With the exception of development costs, assets generated internally are not recorded as intangible assets.

After the initial recording, intangible assets are carried in the balance sheet at cost, net of accumulated amortisation calculated on a straight-line basis over their expected useful economic life, and of write-downs carried out as a result of durable losses in value. Intangible assets having an indefinite useful life are not amortised and subjected periodically to an impairment test to assess possible loss in value.

The useful life generally attributed to the various classes of assets is the following, with no changes compared to the prior year:

- concessions and licenses:	5 to 10 years
- software licenses:	3 to 5 years
- patents:	2 years
- development costs:	5 years
- trademarks:	10 to 20 years

Amortisation commences when the asset is available for use, that is, when it is in a position and in the necessary condition to operate in the manner intended by management.

The book value of intangible assets is subjected to an impairment test whenever events or changes occurred indicate that the book value of the same can no longer be retrieved in line with the amortisation schedule originally set.

Whenever there exists such an indication and the book value of the asset exceeds its realisable value, the assets are written-down to their expected realisable value.

## **Goodwill**

Goodwill is calculated as the positive difference between the purchase price of an equity investment, the shareholders' equity of the acquired company and any assets and liabilities recorded at the time of acquisition and not previously present in the financial



statements of the latter. Goodwill is an asset with an indefinite useful life and is therefore not amortised. However, it undergoes an impairment test at least once a year and whenever there are signs that indicate a loss in value, in order to compare the book value with the recoverable value, in accordance with IAS 36.

Impairment of goodwill is determined by evaluating the recoverable value of the cash-generating unit (or group of cash-generating units) to which the goodwill refers. Reductions in the value of goodwill cannot be restored in future years.

### **Financial assets**

Financial assets are initially recorded at cost, inclusive of accessory purchase costs, representing the fair value of the price paid. After the initial recording, financial assets are valued in accordance with their final purpose as described below.

#### *Financial assets measured at fair value, whose change is recorded in the Income Statement*

These are financial assets held for trading purposes, acquired for the purpose of obtaining a profit from short-term fluctuations in price. Derivatives are classified as financial assets held for trading, unless they are designated as effective hedging instruments.

#### *Investments held to maturity*

Financial assets other than derivatives that generate fixed financial flows or flows that may be determined and have a set maturity, are classified as Investments held to maturity when the Group intends to and is capable of holding them to maturity.

Financial assets that the Group decides to hold for an indefinite period of time do not fall under this category.

After their initial recording, long-term financial investments held to maturity, such as bonds, are accounted for at the amortised cost, using the effective rate of interest method, are discounted to their present value.

The amortised cost is calculated keeping into account discounts and premiums, amortised over the term of the financial asset.

### Loans and receivables

Loans and receivables are non-derivative financial assets providing for fixed payments or payments that may be determined, not listed on an active market. These assets are recognised at amortised cost using the actual discount rate method.

Gains and losses are recorded in the Income Statement whenever loans extended and receivables are eliminated from the accounts or they experience losses in value, together with the related amortisation.

### Financial assets available for sale

Financial assets available for sale include financial assets that do not fall under the above categories. After initial recognition, these are recorded at fair value, while gains and losses are recorded under a specific Shareholders' Equity reserve until the assets are sold or a loss in value is ascertained. In such case, gains and losses accrued are charged to the Income Statement.

In the case of securities widely traded on a regulated market, the fair value is determined with reference to the listed price at the closing of trading on the date of the financial statements. In the case of financial assets for which there does not exist an active market, the fair value is determined through valuation techniques based on the price recorded in recent transactions between unrelated parties or on the basis of the current market value of a similar instrument, or on discounted cash flows or option pricing models. Investments in other companies fall in this category.

### Impairment of financial assets

The Group verifies at least yearly the possible loss in value of individual financial assets. These are recorded only at the time when there exists objective evidence, at the occurrence of one or more events, that the asset has experienced a loss of value with respect to its initial recorded value.

### **Treasury shares**

Treasury shares are recorded as a reduction of Shareholders' Equity in a specific reserve.

The purchase, sale, issue or cancellation of treasury shares held does not determine the recording of any gain or loss in the Income Statement.

### **Inventories**

Inventories are valued at the lower of cost and their expected realizable value, represented by their normal sale price, net of completion and selling costs.

The cost of inventories includes the acquisition cost, the transformation cost and other costs incurred to take inventories to their current location and state.

The method used to determine the cost of inventories is that of the weighted average cost, including the cost of initial inventories. Provisions are calculated for finished products, materials and other supplies considered obsolete or slow-moving, keeping into account their expected useful life and retrievable value.

### **Receivables and payables**

Receivables are recognised at fair value, with simultaneous recognition of a provision for doubtful accounts that takes into account possible losses in value (expected losses), determined based on the prior trend of insolvencies and expected future conditions.

Payables are normally valued at the amortised cost, adjusted under exceptional conditions in the event of changes in the conditions.

### **Cash and cash equivalents**

Cash and cash equivalents include cash balances, unencumbered deposits and other treasury investments with an original scheduled maturity of three months or less. A cash investment is considered to be a cash equivalent when it is readily convertible to cash with no significant risk of change in value and when it is intended to meet short-term cash commitments and is not held for investment purposes.

### **Financial liabilities**

Loans taken out are initially recognised at cost, corresponding to the fair value of the amount received, less ancillary costs incurred in connection with the arrangement of loans.

After initial recognition, loans taken out are measured at amortised cost, using the effective interest method.

### **Translation of amounts denominated in currencies other than the Euro**

Transactions denominated in currencies other than the Euro are initially accounted for in Euro at the exchange rate at the date of the transaction. Currency translation differences arising at the time at which foreign currency receivables are collected and payables are paid out, are recorded in the income statement.

At the date of the financial statements, monetary assets and liabilities denominated in currencies other than the Euro – consisting of cash on hand or assets and liabilities to be received or paid out, whose amount is set and may be determined – are translated into Euro at the exchange rate at the date of the financial statements, recording in the income statement the currency translation difference.

Non-monetary items denominated in currencies other than the Euro are translated into Euro at the exchange rate at the time of the transaction, representing the historical exchange rate.

Functional currencies adopted by Cembre Group companies correspond to the currencies of the respective country in which subsidiaries are based.

### **Provisions for risks and charges**

Provisions for risks and charges are accrued against known liabilities, whose existence is certain or probable, but whose amount and expiration cannot be determined at the date of the financial statements. Accruals are made when the existence of a current obligation, legal or implicit, deriving from a past event, the fulfilment of which is expected to require the use of resources whose amount can be reliably estimated, is probable.

Provisions are valued at the fair value of liabilities. When the financial effect and the timing of the cash outflow can be estimated in a reliable manner, provisions include the interest component, recorded in the Income Statement among financial income (expense).

Provisions accrued are reviewed at each accounting date and adjusted to bring them into line with the best estimate available to date.

### **Employee benefits**

Under the revised IAS 19, and before the reform introduced by the 2007 Budget Law, the Employee Termination Indemnity was classified among defined benefit plans and was therefore subject to actuarial adjustments.

Employee termination indemnities accrued up to December 31, 2006, continue to be accounted for as defined benefit plans, while those accrued from January 1, 2007 are accounted for in two different ways:

- where the individual employee has opted for complementary pension funds, employee termination indemnities accrued after January 1, 2007 and until the time at which the choice is made by the employee, are recorded as a defined benefit plan. Subsequently they are accounted for as a defined contribution plan;
- where the individual employee has opted for accumulation with the treasury fund of the national social security agency (INPS), indemnities accrued after January 1, 2007 are accounted for as a defined contribution plan.

### **Share-based payments**

The Group records, starting from the grant date, the present value of the rights of exercise of the share purchase option. The allocation occurs periodically, over the entire vesting period set forth in the plan.

The fair value measurement of the options takes account of some actuarial variables according to the method set forth in IFRS 2: the risk-free return curve, the annual volatility of the yield of Cembre's share calculated over the last 3 years, the annual dividend rate, the value of the share price at the grant date.

The allocation is accounted for under personnel costs with an undistributable reserve as contra-item called the Stock options reserve.

## **Elimination of financial assets and liabilities**

Financial assets are eliminated when the Group ceases to hold rights to receive financial flows deriving from the same or when such rights are transferred to another entity, that is when risks and benefits of the financial instrument cease to have an effect on the financial position and operating performance of the Group.

A financial liability is eliminated only when the obligation included in it is cancelled, fulfilled or expired.

Any material change in the contractual terms relating to the liability result in its cancellation and in the recording of a new liability.

Any difference between the book value and the amount paid to extinguish the liability is recorded in the Income Statement.

## **Loss in value of non-financial assets**

The Group verifies at least yearly the possible loss in value of individual assets. In such case, or in cases in which an annual assessment of impairment is required, the Group estimates the recoverable value. If an asset's book value is higher than its recoverable value, the asset has undergone impairment and is consequently written down to return it to its recoverable value.

In determining the recoverable value, the Group discounts estimated future cash flows using a pre-tax discount rate, which reflects the market assessments of the present value of money and the risks specific to the asset.

Impairment losses on continuing operations are recognised in the Income Statement in cost categories consistent with the intended use of the asset that underwent impairment. Previously revalued fixed assets are an exception to this, if the revaluation was recognised among the other items of the Comprehensive Income Statement. In such cases, the impairment is in turn recognised among the other items of the Comprehensive Income Statement up to the amount of the prior revaluation.

As at the reporting date, the Group assesses the existence of any indicators of loss (or reduction) of previously recognised impairment and, should such indicators exist, estimates the recoverable value of the asset or of the CGU. Said recovery is recognised in the Income Statement, unless the fixed asset has been recorded at the revalued amount, in which case the recovery is treated as an increase in revaluation.

## **Revenues**

Revenues are valued at the current value of the amount received or receivable.

### Disposal of assets

The revenue is recognised when the Company has transferred the risks and benefits connected with the ownership of the good, and ceases to exercise the activity associated with ownership and the actual control over the asset sold.

### Services rendered

Revenues are recorded based on the stage of completion of the operation at the date of the financial statements.

When the result of the performance of services cannot be reliably estimated, the revenues must be recognised only to the extent that the costs recognised will be recoverable.

The stage of completion is determined by valuing work carried out or by determining the proportion between costs incurred and total estimated costs to completion.

### Interest

Interest is recognised on an accrual basis using the effective interest method.

### Dividends

They are recognised when the right of the shareholders to receive payment arises.

## **Grants**

Grants are recorded at fair value when there exists a reasonable certainty that the same will actually be received and the Company meets the conditions for the entitlement to the grant.

Grants linked to cost components (operating grants) are recorded under "other revenues" and amortised over several years so that revenues match the costs they are intended to compensate.

The fair value of grants linked to assets (e.g. grants on the purchase of plant and equipment or grants for capitalised development costs), is suspended and released to the income statement under "other revenues and income" over the useful life of the asset to which it relates, thus in the period over which the depreciation expense relating to the asset is charged to the income statement.

## **Financial charges**

Financial charges are recorded as a cost in the period in which they accrue. In accordance with IAS 23, financial charges incurred in the acquisition of significant assets (qualifying assets) are capitalised.

## **Cost of goods purchased and services received**

They are recognised in the Income Statement according to the accrual principle.

## **Income taxes (current, prepaid and deferred)**

Current taxes are determined based on a realistic estimate of the tax expense for the period in accordance with applicable tax regulations in the respective countries.

The Group records deferred and prepaid taxes arising from temporary differences between the book value of assets and liabilities and the related values reported for tax purposes, in addition to differences in the value of assets and liabilities generated by consolidation adjustments. Prepaid taxes are recorded only where there exists reasonable certainty of their retrieval through future profits within the term in which tax benefits are enjoyed.



Deferred tax assets are recorded also where there exist deductible losses or tax credits, whenever it is deemed probable that sufficient future profits will be generated in the medium-term (3 to 5 years).

### **Basic and diluted earnings per share**

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

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.

### **Use of estimates**

In accordance with IAS/IFRS, the Group made use of estimates and assumptions based on prior experience and other factors deemed determinant, but not certain. Actual data could therefore differ from estimates and projections made.

Estimated data is reviewed periodically and adjustments made to the same are taken to the Income Statement for the period in which the review takes place in case the review affect only one period, or, subsequent accounting periods in case it affects also the same. Below we describe review processes and key assumptions used by management in applying accounting standards.

#### **Provision for inventory depreciation**

The provision for inventory depreciation is accrued to bring the book value of inventories that are obsolete and slow-moving into line with their expected realisable value.

Management reviews the composition of inventories with particular reference to slow moving stock to determine the amount to be accrued prudentially to reflect the obsolescence of stocks.

### Provision for doubtful accounts

The provision for doubtful accounts reflects management estimates regarding losses on trade receivables.

Losses on trade receivables expected by the Group are based on past experience on similar portfolios of receivables, current past due amounts vs. historical past due amounts, losses and collections, the close monitoring of credit quality, in addition to projections on economic and market conditions.

### Retrievable value of non-current assets

Non-current assets include property, plant and equipment, intangible assets, goodwill and other financial assets.

Whenever circumstances so require, the management reviews periodically the book value of non-current assets held and used by the Group, in addition to assets to be disposed of. Such activity is carried out using estimates of expected cash flows from the sale of the asset and of adequate discount rates used in calculating the present value of the same.

Whenever the book value of a non-current asset experiences a loss in value, the Group records a write-down equal to the difference between the book value of the asset and its retrievable value either through use or disposal of the same.

### Post-retirement benefits

In the estimation of post-retirement benefits the Group makes use of traditional actuarial techniques based on stochastic simulations of the "Monte Carlo" type. Assumptions made relate to the discount rate and the annual inflation rate. Actuarial advisors of the Group make also use of demographic projections based on current mortality rates, employee disablement and resignation rates observed in Parent Company Cembre S.p.A..

In 2023, based on past turnover experience, the probability of a Cembre S.p.A.'s employees terminating their employment for causes other than death is the following:

Male	6.18%
Female	4.46%

The following assumptions were adopted with regard to the discounting rate and annual inflation rate:

Annual technical discounting rate	3.17%
Annual inflation rate	2.00%

Expected advances to be paid out are 5% per year and each advance corresponds to 70% of the accrued indemnity.

#### Recoverability of deferred tax assets

The Group evaluates the possibility to recover deferred tax assets on the basis of profits and expected future market conditions in view of current sale contracts and ability of expected future profits to offset tax credits, in addition to the expected variance of the same and based on expected results.

#### Contingent liabilities

In carrying out its activity, management consults with its legal and tax advisors and experts. The Group ascertains a liability arising from litigation whenever it deems probable that a financial outlay will be made in the future and when the amount of resulting losses can be reasonably estimated. In case a financial outlay becomes possible but its amount cannot be determined, such occurrence is reported in the notes.

#### Effects linked to climate change

The Group considers climate-related issues, and the effects of climate change, in its estimates and assumptions when necessary. This assessment includes a broad spectrum of possible impacts for the Group arising from both physical and transition risks. The Group believes that its business model and products will still be attractive following the transition to a low-emission economy. Although climate-related risks may not have a significant impact on measurements at present, the Group is closely monitoring developments and changes, such as new climate-related regulations and standards; in addition, climate-related issues may increase the uncertainty of estimates and assumptions concerning specific elements or items in the financial statements. However,

these aspects are currently difficult to predict, even though they are being monitored more and more frequently in coordination between the various company departments.

The elements that could be most directly impacted by climate-related issues are:

- the useful life of property, plant and equipment. When recalculating the estimated residual value and useful life of an asset, the Company considers climate-related issues, such as the associated regulations that may limit their use or require significant investments for their adaptation or possibly their replacement;
- determination of the recoverable amount of non-financial assets. The estimate of value in use could be impacted in different ways by transition risk, in particular, climate-related regulations or a change in demand for the Company's products, despite the fact that the Group has concluded that its business model and products will still be attractive following the transition to a low-emission economy and that, to date, there are no significant climate-related assumptions.

For additional details, also see the section "Risks and effects of climate change" in the Report on Operations.

#### 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 segment denominated "Electric connectors and related tools", items based on this element are not usually utilized for the purposes of internal reporting.

2023	ITALY	EUROPE	REST OF THE WORLD	Intragroup elimination	TOTAL
Revenues					
Sales to customers	121,140	86,446	14,965		222,551
Sales to other Group companies	51,921	2,899	93	(54,913)	-
Revenues by sector	173,061	89,345	15,058	(54,913)	222,551
Operating result by sector	47,123	6,696	145		53,964
Costs/income not assigned					-
Operating profit					53,964
Net financial losses					(136)
Income taxes					(13,000)
Net result for the year					40,828

2022	ITALY	EUROPE	REST OF THE WORLD	Intragroup elimination	TOTAL
Revenues					
Sales to customers	109,318	76,340	13,138		198,796
Sales to other Group companies	40,198	2,702	54	(42,954)	-
Revenues by sector	149,516	79,042	13,192	(42,954)	198,796
Operating result by sector	34,208	7,729	635		42,572
Costs/income not assigned					-
Operating profit					42,572
Net financial losses					47
Income taxes					(10,701)
Net result for the year					31,918

As the distribution of sales by geographical area is different from that of the related Group activities, a breakdown of sales by geographical area of customers is shown below.

	2023	2022
Italy	96,691	84,385
Europe	102,279	93,214
Rest of the world	23,581	21,197
	<b>222,551</b>	<b>198,796</b>

The breakdown of assets and liabilities is shown below:

12/31/2023	ITALY	EUROPE	REST OF THE WORLD	TOTAL
<b>Assets and Liabilities</b>				
Segment assets	180,759	62,639	10,804	254,202
Consolidation adjustments				(4,999)
<b>Total assets</b>				<b>249,203</b>
Segment liabilities	31,614	10,528	1,343	43,485
Consolidation adjustments				
<b>Total liabilities</b>				<b>43,485</b>
Capital expenditure:				
- Tangible fixed assets	10,499	2,432	231	13,162
- Intangible fixed assets	1,390	12	5	1,407
<b>Total capital expenditure</b>				<b>14,569</b>
Depreciation and amortisation:				
- Tangible fixed assets	(8,041)	(1,180)	(245)	(9,466)
- Intangible fixed assets	(807)	(262)	(1)	(1,070)
- leased assets	(1,027)	(752)	(290)	(2,069)
<b>Total amortisation</b>				<b>(12,605)</b>
<b>Accruals to provision for employee benefits</b>	<b>1,548</b>	<b>61</b>	<b>-</b>	<b>1,609</b>
<b>Average number of employees</b>	<b>558</b>	<b>265</b>	<b>40</b>	<b>863</b>

12/31/2022	ITALY	EUROPE	REST OF THE WORLD	TOTAL
<b>Assets and Liabilities</b>				
Segment assets	175,737	59,345	10,878	245,960
Consolidation adjustments				(4,637)
<b>Total assets</b>				<b>241,323</b>
Segment liabilities	43,846	7,723	1,728	53,297
Consolidation adjustments				(69)
<b>Total liabilities</b>				<b>53,228</b>
Capital expenditure:				
- Tangible fixed assets	9,329	1,618	587	11,534
- Intangible fixed assets	747	3	-	750
<b>Total capital expenditure</b>				<b>12,284</b>
Depreciation and amortisation:				
- Tangible fixed assets	(8,099)	(985)	(214)	(9,298)
- Intangible fixed assets	(566)	(262)	(2)	(830)
- leased assets	(932)	(668)	(293)	(1,893)
<b>Total amortisation</b>				<b>(12,021)</b>

<b>Accruals to provision for employee benefits</b>	1,571	11	-	<b>1,582</b>
<b>Average number of employees</b>	536	253	33	<b>822</b>

## V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and Machinery	Equipment	Other assets	Work in progress	Total
Historical cost	60,973	88,564	15,385	11,894	3,947	180,763
Reassessments pursuant to law	934	32	-	-	-	966
Accumulated amortisation	(18,305)	(57,688)	(11,315)	(7,854)	-	(95,162)
<b>Balance as at 12/31/2022</b>	<b>43,602</b>	<b>30,908</b>	<b>4,070</b>	<b>4,040</b>	<b>3,947</b>	<b>86,567</b>
Increases	2,111	3,636	773	1,649	4,993	13,162
Currency translation differences	42	33	-	6	(1)	80
Amortisation	(1,466)	(5,717)	(851)	(1,391)	-	(9,425)
Net divestments	-	(37)	(8)	(87)	-	(132)
Reclassifications	901	1,872	509	-	(3,282)	-
<b>Balance as at 12/31/2023</b>	<b>45,190</b>	<b>30,695</b>	<b>4,493</b>	<b>4,217</b>	<b>5,657</b>	<b>90,252</b>

	Land and buildings	Plant and Machinery	Equipment	Other assets	Work in progress	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)
<b>Balance as at 12/31/2021</b>	<b>43,909</b>	<b>31,372</b>	<b>3,719</b>	<b>2,758</b>	<b>2,743</b>	<b>84,501</b>
Increases	1,056	4,531	530	2,474	2,943	11,534
Currency translation differences	(116)	(76)	-	7	-	(185)
Amortisation	(1,295)	(5,930)	(820)	(1,210)	-	(9,255)
Net divestments	(1)	(4)	(12)	(4)	(7)	(28)
Reclassifications	49	1,015	653	15	(1,732)	-
<b>Balance as at 12/31/2022</b>	<b>43,602</b>	<b>30,908</b>	<b>4,070</b>	<b>4,040</b>	<b>3,947</b>	<b>86,567</b>

In 2023, Group investments in property, plant and equipment reached a total €13,162 thousand, made primarily by the parent company.

Investments in buildings, totalling 2,111, related almost entirely to the upgrading of existing buildings. Increases and reclassifications relating to the item plant and machinery primarily consist of investments in fixed assets for €1,517 thousand and investments in production equipment totalling €3,622 thousand.

The item "Work in progress" includes advances related to assets that will be delivered starting 2024 for €3,963 thousand, in addition to investments made by the Parent Company for €1,694 thousand for the manufacturing of dies and equipment still in progress.

The British company Cembre Ltd. has invested a total of €1,339 thousand, primarily in machinery and setting up offices, following the expansion of the area occupied by the company.

## 2. INVESTMENT PROPERTY

	Land and buildings	Plant and Machinery	Other assets	Total
Historical cost	1,590	263	5	1,858
Accumulated amortisation	(820)	(263)	(5)	(1,088)
<b>Balance as at 12/31/2022</b>	<b>770</b>	<b>-</b>	<b>-</b>	<b>770</b>
Amortisation	(41)	-	-	(41)
<b>Balance as at 12/31/2023</b>	<b>729</b>	<b>-</b>	<b>-</b>	<b>729</b>

The item includes only the property in Calcinate (BG), owned by Cembre S.p.A., which is no longer used for the Group activities and is leased to third parties.



### 3. INTANGIBLE FIXED ASSETS

	Develop ment costs	Patents	Software	Trade marks	Other	Work in progress	Total
Historical cost	3,793	1,045	6,414	495	2,180	-	13,927
Accumulated amortisation	(2,177)	(952)	(5,180)	(231)	(994)	-	(9,533)
<b>Balance as at 12/31/2022</b>	<b>1,617</b>	<b>93</b>	<b>1,234</b>	<b>264</b>	<b>1,186</b>	<b>-</b>	<b>4,394</b>
Increases	720	59	527	-	45	57	1,408
Currency translation differences	-	-	-	-	-	-	-
Amortisation	(286)	(86)	(441)	(49)	(208)	-	(1,070)
Net divestments	(20)	-	-	-	-	-	(20)
Reclassifications	-	-	-	-	3	(3)	-
<b>Balance as at 12/31/2023</b>	<b>2,031</b>	<b>66</b>	<b>1,320</b>	<b>215</b>	<b>1,026</b>	<b>54</b>	<b>4,712</b>

Intangible fixed assets refer almost entirely to the Parent Company Cembre S.p.A.. Software increases mainly refer to upgrades of programs already in use. Development costs mainly concern the capitalisation of the hours dedicated by the technical office staff to product development; for more details on this asset, please refer to the Report on Operations.

Net disinvestments relating to the item Development Costs represent the value of projects abandoned during the year, as they are no longer considered worthwhile.

### 4. GOODWILL

	12/31/2023	12/31/2022	Change in
Goodwill	4,608	4,608	-

In May 2018, the German company Cembre GmbH acquired the entire capital of the compatriot IKUMA, identifying, after allocating the amount paid for the acquisition, a residual goodwill value of €4,608 thousand. In the first half of 2020, a reorganisation of the distribution networks, logistics and administrative and commercial services of both the aforementioned companies was completed, which resulted in significant integration of the two companies. As a result of this restructuring and close integration, the merger

by incorporation of IKUMA in Cembre GmbH was resolved, endorsed on July 1, 2020, effective retroactively to January 1, 2020.

With reference to the December 31, 2023, an adequacy analysis (or impairment test) was carried out concerning the goodwill recognised in the consolidated financial statements of Cembre. This goodwill congruity analysis was carried out by taking as reference, as the smallest cash generating unit (CGU) associated with the goodwill under analysis, the net invested capital of the CGU Germany ( currently coinciding with Cembre GmbH) recognised in the consolidated financial statements of Cembre.

The estimate of recoverable value was made by using the discounted cash flow method in its unlevered version, applied to the 2024-2027 economic and financial plan of the CGU Germany identified.

The analysis produced the following results:

	Recoverable value	Book value	Difference
CGU Germany	18,904	16,873	2,031

Therefore, there was no need to adjust the value of goodwill, recorded in the financial statements for €4,608 thousand.

The WACC, namely the weighted average cost of capital, used to measure the cash flows was determined as equal to 10.50% (8.58% in 2022), while the long-term growth rate G was assumed to be equal to 2.01% (0.78% in 2022).

As shown in the table above, the book value was fully consistent with the recoverable value.

## Sensitivity Analysis

Upon changing said parameters, the results of the impairment test would vary as follows:

### Value of goodwill

#### Recoverable value

		Long-term growth rate G				
		1.51%	1.76%	2.01%	2.26%	2.51%
WACC	11.5%	16,050	16,396	16,759	17,142	17,547
	11.0%	16,973	17,362	17,771	18,205	18,664
	10.5%	18,000	18,440	18,905	19,398	19,922
	10.0%	19,150	19,650	20,182	20,747	21,351
	9.5%	20,445	21,019	21,631	22,285	22,985

#### Difference of recoverable value - book value

		Long-term growth rate G				
		1.51%	1.76%	2.01%	2.26%	2.51%
WACC	11.5%	(823)	(478)	(114)	269	673
	11.0%	100	488	898	1,332	1,790
	10.5%	1,127	1,566	2,032	2,525	3,049
	10.0%	2,277	2,777	3,308	3,874	4,477
	9.5%	3,572	4,146	4,757	5,411	6,112

## 5. RIGHT OF USE - LEASED ASSETS

	Buildings	Motor vehicles	Total
Historical cost	7,652	2,397	10,050
Accumulated amortisation	(3,708)	(1,304)	(5,012)
<b>Balance as at 12/31/2022</b>	<b>3,944</b>	<b>1,094</b>	<b>5,038</b>
Increases	3,224	1,175	4,399
Currency translation differences	(20)	1	(19)
Amortisation	(1,234)	(835)	(2,069)
Divestments	(927)	-	(927)
<b>Balance as at 12/31/2023</b>	<b>4,987</b>	<b>1,435</b>	<b>6,422</b>

The increase in the item Buildings was due to the rental of the office of Cembre Ltd and the new office in Bologna of Cembre S.p.A., while the increase in the item Motor vehicles was due to new contracts entered into to replace expired ones. Divestments relate to two lease contracts closed during the year.

## 6. OTHER NON-CURRENT ASSETS

	12/31/2023	12/31/2022	Change in
Guarantee deposits	78	79	(1)

The item includes only security deposits paid by Cembre SpA, Cembre Sarl and Cembre GmbH.

## 7. INVENTORIES

	12/31/2023	12/31/2022	Change in
Raw materials	15,893	21,333	(5,440)
Work in progress and semi-finished goods	14,792	16,157	(1,365)
Finished goods	37,283	32,904	4,379
Advances to goods suppliers	775	1,177	(402)
<b>Total</b>	<b>68,743</b>	<b>71,571</b>	<b>(2,828)</b>

Payments on account to goods suppliers are the result of large orders placed to ensure adequate availability of raw materials and products.

In order to take into account material that can no longer be used in the course of disposal, the value of raw materials was decreased by a provision of €57 thousand and likewise, the value of semi-finished goods was reduced by a provision of €154 thousand.

The value of inventories is adjusted to its presumed realisable value through a provision for slow-moving inventory amounting to €5,183 thousand. Changes in the provision in 2023 are shown in the table that follows:

	2023	2022
<b>Balance at January 1</b>	<b>4,989</b>	<b>4,467</b>
Accruals	868	669
Uses	(83)	(37)
Releases	(563)	(79)
Currency translation differences	(27)	(31)
<b>Balance at December 31</b>	<b>5,183</b>	<b>4,989</b>

The impairment logic and procedures used to determine the provision for finished goods did not change from the previous year.

## 8. TRADE RECEIVABLES

	12/31/2023	12/31/2022	Change in
Nominal receivables due from	43,276	32,246	11,030
Provision for doubtful accounts	(783)	(590)	(193)
<b>Total</b>	<b>42,493</b>	<b>31,656</b>	<b>10,837</b>

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

	12/31/2023	12/31/2022	Change in
Italy	22,754	12,723	10,031
Europe	17,314	16,288	1,026
North America	2,210	2,051	159
Oceania	311	247	64
Middle East	311	415	(104)
Far East	104	224	(120)
Africa	272	298	(26)
<b>Total</b>	<b>43,276</b>	<b>32,246</b>	<b>11,030</b>

Average collection time went from 55 days in 2022 to 64 days in 2023, due in part to the cancellation of certain reverse-factoring contracts that were no longer deemed convenient due to the higher interest rates charged by the factoring company.

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

	2023	2022
<b>Balance at January 1</b>	<b>590</b>	<b>485</b>
Accruals	237	243
Uses	(46)	(128)
Releases	(3)	(10)
Currency translation differences	-	-
<b>Balance at December 31</b>	<b>783</b>	<b>590</b>

The breakdown of receivables by maturity at December 31 was as follows:

Year	Not past due	0-90 days	91-180 days	181-365 days	Over one year	Under litigation	Total
<b>2023</b>	38,958	3,638	380	168	84	48	<b>43,276</b>
<b>2022</b>	28,433	3,454	213	81	3	62	<b>32,246</b>

## 9. OTHER FINANCIAL ASSETS

This item comprises the amounts deposited in term current accounts maturing between February and April 2024.

## 10. TAX RECEIVABLES

	12/31/2023	12/31/2022	Change in
Tax receivables	480	2,169	(1,689)
Patent Box receivable	1,103	-	1,103
<b>Total</b>	<b>1,583</b>	<b>2,169</b>	<b>(586)</b>

The item tax credits mainly includes those of Cembre S.p.A., of which €157 thousand related to investments related to Industry 4.0 and recoverable within a maximum of 5

years. For a description of the Patent Box receivable, please refer to Note 29 "Income Taxes".

## 11. OTHER ASSETS

	12/31/2023	12/31/2022	Change
Receivables from employees	65	87	(22)
Advances to suppliers	307	482	(175)
Other	878	511	367
<b>Total</b>	<b>1,250</b>	<b>1,080</b>	<b>170</b>

The residual item "Other" mainly includes prepaid expenses.

## 12. 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.

At December 31, 2023, Cembre S.p.A. held 202,541 treasury shares, corresponding to 1.19% of its capital stock. Against these shares the Company recorded €3,844 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, a Stock Options Reserve was recognised, representative of the debt to beneficiaries of the plan itself, assuming the attainment of the performance targets established and continuity of the work relationship. This reserve amounted to €286 thousand at December 31, 2023. Please refer to Note 36 for further details.

A reconciliation between the Shareholders' Equity and net profit of the Parent Company and the Consolidated Shareholders' Equity and net profit is provided in the Report on Operations.

Changes in individual components of the Consolidated Shareholders' Equity are shown in the "Statement of Changes in the Consolidated Shareholders' Equity" included in the Consolidated Financial Statements.

### 13. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

	Effective interest rate %	Term ending	12/31/2023	12/31/2022
<b>Leasing liabilities - Non-current portion</b>				
Cembre S.p.A.			1,470	1,719
Cembre Ltd.			2,424	547
Cembre Sarl			123	66
Cembre España SLU			1	15
Cembre GmbH			107	149
Cembre Inc.			568	869
<b>Total non-current portion</b>			<b>4,693</b>	<b>3,365</b>
<b>NON-CURRENT FINANCIAL LIABILITIES</b>			<b>4,693</b>	<b>3,365</b>

	Effective interest rate %	Term ending	12/31/2023	12/31/2022
<b>Bank loans</b>				
Cembre S.p.A.				
<i>Current portion</i>				
BNL contract 6176728	6.08	Dec-24	99	-
BNL contract 03739	0.02	Mar-23	-	10,000
<b>Total current portion</b>			<b>99</b>	<b>10,000</b>
<b>Bank overdrafts</b>				
Cembre S.p.A.				
Banco BPM	2.06	On request	-	358
Cembre INC			27	
<b>Total</b>			<b>27</b>	<b>358</b>
<b>Bank charges</b>			<b>2</b>	<b>1</b>
<b>Leasing liabilities - Current portion</b>				
Cembre S.p.A.			950	875
Cembre Ltd.			292	249
Cembre Sarl			113	85
Cembre España SLU			13	57
Cembre GmbH			195	165
Cembre Inc.			277	277
<b>Total current portion</b>			<b>1,840</b>	<b>1,708</b>
<b>CURRENT FINANCIAL LIABILITIES</b>			<b>1,968</b>	<b>12,067</b>

#### 14. EMPLOYEE SEVERANCE INDEMNITY AND OTHER RETIREMENT BENEFITS

The item includes the Employee Termination Indemnity accrued for employees of the Italian 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.

Employee termination indemnity accrued at December 31, 2023 was discounted on the basis of an evaluation made by a registered actuary. For more information, see the paragraph "Use of estimates" in Chapter "III. Accounting standards and valuation criteria"

	2023	2022
<b>Opening balance</b>	<b>1,682</b>	<b>1,989</b>
Accruals	1,522	1,582
Uses	(1,539)	(523)
Social security (INPS) treasury	27	(1,058)
Actuarial effect	59	(308)
<b>Closing balance</b>	<b>1,751</b>	<b>1,682</b>

The Treasury provision with the National Social Security Institute (Istituto Nazionale di Previdenza Sociale - INPS) at December 31, 2023 amounted to €9,466 thousand.

A change in the discount rate used could result in the following impacts on amount of debt accrued:

Change in rate	12/31/2023	12/31/2022
0.5%	1,429	1,630
-0.5%	1,530	1,737

#### 15. PROVISIONS FOR RISKS AND CHARGES

Changes in the year are shown in the table below:

	Supplementary customer allowances	Directors variable compensation	Personnel incentives	Other provisions	Total
<b>As at December 31, 2022</b>	<b>255</b>	<b>110</b>	<b>167</b>	<b>121</b>	<b>653</b>
Accruals	37	55	26	19	137
Use	(19)	-	-	(80)	(99)
<b>As at December 31, 2023</b>	<b>273</b>	<b>165</b>	<b>193</b>	<b>60</b>	<b>691</b>

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 will be disbursed in 2024 following



the achievement of the targets set by the Board of Directors for the 2021-2023 period. The amount of the accrual against the variable compensation of Directors is recorded among the cost of services.

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. to protect against the possible effects of ongoing disputes with former employees.

Given the insignificant effects, these provisions were not discounted.

## 16. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities at December 31, 2023 are summarised as follows:

	12/31/2023	12/31/2022
<b>Deferred tax assets</b>		
Reversal of unrealised intra-group profits in stock	1,934	1,750
Write-down of inventories	593	691
Provision for French personnel costs	53	61
Consulting capitalised by Cembre GmbH	129	124
Provision for doubtful accounts of the Parent Company	130	95
Differences on amortisation and depreciation of the Parent Company	271	312
Discounting of employee termination indemnity	-	-
Write-down of Calcinate property	34	34
Other	303	291
<b>Gross deferred tax assets</b>	<b>3,447</b>	<b>3,358</b>
<b>Deferred tax liabilities</b>		
Average cost assessment of inventories by the Parent Company	(816)	(825)
Depreciation Cembre LTD	(550)	(444)
Reversal of German subsidiary product warranty provision	(16)	(14)
Reversal of land depreciation	(24)	(24)
Reassessment of land	(1,652)	(1,652)
Allocation of IKUMA investment purchase price	(495)	(592)
Reversal of amortisation of non-competition agreement of former IKUMA directors	-	(25)
Discounting of employee termination indemnity	(17)	(31)
Other	-	(1)
<b>Gross deferred tax liabilities</b>	<b>(3,570)</b>	<b>(3,608)</b>

<b>Net deferred tax assets (liabilities)</b>	<b>(123)</b>	<b>(250)</b>
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## 17. TRADE PAYABLES

	12/31/2023	12/31/2022	Change in
Trade payables	14,414	18,643	(4,229)
Advances	415	560	(145)
<b>Total</b>	<b>14,829</b>	<b>19,203</b>	<b>(4,374)</b>

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

	12/31/2023	12/31/2022	Change in
Italy	12,469	15,327	(2,858)
Europe	1,866	3,119	(1,253)
Far East	13	21	(8)
North America	36	172	(136)
Other	30	4	26
<b>Total</b>	<b>14,414</b>	<b>18,643</b>	<b>(4,229)</b>

Average payment time shortened from 52 days in 2022 to 45 days in 2023.

## 18. TAX PAYABLES

This item exclusively includes income tax payables for the period, net of advances already paid.

## 19. OTHER PAYABLES

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

	12/31/2023	12/31/2022	Change in
Payables to employees	4,258	4,102	156
Employee withholding taxes payable	1,368	1,083	285
VAT and similar foreign taxes payable	1,936	723	1,213
Commissions payable	523	544	(21)
Payables to Statutory Auditors and similar foreign boards	44	44	-
Payables to directors	269	262	7
Social security payables	3,079	3,023	56
Payables for sundry taxes	287	255	32
Sundry items	25	322	(297)
<b>Total</b>	<b>11,789</b>	<b>10,358</b>	<b>1,431</b>

## 20. REVENUE FROM CONTRACTS WITH CUSTOMERS

In 2023, revenues increased by 11.9% compared to the previous year. A total of 43.4% of Group sales were represented by Italy (14.6% more than in 2022), while sales in the rest of Europe represented 45.9% of total sales (up 9.7% on the previous year). Sales to the rest of the World grew by 11.2%, representing 10.6% of total sales. Further detail is provided in the Report on Operations.

## 21. OTHER REVENUES AND INCOME

The breakdown of the item "Other revenues" and income is as follows:

	2023	2022	Change in
Capital gains	97	41	56
Use and release of funds	77	10	67
Insurance damages	71	71	-
Reimbursements	324	336	(12)
Other	90	57	33
Operating grants	131	96	35
Capital grants	484	388	96
<b>Total</b>	<b>1,274</b>	<b>999</b>	<b>275</b>

Reimbursements relate primarily to transport costs charged to customers. With regard to operating grants, it should be noted that, pursuant to art.1 paragraph 125 of Law 124/2017 (Fulfilment of transparency and publicity obligations), in 2023 tax credits for €75 thousand were recognised in relation to the research and development activity carried out in the 2022 financial year; in addition, grants for €56 thousand were obtained from the Formazienda Fund in relation to training courses provided to the Parent Company's personnel.

With regard to capital grants, it should be noted that these are against a tax credit of €484 thousand for facilitations for investments made.

## 22. COST OF SERVICES

The item "costs for services" is broken down as follows:

	2023	2022	Change in
Subcontracted work	4,089	4,157	(68)

Electricity, heating and water	2,358	2,512	(154)
Transport of goods sold	3,494	3,331	163
Fuel	764	690	74
Travelling expenses	2,075	1,677	398
Maintenance and repair	3,728	3,161	567
Consulting	2,440	1,802	638
Advertising and promotion	1,073	807	266
Insurance	891	799	92
Compensation of corporate boards	1,035	1,021	14
Postage and telephone	436	450	(14)
Commissions	1,572	1,393	179
Security and cleaning	851	868	(17)
Bank services	163	193	(30)
Software licence fees	1,213	1,039	174
Refresher courses	412	262	150
Personnel search	446	386	60
Sundry items	1,123	552	571
<b>Total</b>	<b>28,163</b>	<b>25,100</b>	<b>3,063</b>

The item consulting increased mainly due to the higher volume of technical, legal and administrative consultancy.

The residual item "Sundry items" includes mainly entertainment and hospitality costs.

### 23. LEASES AND RENTALS

The item is broken down as follows:

	2023	2022	Change in
Rent and related costs	126	24	102
Vehicle and other leasing	235	232	3
<b>Total</b>	<b>361</b>	<b>256</b>	<b>105</b>

The amounts represent the residual portion linked to temporary extensions and short-term contracts, to contracts relative to assets worth less than €5,000 and ancillary costs not falling within the application of IFRS16.

### 24. PERSONNEL COSTS

Personnel costs are broken down as follows:

	2023	2022	Change in
Wages and Salaries	43,663	39,289	4,374
Social security charges	9,793	8,720	1,073
Employee Severance Indemnity	1,609	1,609	-
Retirement benefits	266	266	-
Other costs	1,309	1,409	(100)
<b>Total</b>	<b>56,640</b>	<b>51,293</b>	<b>5,347</b>

Wages and salaries include €4,426 thousand relating to the cost of personnel on short-term contracts, mainly incurred by the Parent Company (€3,978 thousand).

The increase in the item "Other costs" includes the provision in the Reserve for stock options, referred to in Note 12, equal to €101 thousand (€149 thousand in 2022).

Average number of employees by category:

	2023	2022	Change in
Executives	21	20	1
White collars	421	395	26
Blue collars	330	328	2
Temporary workers	91	79	12
<b>Total</b>	<b>863</b>	<b>822</b>	<b>41</b>

Average numbers of employees by company are as follows:

	Executives	White collars	Blue collars	Short-term personnel	Total 2023	Total 2022	Change in
Cembre S.p.A.	8	237	233	80	558	536	22
Cembre Ltd.	2	57	56	5	120	117	3
Cembre Sarl	4	23	5	1	33	32	1
Cembre España SLU	1	32	11	3	47	45	2
Cembre Inc.	3	32	5	0	40	33	7
Cembre GmbH	3	40	20	2	65	59	6
<b>Total</b>	<b>21</b>	<b>421</b>	<b>330</b>	<b>91</b>	<b>863</b>	<b>822</b>	<b>41</b>

## 25. OTHER OPERATING COSTS

The item is broken down as follows:

	2023	2022	Change in
Sundry taxes	977	874	103
Losses on receivables	44	16	28
Capital losses	87	22	65
Donations	53	46	7
Membership fees	80	69	11

Ancillary expenses for production	133	186	(53)
Accessory administrative expenses	161	126	35
Ancillary trade expenses	176	102	74
Other	81	80	1
<b>Total</b>	<b>1,792</b>	<b>1,521</b>	<b>271</b>

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

## 26. INCREASES IN FIXED ASSETS FOR INTERNAL WORK

	2023	2022	Change in
External supplies of components	873	1,217	(344)
External processing and treatment	24	104	(80)
Internal design and processing	548	703	(155)
Other	36	24	12
<b>Total</b>	<b>1,480</b>	<b>2,047</b>	<b>(567)</b>

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.

## 27. ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES

The item is broken down as follows:

	2023	2022	Change
Customer allowances	36	35	1
Other provisions	94	121	(27)
<b>Total</b>	<b>130</b>	<b>156</b>	<b>(26)</b>

## 28. FINANCIAL INCOME AND CHARGES

	2023	2022	Change
Interest earned on bank account balances	225	59	166
Other financial income	88	-	88
<b>Total financial income</b>	<b>313</b>	<b>59</b>	<b>254</b>
Loans and bank overdrafts	(98)	(4)	(94)
Financial charges from discounting of Employee Termination Indemnity	(60)	(18)	(42)
Lease financial charges	(196)	(82)	(114)
Other financial charges	(0)	(1)	1
<b>Total financial charges</b>	<b>(354)</b>	<b>(105)</b>	<b>(249)</b>
<b>Total financial income and charges</b>	<b>(41)</b>	<b>(46)</b>	<b>5</b>

## 29. INCOME TAXES

Income taxes are composed as follows:

	2023	2022	Change
Current taxes	(14,376)	(10,818)	(3,558)
Deferred taxes	240	109	131
Taxes referred to previous years	-	-	-
Extraordinary income	-	8	(8)
Patent Box Benefit	1,136	-	1,136
<b>Total</b>	<b>(13,000)</b>	<b>(10,701)</b>	<b>(2,299)</b>

On December 18, 2023 the Cembre Group renewed the agreement with Agenzia delle Entrate (the Italian Revenue Service) that defines the methods and criteria for calculation of the economic contribution to the production of business income by intangible fixed assets for the purposes of the so-called "Patent Box", with regard to tax years 2020-2024.

The agreement allows the Group to obtain a tax benefit for 2020 of approximately €1,103 thousand, determined according to the methods and criteria defined in the agreement.

It was not possible to determine with certainty the similar tax benefit for the years 2021, 2022 and 2023 as clarifications are pending on the criteria to be applied for its proper calculation; therefore, this additional benefit will be accounted for when it can be determined with the required certainty.

Please note that "Patent Box Benefit" includes the positive component deriving from the aforementioned 2020-2024 agreement as well as the positive effect of €33 thousand relating to the application of the new "Patent Box" regime starting from 2021.

The table that follows shows a reconciliation between the theoretical tax expense, calculated at the normal tax rate of the Parent Company (Corporate (IRES) + Regional Tax on Productive Activities (IRAP) = 27.9%), and the actual tax expense recorded in the consolidated accounts.

	2023		2022	
	Amount	%	Amount	%
Profit prior to taxes	53,828		42,619	
<b>Theoretical tax expense</b>	<b>15,018</b>	<b>27.90%</b>	<b>11,891</b>	<b>27.90%</b>
Effect of non-deductible charges	2,058	3.82%	2,163	5.08%

Effect of untaxed income and deductions	(2,910)	-5.41%	(2,938)	-6.89%
IRAP and other taxes	363	0.67%	285	0.67%
Extraordinary income	(1,135)	-2.11%	(8)	-0.02%
Effect of other foreign tax rates	(394)	-0.73%	(608)	-1.43%
<b>Total income taxes in the financial statements</b>	<b>13,000</b>	<b>24.15%</b>	<b>10,701</b>	<b>25.11%</b>

At December 31, 2023, there are no temporary differences and accrued past tax losses regarding which no prepaid and/or deferred taxes have been recognised.

Deferred tax assets and liabilities are made up as follows:

	2023	2022
Reversal of unrealised intra-group profits in stock	184	115
Provision for doubtful accounts of the Parent Company	35	15
Average cost assessment of inventories by the Parent Company	9	(274)
Accelerated depreciation	(107)	(38)
Write-down of inventories	(98)	120
Discounting of employee termination indemnity	196	4
Provision for French subsidiary personnel costs	(8)	(10)
Differences on amortisation and depreciation of the Parent Company	(41)	35
Allocation of IKUMA investment purchase price	97	(20)
Other	(26)	162
<b>Prepaid/deferred taxes for the financial year</b>	<b>241</b>	<b>109</b>

### 30. COMPREHENSIVE INCOME

The Cembre Group uses a single table to report its comprehensive income. In particular, the economic effects recorded directly under Shareholders' Equity are reported separately and result in an increase or decrease of net profit for the period. At December 31, 2023, the changes relate only to foreign exchange translation differences arising upon consolidation on the translation into Euro of the financial statements of subsidiaries operating outside the Euro zone, to the effect of the discounting of Employee Termination Indemnities.

### 31. EARNINGS PER SHARE (BASIC AND DILUTED)

Basic earnings per share are calculated by dividing net profit by the weighted average number of shares in circulation for the period, excluding treasury shares held at the end of the year, amounting to 202,541.



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.

	2023	2022
Consolidated net profit	40,828	31,918
No. of ordinary shares ('000)	16,790	16,744
<b>Basic earnings per share</b>	<b>2.43</b>	<b>1.90</b>
Weighted number of shares potentially eligible for allocation (Euro '000)	18	20
<b>Diluted earnings per share</b>	<b>2.43</b>	<b>1.90</b>

### 32. DIVIDENDS

On May 10, 2023 (ex-dividend date May 8), dividends were paid in the amount of €23,495 thousand, relating to the allocation of profit for the year 2022, corresponding to €1.40 per share entitled to dividends.

Dividends related to the allocation of the 2023 profit and submitted for approval to the Shareholders' Meeting amounted to €1.80 per share, for a total of €30,235 thousand. This amount was not recorded as a liability.

### 33. COMMITMENTS AND RISKS

	12/31/2023	12/31/2022	Change
Sureties and guarantees given	2,399	2,401	(2)

Commitments at December 31, 2023 included sureties granted by the Parent Company to the Municipality of Brescia amounting to €1,051 thousand, to guarantee urban development works following the authorisation to build in an area owned by the company and adjacent to the company headquarters and €491 thousand in guarantees given to the Brescia Customs Authority. The residual guarantees relate to guarantees for supplies granted to electrical and railway companies.

In July 2023, Cembre SpA signed a framework agreement with Intesa Sanpaolo SpA for the transfer of tax credits in favour of Cembre SpA. The agreement is valid until December 31, 2026 and includes an indemnity clause in favour of Cembre SpA.

Cembre SpA benefits from a purchase price that is lower than the nominal value of the tax credit being transferred, obtaining financial income when it uses the purchased tax credit to pay the taxes due.

This agreement resulted in the purchase of tax credits in the amount of €8 million in 2023 and includes a commitment to purchase tax credits in the amount of €10 million for each of the years 2024, 2025 and 2026.

#### 34. NET FINANCIAL POSITION

The net financial position of the Group amounted to a positive €18,221 thousand at the end of the year, up on December 31, 2022 due to the increased dividends paid and increased investment volume with respect to the previous year.

At the financial statement date, the Group had no outstanding debt involving covenants or negative pledges.

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:

		12/31/2023	12/31/2022
A	Cash	5	10
B	Bank deposits	20,877	15,018
C	Other financial assets	4,000	15,000
<b>D</b>	<b>Cash and cash equivalents (A+B+C)</b>	<b>24,882</b>	<b>30,028</b>
E	Current bank payables	(128)	(10,359)
F	Current financial leasing liabilities	(1,840)	(1,708)
<b>G</b>	<b>Current financial indebtedness (E+F)</b>	<b>(1,968)</b>	<b>(12,067)</b>
<b>H</b>	<b>Net current financial position (G+D)</b>	<b>22,914</b>	<b>17,961</b>
I	Non-current financial leasing liabilities	(4,693)	(3,365)
<b>J</b>	<b>Non-current financial debt (I)</b>	<b>(4,693)</b>	<b>(3,365)</b>
<b>K</b>	<b>Net financial position (H+J)</b>	<b>18,221</b>	<b>14,596</b>

#### 35. 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 year end, all amounts due to Tha Immobiliare had been settled.

Cembre Ltd. leases an industrial building, composed of several units, 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:

	Assets	Non-current liabilities	Current liabilities	Amortisation	Interest expense
Leased assets from THA - Cembre S.p.A.	1,149	929	523	532	37
Leased assets from Borno - Cembre Ltd	2,576	2,376	248	303	106

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.

#### Boards' compensation

In 2023, compensation for the Board of Directors and the Board of Statutory Auditors, net of social security contributions, amounted to:

	Board of Statutory Auditors	Directors
Emoluments as directors and auditors of Cembre S.p.A.	84	919
Remuneration as employees	-	345
Other compensation	-	11
Non-monetary benefits	-	21

The item "Remuneration as employees" does not include contributions borne by the Company, amounting to €129 thousand.

Other fees relate to the function performed within the Supervisory Body.

Non-monetary benefits relate to the use of a company car and insurance policies underwritten on their behalf.

### **36. SHARE-BASED PAYMENTS**

The Parent Company Cembre S.p.A. established the incentive plan known as "Premio Carlo Rosani per i 50 anni della Fondazione della Società" (Carlo Rosani Prize for the 50th anniversary of the foundation of the Company), intended for executives and middle managers who have an employment contract with the company.

The plan, approved by the Shareholders' Meeting on April 18, 2019, provides for the attribution, by the company, of rights to acquire ordinary Cembre shares, and will last until 2025.

The rights granted under the plan can only be assigned to the beneficiaries identified, to this end, by the Board of Directors, based on the prior opinion of the Appointments and Remuneration Committee and in compliance with the Incentive Plan Regulation.

The rights will be assigned annually, free of charge, in the plan duration period, following the Board's approval of the company's consolidated financial statements. The beneficiaries will be attributed, for each annual assignment, the following rights: 2,000 for those in the position of executive and 500 for middle managers. The exercise price of the aforementioned rights is €10 per share. Based on the beneficiaries identified by the Board of Directors, provision is made for the assignment of a total maximum number of 117,500 shares for the entire duration of the plan.

The assignment of the rights to the beneficiaries is subject to the verification of the following performance conditions:

- growth must be recorded in the gross operating profit of the Cembre Group in the reference year (i.e. the year prior to the assignment year) compared to the previous year;
- the gross operating profit of the Cembre Group in the reference year must be higher than the minimum values reported in the incentive plan Regulation.

The assignment of the rights to the beneficiaries is also subject to the following additional conditions, to be verified in relation to the individual beneficiary:

- existence of an employment contract with the position of executive or middle manager;
- solely for recipients in the position of middle manager, provision of work activities to the company for an average of 40 hours per week;
- in compliance with the prohibition on the transfer of the payment, from the second assignment date, maintenance of ownership of the shares acquired under the plan, and nonetheless, a number of Cembre shares at least equal to the total number of rights exercised under the plan.

In October 2023, the fourth instalment of assignment rights was exercised that resulted in a reduction of the reserve for treasury shares equal to €285 thousand, against the assignment of 15,000 shares.

## **37. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

The Group makes very limited use of 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 this risk with ongoing innovation, the widening of the product range, high automation and the upgrade of its production process, implementing focused marketing policies also with the help of its foreign subsidiaries.

### Interest rate risk

At December 31, 2023, as detailed in Note 13, a fixed rate loan was taken out in the name of the Parent Company Cembre S.p.A., expiring in 2024. Owing to the nature and duration of the contracts, the interest rate risk can be considered zero.

### 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 sales in US dollars and British pounds. The entity and volumes are not such as to have a significant impact on the Group results.

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

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	Change in Shareholders'	Change in Turnover	Change in Profit prior to
Cembre Ltd.	GBP	5% / -5%	(862)/862	(1,499)/1,499	(100)/100
Cembre Inc.	USD	5% / -5%	(385)/385	(737)/737	(7)/7

At December 31, 2023, the effect of foreign-exchange transactions is negative by €103 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. The pandemic crisis has not lead to changes in the incidence of this risk.

#### 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 rating or provide secured 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.

#### Risks linked to climate change

Climate change entails a broad spectrum of possible impacts for the Group arising from both physical and transition risks. When making new investments, the Group takes into account the possible future impacts that climate change may have on their usability and useful life. It also closely monitors regulatory developments and changes, such as new climate-related regulations and standards.

The Group believes that its business model and products will still be attractive following the transition to a low-emission economy.

Climate-related issues may increase the uncertainty of the estimates and assumptions regarding certain elements or items of the financial statements. For further discussion of this aspect, please refer to the section "Effects of Climate Change" in the sub-chapter "Use of estimates" of the chapter "ACCOUNTING STANDARDS AND VALUATION CRITERIA". Please also refer to the "Effects of climate change" section in the Report on Operations.

### **38. SUBSEQUENT EVENTS**

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

Brescia, March 14, 2024

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

**CEMBRE**

## Attestation in respect of the Consolidated 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

The undersigned Giovanni Rosani and Claudio Bornati, in their position as Managing Director and Manager responsible for the preparation of financial reports of Cembre S.p.A., respectively, pursuant to Article 154-bis, paragraphs 3 and 4 of Legislative Decree No.58/1998, certify that internal controls over financial reporting in place for the preparation of 2023 consolidated financial statements and during the period covered by the report, were:

- adequate to the Company structure, and
- effectively applied during the process.

The undersigned officers certify that this 2023 consolidated financial statements:

- a) was 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 19 July 2002, and
- b) corresponds to the Company's evidence and accounting books and entries;
- c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

The undersigned officers attest, also, that the report on operations includes a reliable operating and financial review of the Company and of the Group as well as a description of the main risks and uncertainties to which they are exposed.

Brescia, March 14, 2024

Manager responsible for the  
preparation of financial reports

*signed by:*  
Claudio Bornati

Chairman and  
Managing Director

*signed by:*  
Giovanni Rosani



## Financial Statements at December 31, 2023

### Statements of financial position

ASSETS	Notes	Dec. 31, 2023		Dec. 31, 2022	
			<i>of which: related parties</i>		<i>of which: related parties</i>
<b>NON CURRENT ASSETS</b>					
Tangible assets	<b>1</b>	77,613,106		75,158,158	
Investment property	<b>2</b>	729,074		770,102	
Intangible assets	<b>3</b>	3,611,413		3,047,699	
Right of use assets	<b>4</b>	2,375,923	1,149,377	2,551,050	1,795,308
Investments in subsidiaries	<b>5</b>	20,909,981		20,909,981	
Other investments	<b>6</b>	5,168		5,168	
Other non-current assets	<b>7</b>	63,413		63,469	
Deferred tax assets	<b>18</b>	1,197,143		1,253,831	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>106,505,221</b>		<b>103,759,458</b>	
<b>CURRENT ASSETS</b>					
Inventories	<b>8</b>	49,299,877		53,959,415	
Trade receivables	<b>9</b>	25,308,178		15,999,992	
Trade receivables from subsidiaries	<b>10</b>	6,213,513	6,213,513	6,614,659	6,614,659
Other financial assets	<b>11</b>	4,000,000		15,000,000	
Tax receivables	<b>12</b>	1,405,965		1,762,427	
Other assets	<b>13</b>	473,480		265,483	
Cash and cash equivalents		14,676,371		5,900,290	
<b>TOTAL CURRENT ASSETS</b>		<b>101,377,384</b>		<b>99,502,266</b>	
<b>NON-CURRENT ASSETS AVAILABLE FOR SALE</b>		<b>-</b>		<b>-</b>	
<b>TOTAL ASSETS</b>		<b>207,882,605</b>		<b>203,261,724</b>	

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Dec. 31, 2023		Dec. 31, 2022	
			<i>of which: related parties</i>		<i>of which: related parties</i>
<b>EQUITY</b>					
Capital stock	<b>14</b>	8,840,000		8,840,000	
Reserves	<b>14</b>	127,109,522		121,236,258	
Net profit		39,629,052		29,116,633	
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>175,578,574</b>		<b>159,192,891</b>	
<b>NON-CURRENT LIABILITIES</b>					
Non-current financial liabilities	<b>15</b>	1,469,682	929,418	1,719,828	1,332,939
Employee Severance Indemnity and other personnel benefits	<b>16</b>	1,478,407	138,934	1,438,959	128,922
Provisions for risks and charges	<b>17</b>	690,950	165,000	577,632	110,000
Deferred tax liabilities	<b>18</b>	2,509,326		2,532,641	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,148,365</b>		<b>6,269,060</b>	
<b>CURRENT LIABILITIES</b>					
Current financial liabilities	<b>15</b>	1,051,141	522,749	11,233,578	513,804
Trade payables	<b>19</b>	13,488,842		17,372,703	
Trade payables to subsidiaries	<b>20</b>	691,644	691,644	222,767	222,767
Tax payables	<b>21</b>	3,471,848		1,590,154	
Other Payables	<b>22</b>	7,452,191	312,763	7,380,571	422,411
<b>TOTAL CURRENT LIABILITIES</b>		<b>26,155,666</b>		<b>37,799,773</b>	
<b>LIABILITIES ON ASSETS HELD FOR DISPOSAL</b>		<b>-</b>		<b>-</b>	
<b>TOTAL LIABILITIES</b>		<b>32,304,031</b>		<b>44,068,833</b>	
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>207,882,605</b>		<b>203,261,724</b>	

## Financial Statements at December 31, 2023

### Statement of comprehensive income

	Notes	2023		2022	
			<i>of which: related parties</i>		<i>of which: related parties</i>
Revenues from contracts with customers	23	173,060,884	51,920,913	149,516,046	40,198,156
Other revenues	24	2,615,715	1,707,921	2,284,301	1,635,847
<b>TOTAL REVENUES</b>		<b>175,676,599</b>		<b>151,800,347</b>	
Cost of goods and merchandise	25	(57,897,664)	(2,218,416)	(68,721,698)	(735,815)
Change in inventories	8	(4,509,329)		12,114,570	
Cost of services received	26	(19,498,313)	(817,687)	(17,845,740)	(915,008)
Lease and rental costs	27	(209,669)		(114,425)	
Personnel costs	28	(36,084,666)	(430,703)	(33,805,604)	(406,659)
Other operating costs	29	(1,038,265)	0	(965,591)	(20)
Increase in assets due to internal construction	30	1,480,449		2,047,383	
Write-down of receivables	9	(207,061)		(204,594)	
Accruals to provisions for risks and charges	31	(55,240)		(80,553)	
<b>GROSS OPERATING PROFIT</b>		<b>57,656,841</b>		<b>44,224,095</b>	
Tangible asset depreciation	1-2	(8,046,752)		(8,104,488)	
Intangible asset amortization	3	(806,589)		(566,224)	
Depreciation of right of use assets	4	(1,026,879)	(531,821)	(932,192)	(505,861)
<b>OPERATING PROFIT</b>		<b>47,776,621</b>		<b>34,621,191</b>	
Financial income	32	3,712,128	3,413,082	3,461,225	3,402,691
Financial expenses	32	(222,507)	(36,696)	(73,664)	(43,773)
Foreign exchange gains (losses)	33	(162,823)		189,103	
<b>PROFIT BEFORE TAXES</b>		<b>51,103,419</b>		<b>38,197,855</b>	
Income taxes	34	(11,474,367)		(9,081,222)	
<b>NET PROFIT FROM ORDINARY ACTIVITIES</b>		<b>39,629,052</b>		<b>29,116,633</b>	
<b>NET PROFIT FROM ASSETS HELD FOR DISPOSAL</b>		<b>-</b>		<b>-</b>	
<b>NET PROFIT</b>		<b>39,629,052</b>		<b>29,116,633</b>	
<b>Items that will not be reclassified to profit and loss</b>					
Gains (losses) from discounting of Employees' Termination Indemnity		1,243		325,794	
Income tax relating to items that will not be reclassified		(298)		(78,191)	
<b>COMPREHENSIVE INCOME</b>	35	<b>39,629,997</b>		<b>29,364,236</b>	

## Financial Statements at December 31, 2023

### Statement of Cash Flows

	2023	2022
€ '000		
<b>A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD</b>	<b>5,900,290</b>	<b>35,291,377</b>
<b>B) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit for the period	39,629,052	29,116,633
Income taxes	11,474,367	9,081,222
Financial losses/(Financial gains)	(3,489,622)	(3,387,560)
(Gains)/Losses on disposal of assets	16,112	1,208
Depreciation, amortization and write-downs	9,880,220	9,602,904
Net change in Employee Termination Indemnity	39,448	(284,085)
Net change in provisions for risks and charges	113,318	205,684
Stock options plan IFRS2 remeasurement	101,129	149,408
<b>Operating profit (loss) before change in working capital</b>	<b>57,764,024</b>	<b>44,485,414</b>
(Increase) Decrease in trade receivables	(8,907,040)	(2,964,472)
(Increase) Decrease in inventories	4,659,538	(11,597,127)
Increase (Decrease) of trade payables	(3,414,984)	2,818,490
<b>(Increase) Decrease in working capital</b>	<b>(7,662,486)</b>	<b>(11,743,109)</b>
Other changes	(103,004)	788,721
Interests received/(Interests paid)	76,540	(15,131)
Dividends received	3,413,082	3,402,691
(Paid income taxes)	(9,236,211)	(11,012,003)
<b>NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES</b>	<b>44,251,945</b>	<b>25,906,583</b>
<b>C) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets:		
- intangible	(1,389,866)	(747,274)
- tangible	(10,498,561)	(9,328,905)
- financial	-	0
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- intangible	19,563	0
- tangible	21,777	24,885
- financial	56	2,910
<b>NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES</b>	<b>(11,847,031)</b>	<b>(10,048,384)</b>
<b>D) CASH FLOW FROM FINANCING ACTIVITIES</b>		
(Increase) Decrease in other non current assets	11,000,000	(15,000,000)
Increase (Decrease) in bank payables	(10,257,391)	(9,641,585)
Repayment of leasing liabilities	(1,026,944)	(929,153)
Changes in reserves	(134,688)	(170,605)
Sale (Purchase) of own shares	284,688	360,605
Dividends distributed	(23,495,443)	(20,116,151)
<b>NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES</b>	<b>(23,629,778)</b>	<b>(45,496,889)</b>
<b>E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)</b>	<b>8,775,136</b>	<b>(29,638,690)</b>
F) Discounting of Employee Termination Indemnity	945	247,603
<b>G) CASH AND CASH EQUIVALENTS AT END OF YEAR (A+E+F)</b>	<b>14,676,371</b>	<b>5,900,290</b>
Of which: assets held for disposal	-	-
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>14,676,371</b>	<b>5,900,290</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>14,676,371</b>	<b>5,900,290</b>
Financial assets	4,000,000	15,000,000
Current financial liabilities	(1,051,141)	(11,233,578)
Non current financial liabilities	(1,469,682)	(1,719,828)
<b>NET FINANCIAL POSITION</b>	<b>16,155,548</b>	<b>7,946,884</b>
<b>BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF YEAR</b>		
Cash	3,316	4,742
Banks	14,673,055	5,895,548
	<b>14,676,371</b>	<b>5,900,290</b>

## Financial Statements at December 31, 2023

### Statement of Changes in the Shareholders' Equity

	Balance at December 31, 2022	Allocation of profit to reserves	Allocation of profit to dividends	Stock options plan: IFRS2 measurement	Stock options plan: Shares assignment	Comprehensive income of the period	Balance at December 31, 2023
Capital stock	8,840,000	-	-	-	-	-	8,840,000
Share premium reserve	12,244,869	-	-	-	-	-	12,244,869
Legal reserve	1,768,000	-	-	-	-	-	1,768,000
Reserve for own shares	(4,128,755)	-	-	-	284,688	-	(3,844,067)
Suspended-tax revaluation reserve	585,159	0	0	0	0	0	585,159
Other suspended-tax reserves	68,412	0	0	0	0	0	68,412
Extraordinary reserve	101,571,068	5,621,190	0	(24,353)	37,302	0	107,205,207
Reserve for FTA	4,051,204	0	0	0	0	0	4,051,204
Reserve for discounting of Employee Termination Indemnity	346,202	0	0	0	0	945	347,147
Merger surplus reserve	4,397,138	0	0	0	0	0	4,397,138
Stock options reserve	332,961	0	0	125,482	(171,990)	0	286,453
Retained earnings	-	0	0	0	0	0	0
Net profit	29,116,633	(5,621,190)	(23,495,443)	0	0	39,629,052	39,629,052
<b>Total Shareholders' Equity</b>	<b>159,192,891</b>	<b>-</b>	<b>(23,495,443)</b>	<b>101,129</b>	<b>150,000</b>	<b>39,629,997</b>	<b>175,578,574</b>

	Balance at December 31, 2021	Allocation of profit to reserves	Allocation of profit to dividends	Stock options plan: IFRS2 measurement	Stock options plan: Shares assignment	Comprehensive income of the period	Balance at December 31, 2022
Capital stock	8,840,000						8,840,000
Share premium reserve	12,244,869						12,244,869
Legal reserve	1,768,000						1,768,000
Reserve for own shares	(4,489,360)				360,605		(4,128,755)
Suspended-tax revaluation reserve	585,159						585,159
Other suspended-tax reserves	68,412						68,412
Extraordinary reserve	98,260,767	3,303,636			6,665		101,571,068
Reserve for FTA	4,051,204						4,051,204
Reserve for discounting of Employee Termination Indemnity	98,599					247,603	346,202
Merger surplus reserve	4,397,138						4,397,138
Stock options reserve	360,823			149,408	(177,270)		332,961
Retained earnings	-						-
Net profit	23,419,786	(3,303,636)	(20,116,150)			29,116,633	29,116,633
<b>Total Shareholders' Equity</b>	<b>149,605,397</b>	<b>-</b>	<b>(20,116,150)</b>	<b>149,408</b>	<b>190,000</b>	<b>29,364,236</b>	<b>159,192,891</b>

## **Notes to the Financial Statements of Cembre S.p.A. at December 31, 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. (hereinafter “the Company”) are active primarily in the manufacturing and sale of electrical connectors and related tools.

Publication of the Financial Statements of Cembre S.p.A. for the year ended December 31, 2023 was authorized by a resolution of the Board of Directors dated March 14, 2024.

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

### **II. FORM AND CONTENT**

The Financial Statements at December 31, 2023 were prepared under the International Financial Reporting Standards (IFRS) adopted by the European Union and the related implementation regulations issued in application of article 9 of Legislative Decree no. 38/2005.

The standards adopted in the preparation of the Financial Statements are those formally endorsed by the European Union and in force as at December 31, 2023.

With the exception of those items for which international accounting principles provide for a different valuation, the Financial Statements were prepared in accordance with the historical cost principle.

Unless otherwise indicated, figures reported in the Financial Statements and the related notes are expressed in Euro.

The Financial Statements at December 31, 2023 were prepared on the basis of the going concern assumption.

The table that follows contains a list of international accounting principles and interpretations approved by the IASB that became effective in 2023, which were taken into account, where applicable, in the preparation of the present Financial Statements.

<b>New and revised standards</b>	<b>Date of effectiveness set forth by the standard</b>
IFRS 17 – Insurance contracts	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2 - Description of accounting policies	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

The amendments to IAS 1 and the “IFRS Practice Statement 2 Making Materiality Judgements” replace the requirement for companies to disclose their “significant” accounting standards with the requirement to disclose their “material” accounting standards; this has resulted in an assessment of the materiality of the accounting standards disclosed in these financial statements, although it has no impact on the measurement, recognition and presentation of the elements of the financial statements.

The amendments to other accounting standards listed above did not change the company's financial statements.

### **Standards issued but not yet entered into force**

The standards and interpretations that, at the date of drafting of the company’s financial statements, had already been issued by IASB but had still been endorsed by the EU. Cembre S.p.A. intends to adopt these standards and interpretations, if applicable, when they enter into force:

<b>New and revised standards</b>	<b>Date of effectiveness set forth by the standard</b>
Amendments to IFRS 16: lease liability in a sale and leaseback	1 January 2024
Amendments to IAS 1: classification of liabilities as current or non-current	1 January 2024
Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements	1 January 2024

The adoption of these standards should not result in any significant change to the company's accounting position.

### **III. ACCOUNTING STANDARDS AND VALUATION CRITERIA**

#### **Presentation of the Financial Statements**

The Financial Statements are prepared as follows:

- current and non-current assets and liabilities are reported separately in the Statement of Financial Position;
- the analysis of costs in the Statement of Comprehensive Income is carried out based on the nature of the same;
- the Statement of Cash Flows is prepared by applying the indirect method.

The methods for preparing the Financial Statements have unchanged from previous year. Furthermore, with reference to CONSOB Regulation no. 15519 dated July 27, 2006, the Financial Statements include a separate reporting of amounts pertaining to related parties, where significant.

#### **Property, plant and equipment**

Property, plant and equipment is recorded at the historical cost and reported net of accumulated depreciation and losses in value.

Ordinary maintenance and repair costs are not capitalised, and are charged to the income statement in the year in which they are incurred, with the exception of those that result in an increase in the useful life of the asset.

Depreciation commences when the asset is available for use and is calculated on a straight line basis over the estimated residual useful life of the asset, taking into account its residual value. Depreciation rates applied reflect the useful life generally attributed to the various classes of assets and are summarised below, with no changes compared to the prior year:

- |                                      |                 |
|--------------------------------------|-----------------|
| - Buildings and light installations: | from 3% to 10%  |
| - Plant and machinery:               | from 10% to 15% |

- Industrial and commercial equipment: from 15% to 25%
- Other assets: from 12% to 25%.

Land has an undetermined useful life and is therefore not subject to depreciation.

The book value of property, plant and equipment is subjected to an impairment test whenever events or changes occurred indicate that the book value of the same can no longer be retrieved in line with the depreciation schedule originally set. Whenever there exists such an indication and the book value of the asset exceeds its realizable value, the assets or cash generating units are written down to reflect their expected realisable value.

The residual value and useful life of an asset and the accounting methods used are reviewed yearly and adjusted where necessary at the end of each financial year.

Tangible assets are eliminated from the balance sheet at the time of their sale or when there no longer exists the expectation of future economic benefits from their use or disposal.

Losses and gains (calculated as the difference between net revenues from the disposal and the book value of the asset) are recorded in the Income Statement in the year in which they are disposed of.

## **Leasing**

The company evaluates, when a contract is signed, whether it can be classified as a lease, or:

- whether it confers the right of exclusive use of an asset;
- whether a period is identified in which the right of use can be exercised;
- whether a consideration for use of said right has been set.

The assets identified in this way are recognised at cost, inclusive of all initial direct expenses, and are amortised on a straight-line basis from the date of effectiveness until the end of the useful life of the asset underlying the contract, or, if before, until the expiry of the lease.

At the same time as the recognition under assets of the right of use, the company books the present value of payments due under lease payables, including the price of any



purchase option. The value of the liabilities is reduced due to the payments made and may change depending on changes in the contractual terms.

The discount rate used to determine the value of the liabilities is the incremental borrowing rate.

Leases with a duration of less than or equal to 12 months have been excluded from application of the standard, as have low value leases. The associated fees, therefore, are booked as costs over the duration of the lease.

### **Investment property**

Investment property is recorded at the historical cost and reported net of accumulated depreciation and losses in value.

Assets that cease to be used in the context of the company's ordinary operations but possess all the characteristics set forth in IFRS 5 to be included among non-current assets available for sale, are classified among Investment property and continue to be amortized as if they were still included among Property, plant and equipment, applying the same amortisation rates used for the latter.

Please refer to the section on property, plant and equipment for a specification of the rates applied.

The book value of property, plant and equipment is subjected to an impairment test whenever events or changes occurred indicate that the book value of the same can no longer be retrieved in line with the depreciation schedule originally set. Whenever there exists such an indication and the book value of the asset exceeds its realizable value, the assets or cash generating units are written down to reflect their expected realisable value.

The residual value and useful life of an asset and the accounting methods used are reviewed yearly and adjusted where necessary at the end of each financial year.

### **Intangible assets**

Intangible assets are recorded under assets, as provided by IAS 38 (Intangible assets), whenever it is probable that future economic benefits are generated through use and when the cost of the intangible asset can be determined in a reliable manner.

Intangible assets acquired separately are initially capitalised at cost, while those acquired through business combinations are capitalised at their fair value on the acquisition date.

With the exception of development costs, assets generated internally are not recorded as intangible assets.

After the initial recording, intangible assets are carried in the balance sheet at cost, net of accumulated amortisation calculated on a straight-line basis over their expected useful economic life, and of write-downs carried out as a result of durable losses in value. Intangible assets having an indefinite useful life are not amortised and subjected periodically to an impairment test to assess possible loss in value.

The useful life generally attributed to the various classes of assets is the following, with no changes compared to the prior year:

- concessions and licenses:	5 to 10 years
- software licenses	3 to 5 years
- patents:	2 years
- development costs:	5 years
- trademarks:	10 to 20 years.

Amortisation commences when the asset is available for use, that is, when it is in a position and in the necessary condition to operate in the manner intended by management.

The book value of intangible assets is subjected to an impairment test whenever events or changes occurred indicate that the book value of the same can no longer be retrieved in line with the amortisation schedule originally set. Whenever there exists such an indication and the book value of the asset exceeds its realisable value, the assets are written-down to their expected realisable value.

### **Investments in subsidiaries**

Recognised at cost, adjusted for any impairment.

The positive difference, emerging at the time of purchase, between the acquisition cost and the portion of shareholders' equity at current values of the investee company pertaining to the Company is, therefore, included in the book value of the investment.

Investments in subsidiaries are subject to assessment with regard to any impairment each time impairment indicators are identified. If there is evidence that such investments have undergone impairment, such impairment is recognised in the income statement as a write-down.

If the impairment of the investee company exceed the book value of the investment, the value of the investment is brought down to zero and the additional loss amount is recognised as accrual under liabilities. Should said impairment subsequently decrease, it is recognised in the Income Statement as a recovery within the limits of the cost.

### **Financial assets**

Financial assets are initially recorded at cost, inclusive of accessory purchase costs, representing the fair value of the price paid. After the initial recording, financial assets are valued in accordance with their final purpose as described below.

#### *Financial assets valued at fair value, with changes recorded in the Income Statement.*

These are financial assets held for trading purposes, acquired for the purpose of obtaining a profit from short-term fluctuations in price. Derivatives are classified as financial assets held for trading, unless they are designated as effective hedging instruments.

#### *Investments held to maturity*

Financial assets other than derivatives that generate fixed financial flows or flows that may be determined and have a set maturity, are classified as "financial assets held to maturity" when the Company intends to and is capable of holding them to maturity.

Financial assets that the Company decides to hold for an indefinite period of time do not fall under this category.

After their initial recording, long-term financial investments held to maturity, such as bonds, are accounted for at the amortised cost, using the effective rate of interest method, are discounted to their present value.

The amortised cost is calculated keeping into account discounts and premiums, amortised over the term of the financial asset.

#### Loans and receivables

Loans and receivables are non-derivative financial assets providing for fixed payments or payments that may be determined, not listed on an active market. Such assets are recorded at the amortised cost using the actual discount rate method. Gains and losses are recorded in the Income Statement whenever loans and receivables are eliminated from the accounts or they experience losses in value, together with the related amortisation.

#### Financial assets available for sale

Financial assets available for sale include financial assets that do not fall under the above categories. After the initial recording, these are accounted for at fair value, while gains and losses are recorded under a specific Shareholders' Equity reserve until the assets are sold or a loss in value is ascertained. In such case, gains and losses accrued are charged to the income statement.

In the case of securities widely traded on a regulated market, the fair value is determined with reference to the listed price at the closing of trading on the date of the financial statements. In the case of financial assets for which there does not exist an active market, the fair value is determined through valuation techniques based on the price recorded in recent transactions between unrelated parties or on the basis of the current market value of a similar instrument, or on discounted cash flows or option pricing models. Investments in other companies fall in this category.

#### Impairment of financial assets

The Company verifies at least yearly the possible loss in value of individual financial assets. These are recorded only at the time when there exists objective evidence, at the

occurrence of one or more events, that the asset has experienced a loss of value with respect to its initial recorded value.

### **Treasury shares**

Treasury shares are recorded as a reduction of Shareholders' Equity in a specific reserve.

The purchase, sale, issue or cancellation of treasury shares held does not determine the recording of any gain or loss in the Income Statement.

### **Inventories**

Inventories are valued at the lower of cost and their expected realizable value, represented by their normal sale price, net of completion and selling costs.

The cost of inventories includes the acquisition cost, the transformation cost and other costs incurred to take inventories to their current location and state.

The method used to determine the cost of inventories is that of the weighted average cost, including the cost of initial inventories. Provisions are calculated for finished products, materials and other supplies considered obsolete or slow-moving, keeping into account their expected useful life and retrievable value.

### **Receivables and payables**

Receivables are recognised at fair value, with simultaneous recognition of a provision for doubtful accounts that takes into account possible losses in value (expected losses), determined based on the prior trend of insolvencies and expected future conditions.

Payables are normally valued at the amortised cost, adjusted under exceptional conditions in the event of changes in the conditions.

### **Cash and cash equivalents**

Cash and cash equivalents include cash balances, unencumbered deposits and other treasury investments with an original scheduled maturity of three months or less. A cash investment is considered to be a cash equivalent when it is readily convertible to cash with no significant risk of change in value and when it is intended to meet short-term cash commitments and is not held for investment purposes.

## **Financial liabilities**

Loans taken out are initially recognised at cost, corresponding to the fair value of the amount received, less ancillary costs incurred in connection with the arrangement of loans.

After initial recognition, loans taken out are measured at amortised cost, using the effective interest method.

## **Translation of amounts denominated in currencies other than the Euro**

Transactions denominated in currencies other than the Euro are initially accounted for in Euro at the exchange rate at the date of the transaction. Currency translation differences arising at the time at which foreign currency receivables are collected and payables are paid out, are recorded in the income statement.

At the date of the financial statements, monetary assets and liabilities denominated in currencies other than the Euro – consisting of cash on hand or assets and liabilities to be received or paid out, whose amount is set and may be determined – are translated into Euro at the exchange rate at the date of the financial statements, recording in the income statement the currency translation difference.

Non-monetary items denominated in currencies other than the Euro are translated into Euro at the exchange rate at the time of the transaction, representing the historical exchange rate.

## **Provisions for risks and charges**

Provisions for risks and charges are accrued against known liabilities, whose existence is certain or probable, but whose amount and expiration cannot be determined at the date of the financial statements. Accruals are made when the existence of a current obligation, legal or implicit, deriving from a past event, the fulfilment of which is expected to require the use of resources whose amount can be reliably estimated, is probable.

Provisions are valued at the fair value of liabilities. When the financial effect and the timing of the cash outflow can be estimated in a reliable manner, provisions include the

interest component, recorded in the Income Statement among financial income (expense). Provisions accrued are reviewed at each accounting date and adjusted to bring them into line with the best estimate available to date.

### **Employee benefits**

Under the revised IAS 19, and before the reform introduced by the 2007 Budget Law, the Employee Termination Indemnity was classified among defined benefit plans and was therefore subject to actuarial adjustments.

Employee termination indemnities accrued up to December 31, 2006, continue to be accounted for as defined benefit plans, while those accrued from January 1, 2007 are accounted for in two different ways:

- where the individual employee has opted for complementary pension funds, employee termination indemnities accrued after January 1, 2007 and until the time at which the choice is made by the employee, are recorded as a defined benefit plan. Subsequently they are accounted for as a defined contribution plan;
- where the individual employee has opted for accumulation with the treasury fund of the national social security agency (INPS), indemnities accrued after January 1, 2007 are accounted for as a defined contribution plan.

### **Share-based payments**

The company records, starting from the grant date, the present value of the rights of exercise of the share purchase option. The allocation occurs periodically, over the entire vesting period set forth in the plan.

The fair value measurement of the options takes account of some actuarial variables according to the method set forth in IFRS 2: the risk-free return curve, the annual volatility of the yield of Cembre's share calculated over the last 3 years, the annual dividend rate, the value of the share price at the grant date.

The allocation is accounted for under personnel costs with an undistributable reserve as contra-item called the Stock options reserve.

## **Elimination of financial assets and liabilities**

Financial assets are eliminated when the Company ceases to hold rights to receive financial flows deriving from the same or when such rights are transferred to another entity, that is when risks and benefits of the financial instrument cease to have an effect on the financial position and operating performance of the Company.

A financial liability is eliminated only when the obligation included in it is cancelled, fulfilled or expired.

Any material change in the contractual terms relating to the liability result in its cancellation and in the recording of a new liability.

Any difference between the book value and the amount paid to extinguish the liability is recorded in the Income Statement.

## **Revenues**

Revenues are valued at the current value of the amount received or receivable.

### Disposal of assets

Revenues are recognised when the Company has transferred the risks and benefits connected with the ownership of the good, and ceases to exercise the activity associated with ownership and the actual control over the asset sold.

### Services rendered

Revenues are recorded based on the stage of completion of the operation at the date of the financial statements.

When the result of the performance of services cannot be reliably estimated, the revenues must be recognised only to the extent that the costs recognised will be recoverable.

The stage of completion is determined by valuing work carried out or by determining the proportion between costs incurred and total estimated costs to completion.

### Interest

Interest is recognised on an accrual basis using the effective interest method.



### Dividends

They are recognised when the right of the shareholders to receive payment arises.

### **Grants**

Grants are recorded at fair value when there exists a reasonable certainty that the same will actually be received and the Company meets the conditions for the entitlement to the grant.

Grants linked to cost components (operating grants) are recorded under “other revenues and income” and amortised over several years so that revenues match the costs they are intended to compensate.

The fair value of grants linked to assets (e.g. grants on the purchase of plant and equipment or grants for capitalised development costs), is suspended and released to the income statement under “other revenues and income” over the useful life of the asset to which it relates, thus in the period over which the depreciation expense relating to the asset is charged to the income statement.

### **Financial charges**

Financial charges are recorded as a cost in the period in which they accrue. In accordance with IAS 23, financial charges incurred in the acquisition of significant assets (qualifying assets) are capitalised.

### **Cost of goods purchased and services received**

They are recognised in the Income Statement according to the accrual principle.

### **Income taxes (current, prepaid and deferred)**

Current taxes are determined based on a realistic estimate of the tax expense for the period in accordance with applicable tax regulations. The Company records deferred and prepaid taxes arising from temporary differences between the book value of assets and liabilities and the related values reported for tax purposes.

Prepaid taxes are recorded only where there exists reasonable certainty of their retrieval through future profits within the term in which tax benefits are enjoyed. Deferred tax assets are recorded also where there exist deductible losses or tax credits, whenever it is deemed probable that sufficient future profits will be generated in the medium-term (3 to 5 years).

### **Use of estimates**

In accordance with IAS/IFRS, the Company made use of estimates and assumptions based on prior experience and other factors deemed determinant, but not certain. Actual data could therefore differ from estimates and projections made.

Estimated data is reviewed periodically and adjustments made to the same are taken to the Income Statement for the period in which the review takes place in case the review affect only one period, or, subsequent accounting periods in case it affects also the same. Below we describe review processes and key assumptions used by management in applying accounting standards.

#### *Provision for inventory depreciation*

The provision for inventory depreciation is accrued to bring the book value of inventories that are obsolete and slow-moving into line with their expected realisable value.

Management reviews the composition of inventories with particular reference to slow moving stock to determine the amount to be accrued prudentially to reflect the obsolescence of stocks.

#### *Provision for doubtful accounts*

The provision for doubtful accounts reflects management estimates regarding losses on trade receivables.

The estimated provision for doubtful accounts is based on expected losses by the Company, according to past experience on similar portfolios of receivables, current past due amounts vs. historical past due amounts, losses and collections, the close monitoring of credit quality, in addition to projections on economic and market conditions.

#### *Retrievable value of non-current assets*

Non-current assets include property, plant and equipment, intangible assets, investments and other financial assets. Whenever circumstances so require, the management reviews periodically the book value of non-current assets held and used by the Group, in addition to assets to be disposed of. Such activity is carried out using estimates of expected cash flows from the sale of the asset and of adequate discount rates used in calculating the present value of the same. Whenever the book value of a non-current asset experiences a loss in value, the Company records a write-down equal to the difference between the book value of the asset and its retrievable value either through use or disposal of the same.

#### Post-retirement benefits

In the estimation of post-retirement benefits the Company makes use of traditional actuarial techniques based on stochastic simulations of the "Montecarlo" type. Assumptions made relate to the discount rate and the annual inflation rate. Actuarial advisors of the Company also make use of demographic projections based on current mortality rates, employee disablement and resignation rates.

In 2023, based on past turnover experience, the probability of a company employee terminating his or her employment for causes other than death is the following:

Male	6.18%
Female	4.46%

The following assumptions were adopted with regard to the discounting rate, inflation rate and annual rate of increase in the post-retirement benefits:

Annual technical discounting rate	3.17%
Annual inflation rate	2.00%

Expected advances to be paid out are 5% per year and each advance corresponds to 70% of the accrued indemnity.

#### Recoverability of deferred tax assets

Cembre S.p.A. evaluates the possibility to recover deferred tax assets on the basis of profits and expected future market conditions in view of current sale contracts and ability

of expected future profits to offset tax credits, in addition to the expected variance of the same and based on expected results.

#### Contingent liabilities

In carrying out its activity, management consults with its legal and tax advisors and experts. The Company ascertains a liability arising from litigation whenever it deems probable that a financial outlay will be made in the future and when the amount of resulting losses can be reasonably estimated. In case a financial outlay becomes possible but its amount cannot be determined, such occurrence is reported in the notes.

#### Effects linked to climate change

The Company considers climate-related issues, and the effects of climate change, in its estimates and assumptions when necessary. This assessment includes a broad spectrum of possible impacts for the Company arising from both physical and transition risks. The Company believes that its business model and products will still be attractive following the transition to a low-emission economy. Although climate-related risks may not have a significant impact on measurements at present, the Company is closely monitoring developments and changes, such as new climate-related regulations and standards; in addition, climate-related issues may increase the uncertainty of estimates and assumptions concerning specific elements or items in the financial statements. However, these aspects are currently difficult to predict, even though they are being monitored more and more frequently in coordination between the various company departments.

The elements that could be most directly impacted by climate-related issues are:

- the useful life of property, plant and equipment. When recalculating the estimated residual value and useful life of an asset, the Company considers climate-related issues, such as climate-related regulations that may limit the use of the assets or require significant investments for their adaptation or possible replacement;
- determination of the recoverable amount of non-financial assets. The estimate of value in use could be impacted in different ways by transition risk, in particular, climate-related regulations or a change in demand for the Company's products, despite the fact

that the Company has concluded that its business model and products will still be attractive following the transition to a low-emission economy and that, to date, there are no significant climate-related assumptions.

For additional details, also see the section "Effects of climate change" in the Report on Operations.

## IV. NOTES TO THE FINANCIAL STATEMENTS OF CEMBRE S.P.A.

### 1. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and Machinery	Equipment	Other assets	Work in progress	Total
Historical cost	52,015,744	83,184,729	14,948,608	5,790,472	3,946,742	159,886,295
Accumulated amortisation	(15,614,515)	(53,890,783)	(10,952,377)	(4,270,462)	-	(84,728,138)
<b>Balance as at 12/31/2022</b>	<b>36,401,229</b>	<b>29,293,946</b>	<b>3,996,231</b>	<b>1,520,010</b>	<b>3,946,742</b>	<b>75,158,158</b>
Increases	1,237,191	3,267,667	335,417	665,511	4,992,775	10,498,561
Amortisation	(1,260,763)	(5,355,621)	(828,785)	(560,555)	-	(8,005,724)
Net divestments	-	(36,589)	(1,273)	(26)	-	(37,888)
Reclassifications	900,649	1,872,195	508,899	-	(3,281,743)	-
<b>Balance as at 12/31/2023</b>	<b>37,278,306</b>	<b>29,041,598</b>	<b>4,010,488</b>	<b>1,624,939</b>	<b>5,657,774</b>	<b>77,613,106</b>

	Land and buildings	Plant and Machinery	Equipment	Other assets	Work in progress	Total
Historical cost	50,916,908	78,963,435	13,934,289	5,604,581	2,743,131	152,162,343
Accumulated amortisation	(14,480,769)	(49,287,638)	(10,277,497)	(4,199,081)	-	(78,244,984)
<b>Balance as at 12/31/2021</b>	<b>36,436,139</b>	<b>29,675,797</b>	<b>3,656,792</b>	<b>1,405,500</b>	<b>2,743,131</b>	<b>73,917,359</b>
Increases	1,050,080	4,183,500	500,454	651,947	2,942,924	9,328,905
Amortisation	(1,133,746)	(5,575,976)	(801,532)	(550,758)	-	(8,062,012)
Net divestments	-	(4,186)	(12,938)	(1,379)	(7,591)	(26,094)
Reclassifications	48,756	1,014,811	653,455	14,700	(1,731,722)	-
<b>Balance as at 12/31/2022</b>	<b>36,401,229</b>	<b>29,293,946</b>	<b>3,996,231</b>	<b>1,520,010</b>	<b>3,946,742</b>	<b>75,158,158</b>

The volume of capital expenditure by Cembre S.p.A. in 2023 amounted to €10,499 thousand. Investment in buildings included €326 thousand for the renovation of the premises, €263 thousand to replace windows and doors and the remainder for extraordinary maintenance activities and completion of works carried out in previous years. Increases and reclassifications relating to the item plant and machinery primarily consist of investments in fixed assets for €1,517 thousand and investments in machinery and production equipment totalling €3,622 thousand.

The item "Work in progress" includes an increase in equipment and dies totalling €568 thousand and advances paid during the period for the supply of fixed assets for €2,713 thousand.

The item "Land and buildings" includes the €5,921 thousand revaluation made upon the first-time application of international accounting standards.

The monetary revaluations of property, plant and equipment recognised in the Financial Statements of Cembre S.p.A. at December 31, 2023 are listed below:

Description	Law 576/75	Law 72/83	Law 413/91	Total
Land and buildings	-	246,245	687,441	933,686
Plant and Machinery	227	20,230	-	20,457
<b>Total</b>	<b>227</b>	<b>266,475</b>	<b>687,441</b>	<b>954,144</b>

## 2. INVESTMENT PROPERTY

	Land and buildings	Plant and Machinery	Other assets	Total
Historical cost	1,590,520	263,005	5,322	1,858,847
Accumulated amortisation	(820,731)	(262,692)	(5,322)	(1,088,745)
<b>Balance as at 12/31/2022</b>	<b>769,789</b>	<b>313</b>	<b>-</b>	<b>770,102</b>
Amortisation	(40,714)	(313)	-	(41,028)
<b>Balance as at 12/31/2023</b>	<b>729,075</b>	<b>-</b>	<b>-</b>	<b>729,074</b>

At December 31, 2023, this item includes only the building in Calcinate (BG), which is leased to third parties.

## 3. INTANGIBLE FIXED ASSETS

Description	Development costs	Patents	Software	Other int. assets	Work in progress	Total
Historical cost	3,793,895	1,046,160	6,263,697	215,605	0	11,319,357
Accumulated amortisation	(2,177,271)	(952,417)	(5,064,424)	(77,545)	-	(8,271,657)
<b>Balance as at 12/31/2022</b>	<b>1,616,624</b>	<b>93,743</b>	<b>1,199,273</b>	<b>138,060</b>	<b>0</b>	<b>3,047,701</b>
Increases	720,038	58,800	510,186	43,860	56,980	1,389,864
Amortisation	(285,778)	(86,496)	(423,361)	(10,955)	-	(806,589)
Net divestments	(19,563)	-	-	-	-	(19,563)
Reclassifications	-	-	-	3,480	(3,480)	0
<b>Balance as at 12/31/2023</b>	<b>2,031,321</b>	<b>66,048</b>	<b>1,286,098</b>	<b>174,445</b>	<b>53,500</b>	<b>3,611,413</b>

Development costs mainly concern the capitalisation of the hours dedicated by the technical office staff to product development; for more details on this asset, please refer to the Report on Operations.

Net disinvestments relating to the item Development Costs represent the value of projects abandoned during the year, as they are no longer considered worthwhile.

Investments in software mainly concerned upgrades or purchases of new licenses for existing applications.

#### 4. RIGHT OF USE - LEASED ASSETS

Description	Buildings	Vehicles	Total
Historical cost	3,891,918	1,430,220	5,322,137
Accumulated amortisation	(1,995,827)	(775,260)	(2,771,087)
<b>Balance as at 12/31/2022</b>	<b>1,896,091</b>	<b>654,959</b>	<b>2,551,050</b>
Increases	341,029	700,038	1,041,067
Amortisation	(546,647)	(480,232)	(1,026,879)
Net divestments	(189,316)	0	(189,316)
<b>Balance as at 12/31/2023</b>	<b>1,501,158</b>	<b>874,765</b>	<b>2,375,923</b>

Increases in the "Vehicles" item are part of the normal process of replacing and expanding the vehicle fleet. Divestments refer to the termination of a lease for a property.

#### 5. INVESTMENTS IN SUBSIDIARIES

	12/31/2022	Change	Write-downs	12/31/2023
Cembre Ltd.	3,437,433	-	-	3,437,433
Cembre Sarl	1,201,608	-	-	1,201,608
Cembre España SLU	3,115,554	-	-	3,115,554
Cembre GmbH	10,287,192	-	-	10,287,192
Cembre Inc.	2,868,194	-	-	2,868,194
<b>Total</b>	<b>20,909,981</b>	<b>-</b>	<b>-</b>	<b>20,909,981</b>

The following information is provided with regard to investments in direct subsidiaries as at December 31, 2023, expressed in Euro:

Company and registered office	Share capital capital	Shareholders' profit	Net profit	%
Cembre Ltd. (Sutton Coldfield - Birmingham)	1,956,159	17,195,954	1,471,375	100
Cembre Sarl (Morangis - Paris)	1,071,000	3,215,411	245,378	100



Cembre España SLU (Torrejon - Madrid)	2,902,200	10,267,727	1,952,833	100
Cembre GmbH (Monaco - Germany)	10,112,000	17,623,950	1,277,395	100
Cembre Inc. (Edison - New Jersey - Usa)	1,303,166	7,698,613	128,005	100

Values expressed in currencies other than the Euro were converted at the exchange rate in effect on the last day of the year, for share capital and reserves, and at the average exchange rate for the year with regard to net profit.

## 6. OTHER INVESTMENTS

	12/31/2023	12/31/2022	Change in
Conai	59	59	0
A.Q.M. S.r.l.	5,109	5,109	0
<b>Total</b>	<b>5,168</b>	<b>5,168</b>	<b>0</b>

They represent the cost of participation in the National Packaging Consortium and participation in A.Q.M. S.r.l., consortium company for the supply of technical services to companies.

## 7. OTHER NON-CURRENT ASSETS

These solely include guarantee deposits.

## 8. INVENTORIES

Description	12/31/2023	12/31/2022	Change in
Raw materials	14,316,063	19,714,744	(5,398,681)
Work in progress and semi-finished goods	14,791,827	16,156,689	(1,364,862)
Finished goods	19,417,033	17,162,818	2,254,215
Advances to goods suppliers	774,954	925,164	(150,210)
<b>Total</b>	<b>49,299,877</b>	<b>53,959,415</b>	<b>(4,659,538)</b>

Payments on account to goods suppliers are the result of large orders placed to ensure adequate availability of raw materials and products.

In order to take into account material that can no longer be used in the course of disposal, the value of raw materials was decreased by a provision of €57 thousand and likewise, the value of semi-finished goods was reduced by a provision of €154 thousand.

The value of finished goods was decreased to its expected realisable value through the provision for finished goods, amounting to €1,662 thousand. Changes in the provision in 2023 were as follows:

	2023	2022
<b>Provision at January 1</b>	<b>2,136,779</b>	<b>1,696,589</b>
Accruals	266,790	555,272
Uses	(83,266)	(36,509)
Releases	(447,738)	(78,573)
<b>Balance at December 31</b>	<b>1,872,565</b>	<b>2,136,779</b>

The impairment logic and procedures used to determine the provision for finished goods did not change from the previous year.

## 9. TRADE RECEIVABLES

	12/31/2023	12/31/2022	Change in
Gross trade receivables	25,911,064	16,413,149	9,497,915
Provision for doubtful accounts	(602,886)	(413,157)	(189,729)
<b>Total</b>	<b>25,308,178</b>	<b>15,999,992</b>	<b>9,308,186</b>

Trade receivables by geographical area are outlined below, in thousands of Euro:

	12/31/2023	12/31/2022	Change in
Italy	22,755	12,726	10,029
Europe	1,964	2,266	(302)
North America	195	237	(42)
Oceania	311	298	13
Middle East	311	415	(104)
Far East	104	224	(120)
Africa	272	247	25
<b>Total</b>	<b>25,911</b>	<b>16,413</b>	<b>9,498</b>

Management periodically reviews the adequacy of the provision for doubtful accounts, also based on estimates regarding the recoverability of positions at greatest risk. Should insolvency proceedings be initiated against a debtor, the related amount is fully written down.

Average collection time increased from 47 days in 2022 to 66 days in 2023, due in part to the cancellation of certain reverse-factoring contracts that were no longer deemed convenient due to the higher interest rates charged by the factoring company.

The provision for doubtful accounts changed as follows:

	2023	2022
<b>Provision at January 1</b>	<b>413,157</b>	<b>336,808</b>
Accruals	207,061	204,594
Uses	(17,332)	(128,245)

<b>Balance at December 31</b>	<b>602,886</b>	<b>413,157</b>
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The breakdown of receivables by maturity at December 31 was as follows (in thousands of Euro):

	Not past due	1-90 days	91-180 days	181-365 days	Over one year	Under litigation	Total
<b>2023</b>	25,332	249	169	53	60	48	<b>25,911</b>
<b>2022</b>	15,320	688	245	78	31	51	<b>16,413</b>

## 10. TRADE RECEIVABLES FROM SUBSIDIARIES

Trade receivables from the following companies:

	12/31/2023	12/31/2022	Change
Cembre Ltd. (UK)	1,804,970	3,943,383	(2,138,413)
Cembre S.a.r.l. (France)	1,844,690	808,010	1,036,680
Cembre España SLU (Spain)	645,192	770,242	(125,050)
Cembre GmbH (Germany)	192,252	493,932	(301,680)
Cembre Inc. (US)	1,726,409	599,092	1,127,317
<b>Total</b>	<b>6,213,513</b>	<b>6,614,659</b>	<b>(401,146)</b>

The increase in the receivable from Cembre Sarl and Cembre Inc is related to the higher sales volume developed by the company in FY 2023. The reduction in receivables from Cembre Ltd, Cembre Espana SLU and Cembre GmbH is due to their acceleration of payment timing.

## 11. OTHER FINANCIAL ASSETS

This item comprises the amounts deposited in term current accounts maturing between February and April 2024.

## 12. TAX RECEIVABLES

	12/31/2023	12/31/2022	Change in
Receivables for IRES refunds on IRAP	3,394	3,394	0
Tax credits for R&D activities	141,818	108,982	32,836
Tax credit for investments	157,118	1,643,510	(1,486,392)
Reimbursements	304	6,541	(6,237)
Patent Box receivable	1,103,331	-	1,103,331
<b>Total</b>	<b>1,405,965</b>	<b>1,762,427</b>	<b>(356,462)</b>

For a description of the Patent Box receivable, please refer to Note 34 "Income Taxes for the Year".

### 13. OTHER ASSETS

	12/31/2023	12/31/2022	Change
Advances to suppliers	45,765	9,523	36,242
Receivables from employees	41,459	49,593	(8,134)
Other	386,256	206,367	179,889
<b>Total</b>	<b>473,480</b>	<b>265,483</b>	<b>207,997</b>

### 14. SHAREHOLDERS' EQUITY

The share capital 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.

The legal reserve amounts to 20% of the capital stock.

At December 31, 2023, Cembre S.p.A. held 202,541 treasury shares, corresponding to 1.19% of its capital stock. Against these shares the Company recorded €3,844 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, a Stock Options Reserve was recognised, representative of the debt to beneficiaries of the plan itself, assuming the attainment of the performance targets established and continuity of the work relationship. This reserve amounted to €286 thousand at December 31, 2023. For further details, reference is made to Note 40.

The table below highlights the origin, possibility of use and distribution of the shareholders' equity items:

Nature/description	Amount	Possibility of use	Portion available
Share capital	8,840,000		
Share capital reserves:			
Share premium reserve	12,244,869	A B C	12,244,869
Suspended-tax reserves	585,159	A B	---
Other suspended-tax reserves	68,412	B	---
Restricted reserves:			
Reserve for Treasury Shares	(3,844,067)		---
Stock options reserve	286,453		---
Profit reserves:			

Legal reserve	1,768,000	B	---
First time application of IAS/IFRS reserve	4,051,204	B	---
Discounting of employee termination indemnities	347,147	B	---
Merger differences	4,397,137	A B C	4,397,137
Extraordinary reserve	107,205,207	A B C	107,205,207
<b>Total</b>	<b>135,949,522</b>		<b>123,847,213</b>
		Non-distributable portion	2,031,321
		Residual distributable portion	121,815,892

Legend: A= capital increase; B= coverage of losses; C= distribution to shareholders.

The non-distributable portion of reserves regards development costs not yet amortised.

## 15. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

	Effective interest rate %	Term ending	12/31/2023	12/31/2022
Leasing liabilities - Non-current portion			1,469,682	1,719,828
<b>NON-CURRENT FINANCIAL LIABILITIES</b>			<b>1,469,682</b>	<b>1,719,828</b>
<b>Bank loans</b>				
BNL contract 6176728	6.08	Dec-24	99,897	-
BNL contract 03739	0.02	Mar-23	-	10,000,000
<b>Total current portion</b>			<b>99,897</b>	<b>10,000,000</b>
<b>Bank overdrafts</b>				
Banco BPM	2.06	on	-	358,172
<b>Total</b>			<b>-</b>	<b>358,172</b>
<b>Bank charges</b>			<b>1,566</b>	<b>682</b>
Leasing liabilities - Current portion			949,678	874,724
<b>CURRENT FINANCIAL LIABILITIES</b>			<b>1,051,141</b>	<b>11,233,578</b>

## 16. EMPLOYEE TERMINATION INDEMNITY AND OTHER PERSONNEL BENEFITS

Employee Termination Indemnity showed the following changes:

	2023	2022
<b>Provision at January 1</b>	<b>1,438,959</b>	<b>1,723,044</b>
Accruals	1,492,207	1,570,909
Uses	(1,539,074)	(489,164)
Actuarial effect	59,082	(308,167)
Payments to the social security (INPS) treasury provision	27,233	(1,057,663)
<b>Balance at December 31</b>	<b>1,478,407</b>	<b>1,438,959</b>

The INPS' treasury account at December 31, 2023 amounted to €9,466 thousand.

The employee termination indemnity set aside at December 31, 2023 was discounted on the basis of a specific actuarial valuation.

A change in the discount rate used could result in the following impacts on amount of debt accrued:

Change in rate	12/31/2023	12/31/2022
0.5%	1,429,355	1,387,343
-0.5%	1,530,288	1,493,584

## 17. PROVISIONS FOR RISKS AND CHARGES

	Supplementary customer allowances	Directors' compensation	Personnel incentives	Other provisions	Total
<b>As at December 31, 2022</b>	<b>254,664</b>	<b>110,000</b>	<b>167,090</b>	<b>45,878</b>	<b>577,632</b>
Accruals	36,249	55,000	26,450	18,991	<b>136,690</b>
Uses	(18,503)	-	-	(4,869)	<b>(23,372)</b>
<b>As at December 31, 2023</b>	<b>272,411</b>	<b>165,000</b>	<b>193,540</b>	<b>60,000</b>	<b>690,950</b>

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 compensation will be paid out in 2024 on the achievement of objectives set for financial years 2021-2023 by the Board of Directors. The amount of the accrual against the variable compensation of Directors is recorded among the cost of services.

The provision for employee incentives includes amounts allocated for the benefit of sales personnel that will be paid out in subsequent years, upon the achievement of specific objectives set out in the sales development plan.

Other provisions include provisions for possible obligations arising from a dispute with a former employee.

Given the modest value, all amounts set aside, in the various funds, have not been discounted.

## 18. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are predominantly recorded with regard to the provision for slow-moving stock and the provisions for the write-down of raw materials and semi-finished goods, as described above, and the provision for doubtful accounts, for the portion not deductible for tax purposes. Deferred tax liabilities, on the other hand, predominantly arise from revaluation of land upon first-time adoption of the international accounting standards, measurement of inventories at average cost (fiscally the LIFO criterion was maintained) and discounting of the employee termination indemnity. For additional information, see the disclosure in the paragraph on taxes.

There are no receivables with maturity of over five years.

	12/31/2023	12/31/2022	Change in
<b>Deferred tax assets</b>			
Write-down of inventories	462,304	525,715	(63,411)
Provision for doubtful accounts	130,368	95,375	34,993
Differences on depreciation	270,743	311,829	(41,086)
Discounting of employee termination indemnity	-	-	-
Write-down of Calcinate property	34,283	34,283	0
Other	299,445	286,629	12,817
<b>Gross deferred tax assets</b>	<b>1,197,143</b>	<b>1,253,831</b>	<b>(56,688)</b>
<b>Deferred tax liabilities</b>			
Average cost valuation of inventories	(816,269)	(825,404)	9,135
Reversal of land depreciation	(24,017)	(24,017)	0
Reassessment of land	(1,651,933)	(1,651,933)	0
Discounting of employee termination indemnity	(17,107)	(31,287)	14,180
Currency translation differences	-	-	-
<b>Gross deferred tax liabilities</b>	<b>(2,509,326)</b>	<b>(2,532,641)</b>	<b>23,315</b>
<b>Net deferred tax liabilities</b>	<b>(1,312,183)</b>	<b>(1,278,810)</b>	<b>(33,372)</b>

There are no temporary differences or accruals that could generate unrecognised deferred tax assets and/or liabilities.

## 19. TRADE PAYABLES

	12/31/2023	12/31/2022	Change in
Trade payables	13,417,856	17,172,837	(3,754,981)

Advances	70,987	199,866	(128,897)
<b>Total</b>	<b>13,488,842</b>	<b>17,372,703</b>	<b>(3,883,861)</b>

“Trade payables” are recognised net of trade discounts; any cash discounts are recognised at the time of payment. The nominal value of such payables is adjusted for any returns or allowances (invoicing adjustments), to the extent corresponding to the amount defined with the counterparty.

The distribution of trade payables by geographical area is shown below, in thousands of Euros:

	12/31/2023	12/31/2022	Change in
Italy	12,115	15,395	(3,280)
Europe	998	1,752	(754)
Far East	51	21	30
Other	254	5	249
<b>Total</b>	<b>13,418</b>	<b>17,173</b>	<b>(3,755)</b>

Average payment time shortened from 60 days in 2022 to 52 days in 2023.

## 20. TRADE PAYABLES TO SUBSIDIARIES

The balance of trade payables is to the following subsidiaries:

	12/31/2023	12/31/2022	Change in
Cembre Ltd (UK)	489,022	211,530	277,492
Cembre S.a.r.l. (France)	157,131	8,608	148,523
Cembre GmbH (Germany)	45,320	2,398	42,922
Cembre España S.L.U. (Spain)	170	-	170
Cembre Inc. (US)	-	231	(231)
<b>Total</b>	<b>691,644</b>	<b>222,767</b>	<b>468,876</b>

## 21. TAX PAYABLES

This item exclusively includes income tax payables for the period, net of advances already paid. The increase in this item is mainly related to the increase in taxable income.

## 22. OTHER PAYABLES

The item is broken down as follows:

	12/31/2023	12/31/2022	Change in
Payables to employees	2,372,749	2,441,884	(69,135)



Employee withholding taxes payable	1,368,415	1,166,381	202,034
Social security payables	2,867,379	2,664,538	202,841
Commissions payable	523,490	526,506	(3,016)
Payables to directors	268,735	262,347	6,389
Payable to Statutory Auditors	43,680	43,680	0
Payable on sundry taxes and withholdings	25,457	118,645	(93,188)
VAT Payables	117,704	130,149	(12,445)
Sundry items	87,100	170,208	(83,107)
Deferrals	(222,520)	(143,767)	(78,753)
<b>Total</b>	<b>7,452,191</b>	<b>7,380,571</b>	<b>71,620</b>

### 23. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers by geographical area is broken down as follows:

	2023	2022	Change
Italy	96,691,207	84,384,530	12,306,677
Rest of Europe	60,497,202	51,436,301	9,060,901
Rest of the World	15,872,475	13,695,215	2,177,260
<b>Total</b>	<b>173,060,884</b>	<b>149,516,046</b>	<b>23,544,838</b>

Further details are provided in the Report on Operations.

### 24. OTHER REVENUES AND INCOME

	2023	2022	Change in
Capital gains	41,104	16,243	24,861
Insurance reimbursements	27,534	36,844	(9,310)
Reimbursements	143,081	151,054	(7,973)
Reimbursement intragroup transport	245,447	319,823	(74,376)
Charge-back of intragroup costs	1,462,475	1,278,338	184,137
Other	81,322	2,324	78,998
Operating grants	130,982	91,586	39,396
Capital grants	483,769	388,089	95,680
<b>Total</b>	<b>2,615,715</b>	<b>2,284,301</b>	<b>331,414</b>

The charge-back of intragroup costs predominantly regard “Information Technology” costs and sales costs incurred by Cembre S.p.A. in favour of subsidiaries. Royalties for use of the Cembre trademark are also included.

With regard to operating grants, it should be noted that, pursuant to art.1 paragraph 125 of Law 124/2017 (Fulfilment of transparency and publicity obligations), in 2023 tax credits for €75 thousand were recognised in relation to the research and development activity carried out in the 2022 financial year; in addition, grants for €56 thousand were obtained

from the Formazienda Fund in relation to training courses provided to the Parent Company's personnel.

With regard to capital grants, it should be noted that these are against a tax credit of €484 thousand for facilitations for investments made.

## 25. COST OF GOODS AND MERCHANDISE

	2023	2022	Change in
Raw materials and merchandise	52,536,436	62,540,261	(10,003,824)
Consumables and supplies	4,506,179	4,674,520	(168,341)
Transport and customs fees	855,049	1,506,917	(651,868)
<b>Total</b>	<b>57,897,664</b>	<b>68,721,698</b>	<b>(10,824,034)</b>

The reduction in the item costs for materials and goods should be analysed in conjunction with the change in inventory; in fact, in 2023, greater use was made of raw material stocks and thus the volume of raw material purchases was reduced.

## 26. COST OF SERVICES

	2023	2022	Change in
Subcontracted work	3,913,498	3,939,695	(26,197)
Transport	1,806,159	1,762,954	43,205
Maintenance and repair	2,771,025	2,358,067	412,959
Electricity, heating and water	1,916,045	2,132,164	(216,119)
Consulting	1,948,051	1,420,135	527,916
Directors' compensation	912,090	901,554	10,536
Payments to statutory auditors	87,360	87,360	-
Remuneration of Supervisory Body and Anti-Corruption Function	35,352	31,973	3,379
Commissions	1,160,958	1,076,944	84,014
Postage and telephone	267,380	250,268	17,112
Fuel	325,089	315,582	9,507
Travelling expenses	736,383	638,218	98,165
Insurance	461,617	434,934	26,683
Bank charges	79,252	82,158	(2,906)
Personnel training	291,638	182,288	109,351
Advertising, promotions and trade fairs	274,084	148,999	125,085
Security and cleaning	679,497	680,320	(823)
Software licence fees	1,178,999	1,009,848	169,151
Sundry items	653,834	392,279	261,555
<b>Total</b>	<b>19,498,313</b>	<b>17,845,740</b>	<b>1,652,573</b>

The item consulting increased mainly due to the higher volume of technical, legal and administrative consultancy.

The residual item "Sundry items" includes mainly entertainment and hospitality costs.

## 27. LEASES AND RENTALS

	2023	2022	Change in
Rent and related costs	23,348	12,112	11,236
Vehicle and other leasing	186,320	102,313	84,007
<b>Total</b>	<b>209,669</b>	<b>114,425</b>	<b>95,243</b>

The amounts represent the residual portion linked to temporary extensions and short-term contracts, to contracts relative to assets worth less than €5,000 and ancillary costs not falling within the application of IFRS16.

## 28. PERSONNEL COSTS

This item includes the entire cost for personnel, including unused holidays and provisions required by law and by the collective agreements. The employee termination indemnity at December 31, 2023 includes the cost for indemnity accrued during the year for employees who resigned and the employee portion of contribution to the COMETA supplementary pension fund.

	2023	2022	Change in
Wages and salaries	26,057,580	24,103,794	1,953,785
Social security charges	6,818,808	6,267,415	551,392
Employee termination indemnity	1,547,733	1,559,285	(11,552)
Retirement benefits	81,057	74,225	6,832
Other costs	1,579,489	1,800,884	(221,395)
<b>Total</b>	<b>36,084,666</b>	<b>33,805,604</b>	<b>2,279,063</b>

The increase in the item "Other costs" includes the provision in the Reserve for stock options, referred to in Note 14 and equal to €101 thousand (€149 thousand in 2022).

Average personnel employed in the Company is broken down as follows:

	2023	2022	Change in
Executives	8	9	(1)
White collars	237	225	12
Blue collars	233	226	7
Outsourced personnel	80	76	4

<b>Total</b>	<b>558</b>	<b>536</b>	<b>22</b>
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During the course of the year, Cembre S.p.A. used an average of 80 short-term staff, for a total cost of €3,978 thousand. This amount is classified under wages and salaries.

## 29. OTHER OPERATING COSTS

The item is broken down as follows:

	2023	2022	Change in
Sundry taxes	552,508	504,925	47,583
Membership fees	68,955	63,420	5,535
Donations	46,750	45,500	1,250
Losses on receivables	26,386	15,599	10,787
Capital losses	57,215	17,450	39,765
Ancillary expenses for production	77,298	170,004	(92,706)
Accessory administrative expenses	61,088	61,231	(143)
Ancillary trade expenses	106,212	55,981	50,231
Other	41,850	31,481	10,369
<b>Total</b>	<b>1,038,265</b>	<b>965,591</b>	<b>72,673</b>

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

## 30. INCREASES IN FIXED ASSETS FOR INTERNAL WORK

	2023	2022	Change in
External supplies of components	873	1,217	(344)
External processing and treatment	24	104	(80)
Internal design and processing	548	703	(155)
Other	36	24	12
<b>Total</b>	<b>1,480</b>	<b>2,047</b>	<b>(567)</b>

This item represents the amount of capitalised costs relating to the construction of equipment and dies built in-house; they are essentially composed of the cost of personnel employed in the design and construction of the asset, externally purchased components and any external consulting services.

## 31. ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES

The item is broken down as follows:

	2023	2022	Change
Customer allowances	36,249	34,675	1,574
Other provisions made	18,991	45,878	(26,887)

<b>Total</b>	<b>55,240</b>	<b>80,553</b>	<b>(25,313)</b>
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The customer indemnities provision was allocated in relation to possible charges in the case of termination of agency mandates. The provision for other risks relates to possible obligations arising from a dispute with a former employee.

### 32. FINANCIAL INCOME AND CHARGES

	2023	2022	Change
Dividends from subsidiaries	3,413,082	3,402,691	10,391
Interest earned on bank account balances	211,046	58,534	152,513
Other financial income	88,000	-	88,000
<b>Total financial income</b>	<b>3,712,128</b>	<b>3,461,225</b>	<b>250,904</b>
Loans and bank overdrafts	(97,474)	(2,097)	(95,377)
Financial charges on discounting of Employee Termination Indemnity	(60,325)	(17,627)	(42,697)
Lease financial charges	(64,565)	(53,238)	(11,326)
Other financial charges	(143)	(702)	559
<b>Total financial charges</b>	<b>(222,507)</b>	<b>(73,664)</b>	<b>(148,843)</b>
<b>Total financial income and charges</b>	<b>3,489,622</b>	<b>3,387,561</b>	<b>102,061</b>

In 2023, the subsidiaries approved and disbursed the following dividends in favour of the Parent Company:

- Cembre GmbH €950 thousand;
- Cembre Ltd. £850 thousand, equal to €969 thousand;
- Cembre España SLU €242 thousand;
- Cembre Sarl €574 thousand;
- Cembre Inc. \$720 thousand, equal to €678 thousand.

### 33. FOREIGN EXCHANGE GAINS (LOSSES)

The item is broken down as follows:

	2023	2022	Change in
Realised foreign exchange gains	401,835	434,929	(33,094)
Realised foreign exchange losses	(489,140)	(206,266)	(282,874)
Unrealised foreign exchange gains	-	-	-
Unrealised foreign exchange losses	(75,518)	(39,560)	(35,959)
<b>Total</b>	<b>(162,823)</b>	<b>189,103</b>	<b>(351,926)</b>

### 34. INCOME TAXES FOR THE YEAR

	2023	2022	Change
Current taxes for IRES	(10,510,541)	(7,549,296)	(2,961,245)
Current taxes for IRAP	(2,066,212)	(1,494,213)	(571,999)
Deferred taxes	(33,074)	(37,689)	4,615
Net extraordinary gains	(354)	(24)	(331)
Patent Box Benefit	1,135,814	-	1,135,814
<b>Total</b>	<b>(11,474,367)</b>	<b>(9,081,222)</b>	<b>(2,393,146)</b>

On December 18, 2023 Cembre S.p.A. renewed the agreement with Agenzia delle Entrate (the Italian Revenue Service) that defines the methods and criteria for calculation of the economic contribution to the production of business income by intangible fixed assets for the purposes of the so-called "Patent Box", with regard to tax years 2020-2024.

The agreement allows Cembre S.p.A. to obtain a tax benefit for 2020 of approximately €1,103 thousand, determined according to the methods and criteria defined in the agreement.

It was not possible to determine with certainty the similar tax benefit for the years 2021, 2022 and 2023 as clarifications are pending on the criteria to be applied for its proper calculation; therefore, this additional benefit will be accounted for when it can be determined with the required certainty. Please note that "Patent Box Benefit" includes the positive component deriving from the aforementioned 2020-2024 agreement as well as the positive effect of €33 thousand relating to the application of the new "Patent Box" regime starting from 2021.

The allocation of current taxes is calculated on the taxable income amount, which takes into account increases and decreases to be made in the income tax return to the statutory profit for the year.

Reconciliation of theoretical taxes, arising from application of the nominal rate, and actual taxes to the Income Statement is as follows:

	IRES
Profit prior to taxes	51,103,419
<b>Theoretical tax expense (24.0%)</b>	<b>12,264,821</b>

Effect of permanent differences	(848,648)
Effect of temporary differences	(888,441)
Various deductions	(17,191)
<b>Total income taxes in the financial statements</b>	<b>10,510,541</b>

	<b>IRAP</b>
Gross taxable IRAP	84,410,219
<b>Theoretical tax expense (3.9%)</b>	<b>3,291,999</b>
Effect of permanent differences	1,929
Effect of temporary differences	359
Deductions for personnel	(1,228,075)
<b>Total income taxes in the financial statements</b>	<b>2,066,212</b>

The item “deferred tax assets and liabilities” is broken down as follows:

	<b>2023</b>	<b>2022</b>	<b>Change in</b>
Average cost valuation of inventories	9,135	(274,540)	283,675
Discounting of employee termination indemnity	14,180	(73,960)	88,140
Write-down of inventories	(63,411)	105,645	(169,056)
Differences on depreciation	(41,086)	34,406	(75,492)
Other	48,108	170,760	(122,652)
<b>Deferred tax assets and liabilities for the year</b>	<b>(33,075)</b>	<b>(37,689)</b>	<b>4,614</b>

### 35. COMPREHENSIVE INCOME

Following the adoption of the changes to the revised IAS 19, the actuarial changes to the employee termination indemnity were recognised directly in a specific reserve of shareholders’ equity. These amounts constitute changes in the comprehensive income for the year and are highlighted with separate indication of the relative tax effect. The net effect for 2023 is positive and amounts to €1 thousand.

### 36. DIVIDENDS

On May 10, 2023 (ex-dividend date May 8), dividends were paid in the amount of €23,495 thousand, relating to the allocation of profit for the year 2022, corresponding to €1.40 per share entitled to dividends.

Dividends related to the allocation of the 2023 profit and submitted for approval to the Shareholders’ Meeting amounted to €1.80 per share, for a total of €30,235 thousand. This amount was not recorded as a liability.

### **37. COMMITMENTS AND RISKS**

At December 31, 2023, guarantees granted by Cembre S.p.A. amounted to €2,398,528, compared to €2,399,405 at December 31, 2022.

Among the guarantees provided to third parties, mention goes to the commitments made with respect to the Municipality of Brescia, for a total of €1,051 thousand, to guarantee completion of the development works following the authorisation to build in an area owned by the company and adjacent to the company headquarters.

The residual portion refers to guarantees granted to Italian and foreign electrical and railway entities, to guarantee supply for €856 thousand, and guarantees granted to Brescia Customs Authority for €491 thousand.

In July 2023, Cembre SpA signed a framework agreement with Intesa Sanpaolo SpA for the transfer of tax credits in favour of Cembre SpA. The agreement is valid until December 31, 2026 and includes an indemnity clause in favour of Cembre SpA.

Cembre SpA benefits from a purchase price that is lower than the nominal value of the tax credit being transferred, obtaining financial income when it uses the purchased tax credit to pay the taxes due.

This agreement resulted in the purchase of tax credits in the amount of €8 million in 2023 and includes a commitment to purchase tax credits in the amount of €10 million for each of the years 2024, 2025 and 2026.

### **38. NET FINANCIAL POSITION**

The net financial position of Cembre S.p.A. amounted at year end to a surplus of €16,155 thousand, an increase over December 31, 2022, despite the higher volume of investments and the higher amount of dividends paid in 2023.

At date of the financial statements, the Company had no outstanding debt involving covenants or negative pledges.

In respect of the “Guidelines on disclosure obligations pursuant to the prospectus regulation” set forth by ESMA, details of Cembre S.p.A.’s Net Financial Position are provided below:



		12/31/2023	12/31/2022
A	Cash	3,316	4,742
B	Bank deposits	14,673,055	5,895,548
C	Other financial assets	4,000,000	15,000,000
<b>D</b>	<b>Cash and cash equivalents (A+B+C)</b>	<b>18,676,371</b>	<b>20,900,290</b>
E	Current bank payables	(101,463)	(10,358,854)
F	Current financial leasing liabilities	(949,678)	(874,724)
<b>G</b>	<b>Current financial indebtedness (E+F)</b>	<b>(1,051,141)</b>	<b>(11,233,578)</b>
<b>H</b>	<b>Net current financial position (G+D)</b>	<b>17,625,230</b>	<b>9,666,712</b>
J	Non-current financial leasing liabilities	(1,469,682)	(1,719,828)
<b>K</b>	<b>Non-current financial indebtedness (I+J)</b>	<b>(1,469,682)</b>	<b>(1,719,828)</b>
<b>L</b>	<b>Net financial position (H+K)</b>	<b>16,155,548</b>	<b>7,946,884</b>

### 39. DISCLOSURE ON RELATED PARTIES

The table below summarises transactions between Parent company Cembre S.p.A. and the subsidiaries in 2023, with regard to purchases and sales. For receivables/payables, see the specific paragraphs of this document.

Company	Sales	Purchases
Cembre Ltd.	13,061,507	2,129,274
Cembre S.a.r.l.	8,948,977	198,903
Cembre España S.L.U.	13,491,454	47,310
Cembre GmbH	11,050,496	248,259
Cembre Inc.	6,842,846	46,560
<b>TOTAL</b>	<b>53,395,282</b>	<b>2,670,309</b>

With reference to assets and liabilities relating to subsidiaries and other related parties at year-end, we confirm that transactions with the same fall within the scope of normal operating activities.

The percentage stakes with regard to investments in subsidiaries at December 31, 2023 are outlined below:

Company	Registered office	Share capital	Percentage held				Percentage with voting rights
			direct	indirect	through	total	
Cembre Ltd.	Sutton Coldfield (Birmingham-GB)	GBP 1,700,000	100%	-	-	100%	100%
Cembre Sarl	Morangis (Paris - France)	EURO 1,071,000	100%	-	-	100%	100%
Cembre España SLU	Torrejón de Ardoz (Madrid -Spain)	EURO 2,902,200	100%	-	-	100%	100%
Cembre GmbH	Munich (Germany)	EURO 10,112,000	100%	-	-	100%	100%
Cembre Inc.	Edison (NJ- Usa)	US\$ 1,440,000	100%	-	-	100%	100%

All of the above equity investments are held by way of ownership.

Among assets leased to Cembre S.p.A. by third parties are an industrial building adjacent to the Company's registered office measuring a total of 5,960 square meters on three floors, in addition to the Monza, Padua and Bologna sales offices. These properties are owned by "Tha Immobiliare S.p.A.", a company with registered office in Brescia, whose capital is held by Anna Maria Onofri, Giovanni Rosani, and Sara Rosani, members of the Board of Directors of 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 year end, all amounts due to Tha Immobiliare had been settled. Said contracts envisage an automatic renewal clause upon expiry.

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

	Assets	Non-current liabilities	Current liabilities	Amortisation	Interest expense
Leased assets from THA	1,149,377	929,418	522,749	531,821	36,696

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

#### 40. SHARE-BASED PAYMENTS

Cembre S.p.A. established the incentive plan known as "Premio Carlo Rosani per i 50 anni della Fondazione della Società" (Carlo Rosani Prize for the 50th anniversary of the foundation of the Company), intended for executives and middle managers who have an employment contract with the company.

The plan, approved by the Shareholders' Meeting on April 18, 2019, provides for the attribution, by the company, of rights to acquire ordinary Cembre shares, and will last until 2025.

The rights granted under the plan can only be assigned to the beneficiaries identified, to this end, by the Board of Directors, based on the prior opinion of the Appointments and Remuneration Committee and in compliance with the Incentive Plan Regulation.

The rights will be assigned annually, free of charge, in the plan duration period, following the Board's approval of the company's consolidated financial statements. The beneficiaries will be attributed, for each annual assignment, the following rights: 2,000 for those in the position of executive and 500 for middle managers. The exercise price of the aforementioned rights is €10 per share. Based on the beneficiaries identified by the Board of Directors, provision is made for the assignment of a total maximum number of 117,500 shares for the entire duration of the plan.

The assignment of the rights to the beneficiaries is subject to the following performance conditions:

- growth in the gross operating profit of the Cembre Group in the reference year (i.e. the year prior to the assignment year) compared to the previous year;
- growth in the gross operating profit of the Cembre Group in the reference year higher than the minimum values reported in the Incentive Plan Regulation.

The assignment of the rights to the beneficiaries is also subject to the following additional conditions, to be verified in relation to the individual beneficiary:

- existence of an employment contract with the position of executive or middle manager;
- solely for recipients in the position of middle manager, provision of work activities to the company for an average of 40 hours per week;

in compliance with the prohibition on the transfer of the payment, from the second assignment date, maintenance of ownership of the shares acquired under the plan, and nonetheless, a number of Cembre shares at least equal to the total number of rights exercised under the plan.

In October 2023, the fourth instalment of assignment rights was exercised that resulted in a reduction of the negative reserve for treasury shares equal to €285 thousand, against the assignment of 15,000 shares.

## 41. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Given the limited exposure, Cembre S.p.A. makes extremely limited use of derivative instruments to hedge against interest risk and currency exposure.

### Risks connected with the market

Cembre S.p.A. faces these risks with ongoing innovation, widening of the product range, high automation and with the upgrade of its production process, implementing focused marketing policies also with the help of its foreign subsidiaries.

### Interest rate risk

At December 31, 2023, as detailed in Note 15, a fixed rate loan was taken out, expiring in 2024. Owing to the nature and duration of the contract, the interest rate risk can be considered zero.

### Currency risk

Despite a strong international presence, Cembre S.p.A. 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.

At December 31, 2023, the following currency positions were outstanding:

	2023		2022	
	Original currency	Equivalent €	Original currency	Equivalent €
Receivables	US\$ 2,556,057	€2,313,175	US\$ 1,364,098	€1,278,921
Payables	US\$ 15,958	€14,442	US\$ 5,466	€5,125
Payables	GBP 3,146	€3,621	GBP 740	€835
Payables	CHF 228,380	€1,461	CHF 22,359	€22,706
Current account balance in foreign currency	US\$ 733,563	€663,858	US\$ 947,641	€888,469

The items were converted into Euro at the exchange rate in effect on December 31, 2023 and generated, with respect to the original amount recorded, an exchange rate loss of €43 thousand, recorded in the income statement.

The table below summarizes the economic effect, in thousands of Euro, of possible changes in exchange rate for the items indicated above:

	Change in exchange rate	Receivables	Payables	Current account
2023	5%	(110)	(1)	(32)

	-5%	122	2	35
<b>2022</b>	5%	(61)	(1)	(42)
	-5%	67	3	47

As illustrated, the entity and volume are not such as to have a significant impact on the Company's results.

#### Liquidity risk

The exposure of the Company 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. Reference should be made to Note 9 for details of the due dates for receivables from clients and to Note 19 for details of the due dates for payables to suppliers.

#### Credit risk

Exposure to credit risk by Cembre S.p.A. relates exclusively to trade receivables.

As shown in Note 9, none of the areas in which Cembre S.p.A. operates poses relevant credit risks.

Operating procedures limit the sale of products or services to customers who do not possess an adequate credit profile or provide secured 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.

#### Risks linked to climate change

Climate change entails a broad spectrum of possible impacts for the Company arising from both physical and transition risks. When making new investments, the Company takes into account the possible future impacts that climate change may have on their usability and useful life. It also closely monitors regulatory developments and changes, such as new climate-related regulations and standards.

The Company believes that its business model and products will still be attractive following the transition to a low-emission economy.

Climate-related issues may increase the uncertainty of the estimates and assumptions regarding certain elements or items of the financial statements. For further discussion of this aspect, please refer to the section "Effects of Climate Change" in the sub-chapter "Use of estimates" of the chapter "ACCOUNTING STANDARDS AND VALUATION CRITERIA". Please also refer to the "Effects of climate change" section in the Report on Operations.

## **42. SUBSEQUENT EVENTS**

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

### **Attachments**

This document includes the following attachments:

*Attachment 1:* Comparative Income Statement;

*Attachment 2:* Compensation for auditing services and other services.

Brescia, March 14, 2024

**FOR THE BOARD OF DIRECTORS**  
The Chairman and Managing Director  
Giovanni Rosani

## Attachment 1 – Notes to the Financial Statements of Cembre S.p.A.

### Comparative Income Statement

	2023	%	2022	%	change
Revenues from contracts with customers	173,060,884	100.0%	149,516,046	100.0%	15.7%
Other revenues	2,615,715		2,284,301		14.5%
<b>Total Revenues</b>	<b>175,676,599</b>		<b>151,800,347</b>		<b>15.7%</b>
Cost of goods and merchandise	(57,897,664)	-33.5%	(68,721,698)	-46.0%	-15.8%
Change in inventories	(4,509,329)	-2.6%	12,114,570	8.1%	
<b>Cost of goods sold</b>	<b>(62,406,993)</b>	<b>-36.1%</b>	<b>(56,607,128)</b>	<b>-37.9%</b>	<b>10.2%</b>
Cost of services received	(19,498,313)	-11.3%	(17,845,740)	-11.9%	9.3%
Lease and rental costs	(209,669)	-0.1%	(114,425)	-0.1%	83.2%
Personnel costs	(36,084,666)	-20.9%	(33,805,604)	-22.6%	6.7%
Other operating costs	(1,038,265)	-0.6%	(965,591)	-0.6%	7.5%
Increase in assets due to internal construction	1,480,449	0.9%	2,047,383	1.4%	-27.7%
Write-down of receivables	(207,061)	-0.1%	(204,594)	-0.1%	1.2%
Accruals to provisions for risks and charges	(55,240)	0.0%	(80,553)	-0.1%	-31.4%
<b>Gross Operating Profit</b>	<b>57,656,841</b>	<b>33.3%</b>	<b>44,224,095</b>	<b>29.6%</b>	<b>30.4%</b>
Tangible assets depreciation	(8,046,752)	-4.6%	(8,104,488)	-5.4%	-0.7%
Intangible assets amortization	(806,589)	-0.5%	(566,224)	-0.4%	42.5%
Right of use amortization	(1,026,879)	-0.6%	(932,192)		10.2%
<b>Operating Profit</b>	<b>47,776,621</b>	<b>27.6%</b>	<b>34,621,191</b>	<b>23.2%</b>	<b>38.0%</b>
Financial income	3,712,128	2.1%	3,461,225	2.3%	7.2%
Financial expenses	(222,507)	-0.1%	(73,664)	0.0%	202.1%
Foreign exchange gains (losses)	(162,823)	-0.1%	189,103	0.1%	-186.1%
<b>Profit Before Taxes</b>	<b>51,103,419</b>	<b>29.5%</b>	<b>38,197,855</b>	<b>25.5%</b>	<b>33.8%</b>
Income taxes	(11,474,367)	-6.6%	(9,081,222)	-6.1%	26.4%
<b>Net Profit</b>	<b>39,629,052</b>	<b>22.9%</b>	<b>29,116,633</b>	<b>19.5%</b>	<b>36.1%</b>

## Attachment 2 to the Note to the Financial Statements of Cembre S.p.A.

### COMPENSATION FOR AUDITING SERVICES AND OTHER SERVICES

(pursuant to article 149-duodecies of the CONSOB Issuers' Regulation)

Type of services	Independent Auditors	Recipient	Compensation (Euro '000)
Audit	EY	Cembre S.p.A.	68.5
Additional auditing activities	EY	Cembre S.p.A.	4.5
Limited audit, consolidated non-financial declaration	EY	Cembre S.p.A.	6
Audit	EY	Subsidiaries	55
Audit	HD Bayern Audit AG	Cembre GmbH	16
Audit	Hazelwoods LLP	Cembre Ltd	28
Audit	Axen & GU	Cembre Sarl	12



**CEMBRE**

## Attestation in respect of the statutory 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 updatings

The undersigned Giovanni Rosani and Claudio Bornati, in their position as Managing Director and Manager responsible for the preparation of financial reports of Cembre S.p.A., respectively, pursuant to Article 154-bis, paragraphs 3 and 4 of Legislative Decree No.58/1998, certify that internal controls over financial reporting in place for the preparation of 2023 statutory financial statements and during the period covered by the report, were:

- adequate to the company structure, and
- effectively applied during the process.

The undersigned officers certify that this 2023 statutory financial statements:

a) was 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 19 July 2002, and

b) corresponds to the company's evidence and accounting books and entries;

c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company.

The undersigned officers attest, also, that the report on operations includes a reliable operating and financial review of the Company as well as a description of the main risks and uncertainties to which it is exposed.

Brescia, March 14, 2024

Manager responsible for the  
preparation of financial reports

*signed by:*  
Claudio Bornati

Chairman and  
Managing Director

*signed by:*  
Giovanni Rosani



**CEMBRE SpA**

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