

# GEFRAN

BEYOND TECHNOLOGY



## GEFRAN GROUP

**Interim Financial  
Statements at  
31 March 2021**



# Table of Contents

Corporate Bodies.....	5
Key consolidated income statement and statement of financial position figures .....	6
Alternative performance indicators .....	7
Group Structure .....	8
Financial Statement schedules .....	9
Group performance in the first quarter of 2021 .....	14
Reclassified consolidated financial position at 31 march 2021 .....	17
Consolidated cash flow statement at 31 March 2021 .....	19
Investments .....	20
Results by business area .....	22
Sensors .....	22
Automation components .....	24
Motion control .....	26
Human resources .....	28
Significant events in the first quarter of 2021 .....	28
Significant events following the close of the first quarter of 2021 .....	29
Outlook .....	29
Impact of Covid-19.....	31
Own shares and stock performance.....	34
Dealings with related parties .....	35
Disclosure simplification .....	37
Specific explanatory notes to the accounts .....	37
Attachments .....	57
Declaration of the executive in charge of financial reporting .....	61



# Corporate Bodies

## Board of Directors

Honorary Chairman	Ennio Franceschetti
Chairwoman	Maria Chiara Franceschetti
Vice Chairman	Andrea Franceschetti
Vice Chairwoman	Giovanna Franceschetti
Chief Executive Officer	Marcello Perini
Director	Daniele Piccolo (*)
Director	Monica Vecchiati (*)
Director	Cristina Mollis (*)
Director	Giorgio Metta (*)

(\*) Independent directors pursuant to the Consolidated Law on Finance (TUF) and the Code of Conduct

## Board of Statutory Auditors

Chairman	Roberta Dell'Apa
Standing auditor	Primo Ceppellini
Standing auditor	Luisa Anselmi
Alternate auditor	Stefano Guerreschi
Alternate auditor	Silvia Bonomelli

## Control and Risks Committee

- Monica Vecchiati
- Daniele Piccolo
- Giorgio Metta

## Appointments and Remuneration Committee

- Daniele Piccolo
- Monica Vecchiati
- Cristina Mollis

## Sustainability Committee

- Giovanna Franceschetti
- Marcello Perini
- Cristina Mollis

## External auditor

PricewaterhouseCoopers S.p.A.

On 21 April 2016, the ordinary shareholders' meeting of Gefran S.p.A. engaged the external auditor PricewaterhouseCoopers S.p.A. to audit the separate Annual Financial Report of Gefran S.p.A., as well as the Consolidated Annual and Half-yearly Financial Reports of the Gefran Group for a period of nine years until the approval of the financial statements report for 2024, in accordance with Italian Legislative Decree 39/2010.

# Key consolidated income statement and statement of financial position figures

The amounts shown below only refer to continuing operations, unless otherwise specified.

## Group income statement highlights

(Euro /000)	31 March 2021		31 March 2020	
Revenues	37,407	100.0%	31,426	100.0%
EBITDA	6,606	17.7%	3,227	10.3%
EBIT	4,575	12.2%	1,230	3.9%
Profit (loss) before tax	4,717	12.6%	565	1.8%
Group net profit (loss)	3,699	9.9%	79	0.3%

## Group statement of financial position highlights

(Euro /000)	31 March 2021	31 December 2020
Invested capital from operations	81,612	81,902
Net working capital	29,706	29,799
Shareholders' equity	82,718	78,179
Net financial position	1,106	(3,723)

(Euro /000)	31 March 2021	31 March 2020
Operating cash flow	6,864	(1,380)
Investments	1,057	1,050

# Alternative performance indicators

In addition to the standard financial schedules and indicators required under IFRS, this document includes reclassified schedules and alternative performance indicators. These are intended to enable a better assessment of the Group's economic and financial management. However, these tables and indicators must not be considered as a substitute for those required under IFRS.

Specifically, the alternative indicators used in the notes to the income statement are:

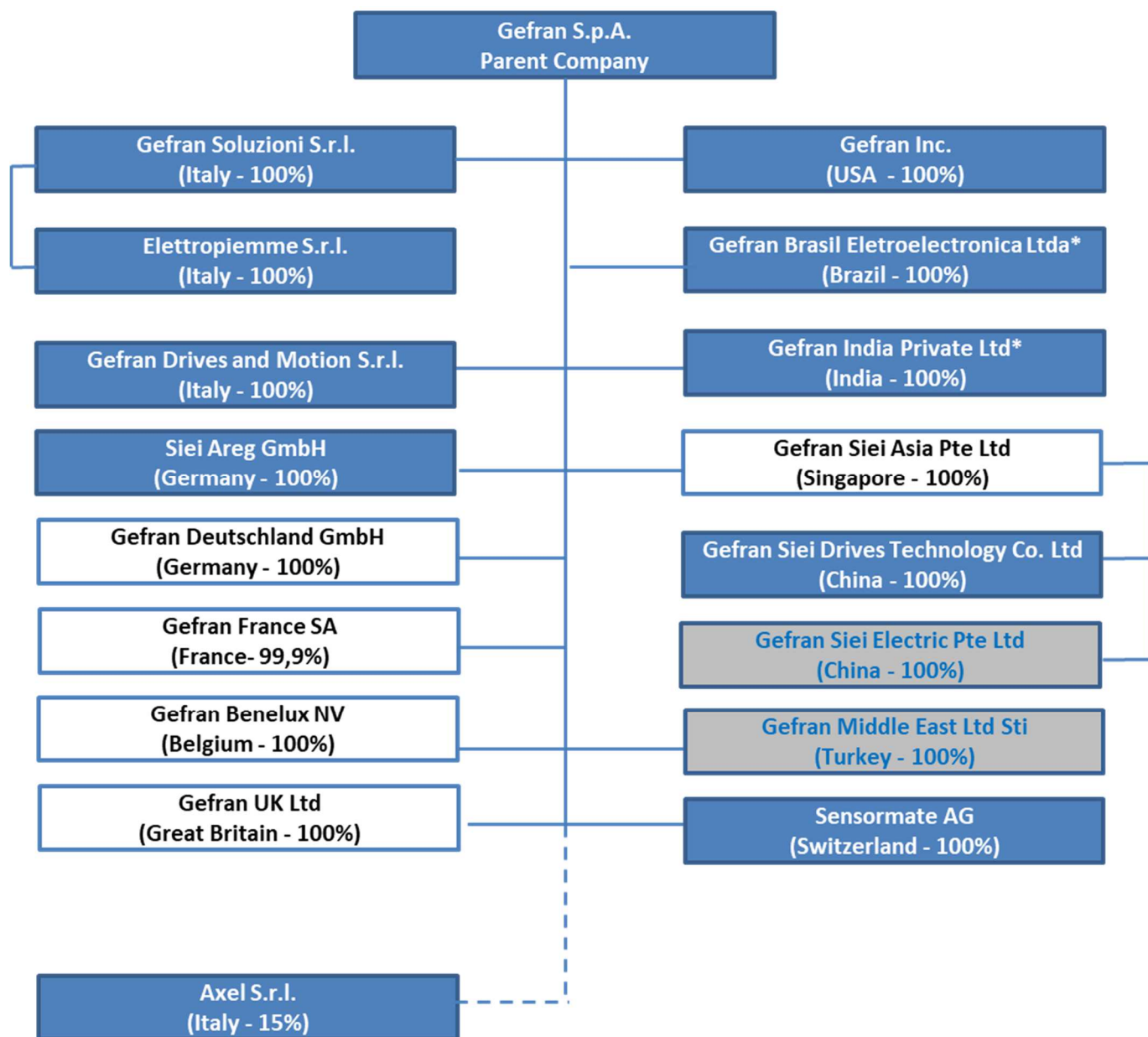
- **Added value**: the direct margin resulting from revenues, including only direct material, gross of other production costs, such as personnel costs, services and other sundry costs;
- **EBITDA**: operating result before depreciation, amortisation and write-downs. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items;
- **EBIT**: operating result before financial management and taxes. The purpose of this indicator is to present the Group's operating profitability.

Alternative indicators used in the notes to the statement of financial position are:

- **Net non-current assets**: the algebraic sum of the following items in the statement of financial position:
  - o Goodwill
  - o Intangible assets
  - o Property, plant, machinery and tools
  - o Shareholdings valued at equity
  - o Equity investments in other companies
  - o Receivables and other non-current assets
  - o Deferred tax assets
- **Working capital**: the algebraic sum of the following items in the statement of financial position:
  - o Inventories
  - o Trade receivables
  - o Trade payables
  - o Other assets
  - o Tax receivables
  - o Current provisions
  - o Tax payables
  - o Other liabilities
- **Net invested capital**: the algebraic sum of fixed assets, operating capital and provisions
- **Net debt (financial position)**: the algebraic sum of the following items:
  - o Medium/long-term financial payables
  - o Short-term financial payables
  - o Financial liabilities for derivatives
  - o Financial investments for derivatives
  - o Cash and cash equivalents and short-term financial receivables



# Group Structure



(\*) Gefran India and Gefran Brasil indirectly through Sensormate AG



# Financial Statement schedules

## Statement of profit/(loss)

(Euro /000)	progress. 31 March	
	2021	2020
Revenue from product sales	37,184	31,103
Other revenues and income	223	323
Increases for internal work	494	495
<b>TOTAL REVENUES</b>	<b>37,901</b>	<b>31,921</b>
Change in inventories	1,935	(561)
Costs for raw materials and accessories	(15,185)	(10,850)
Service costs	(5,398)	(5,199)
of which related parties:	(54)	(50)
Miscellaneous management costs	(242)	(229)
Other operating income	1	-
Personnel costs	(12,372)	(11,858)
Impairment/reversal of trade and other receivables	(34)	3
Amortisation and impairment of intangible assets	(531)	(469)
Depreciation and impairment of tangible assets	(1,195)	(1,211)
Depreciation/amortisation total usage rights	(305)	(317)
<b>EBIT</b>	<b>4,575</b>	<b>1,230</b>
Gains from financial assets	535	527
Losses from financial liabilities	(398)	(1,194)
(Losses) gains from shareholdings valued at equity	5	2
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>4,717</b>	<b>565</b>
Current taxes	(927)	(253)
Deferred tax assets and liabilities	(91)	(233)
<b>TOTAL TAXES</b>	<b>(1,018)</b>	<b>(486)</b>
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>3,699</b>	<b>79</b>
Attributable to:		
Group	3,699	79
Third parties	-	-

(Euro)	progress. 31 March	
	2021	2020
Basic earnings per ordinary share	0.26	0.01
Diluted earnings per ordinary share	0.26	0.01

## Statement of profit/(loss) and other items of comprehensive income

(Euro /000)	progress. 31 March	
	2021	2020
NET PROFIT (LOSS) FOR THE PERIOD	3,699	79
Items that will not subsequently be reclassified in the statement of profit/(loss) for the period		
- equity investments in other companies	68	(28)
Items that will or could subsequently be reclassified in the statement of profit/(loss) for the period		
- conversion of foreign companies' financial statements	727	183
- fair value of cash flow hedging derivatives	41	(7)
Total changes, net of tax effect	836	148
Comprehensive result for the period	4,535	227
Attributable to:		
Group	4,535	227
Third parties	-	-

## Statement of financial position

(Euro /000)	31 March 2021	31 December 2020
<b>NON-CURRENT ACTIVITIES</b>		
Goodwill	5,805	5,692
Intangible assets	9,071	8,935
Property, plant, machinery and tools	41,464	41,961
of which related parties:	-	247
Usage rights	3,363	2,605
Shareholdings valued at equity	81	76
Equity investments in other companies	2,018	1,949
Receivables and other non-current assets	92	94
Deferred tax assets	4,183	4,265
Other non-current financial investments	97	108
<b>TOTAL NON-CURRENT ACTIVITIES</b>	<b>66,174</b>	<b>65,685</b>
<b>CURRENT ACTIVITIES</b>		
Inventories	22,439	20,301
Trade receivables	31,540	30,059
of which related parties:	-	4
Other receivables and assets	4,943	4,393
Current tax receivables	1,028	581
Cash and cash equivalents	45,557	41,943
<b>TOTAL CURRENT ACTIVITIES</b>	<b>105,507</b>	<b>97,277</b>
<b>TOTAL ASSETS</b>	<b>171,681</b>	<b>162,962</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	14,400	14,400
Reserves	64,619	59,426
Profit / (Loss) for the year	3,699	4,353
Total Group Shareholders' Equity	82,718	78,179
Shareholders' equity of minority interests	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>82,718</b>	<b>78,179</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current financial payables	25,057	27,441
Non-current financial payables for IFRS 16 leases	1,624	1,669
Non-current financial liabilities for derivatives	274	328
Employee benefits	4,417	4,479
Non-current provisions	854	924
Deferred tax provisions	872	833
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>33,098</b>	<b>35,674</b>
<b>CURRENT LIABILITIES</b>		
Current financial payables	15,816	15,368
Current financial payables for IFRS 16 leases	1,777	968
Trade payables	24,273	20,561
of which related parties:	121	273
Current provisions	1,519	1,462
Current tax payables	1,473	179
Other payables and liabilities	11,007	10,571
<b>TOTAL CURRENT LIABILITIES</b>	<b>55,865</b>	<b>49,109</b>
<b>TOTAL LIABILITIES</b>	<b>88,963</b>	<b>84,783</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>171,681</b>	<b>162,962</b>

## Consolidated cash flow statement

(Euro /000)	31 March 2021	31 March 2020
(A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	41,943	24,427
B) CASH FLOW GENERATED BY (USED IN) OPERATIONS IN THE PERIOD		
Net profit (loss) for the period	3,699	79
Depreciation, amortisation and impairment	2,031	1,997
Provisions (Releases)	603	591
Net result from financial operations	(142)	665
Taxes	927	253
Change in provisions for risks and future liabilities	(284)	(94)
Change in other assets and liabilities	(112)	(1,447)
Change in deferred taxes	92	231
Change in trade receivables	(1,292)	1,619
of which related parties:	4	-
Change in inventories	(2,300)	101
Change in trade payables	3,642	(5,375)
of which related parties:	(152)	52
TOTAL	6,864	(1,380)
C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES		
Investments in:		
- Property, plant & equipment and intangible assets	(1,057)	(1,050)
of which related parties:	-	(52)
- Financial receivables	2	1
Disposal of non-current assets	4	-
TOTAL	(1,051)	(1,049)
D) FREE CASH FLOW (B+C)	5,813	(2,429)
E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES		
Repayment of financial debts	(2,050)	(2,815)
Increase (decrease) in current financial payables	2	(157)
Outgoing cash flow due to IFRS 16	(307)	(324)
Taxes paid	(86)	(53)
Interest paid	(257)	(219)
Interest received	17	18
TOTAL	(2,681)	(3,550)
F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)	3,132	(5,979)
G) Exchange rate translation differences on cash at hand	482	114
H) NET CHANGE IN CASH AT HAND (F+G)	3,614	(5,865)
(I) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+H)	45,557	18,562

## Statement of changes in shareholders' equity

(Euro /000)	Overall EC reserves											
	Share capital	Capital reserves	Consolidation reserve	Other reserves	Retained profit /(loss)	Fair value measurement reserve	Currency translation reserve	Other reserves	Profit/(loss) for the year	Group Total shareholders' equity	Shareholders' equity of	Total shareholders' equity
Balance at 1 January 2020	14,400	21,926	5,864	10,099	13,174	(215)	3,364	(610)	7,042	75,044	-	75,044
Destination of profit 2019												
- Other reserves and provisions	-	-	820	-	6,222	-	-	-	(7,042)	-	-	-
- Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Income/ (Expenses) recognised at equity	-	-	-	10	-	145	-	(99)	-	56	-	56
Change in translation reserve	-	-	-	-	-	-	(1,173)	-	-	(1,173)	-	(1,173)
Other changes	-	-	58	(2)	(157)	-	-	-	-	(101)	-	(101)
Profit 2020	-	-	-	-	-	-	-	-	4,353	4,353	-	4,353
Balance at 31 December 2020	14,400	21,926	6,742	10,107	19,239	(70)	2,191	(709)	4,353	78,179	-	78,179
Destination of profit 2020												
- Other reserves and provisions	-	-	(1,927)	-	6,280	-	-	-	(4,353)	-	-	-
- Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Income/ (Expenses) recognised at equity	-	-	-	-	-	109	-	-	-	109	-	109
Change in translation reserve	-	-	-	-	-	-	727	-	-	727	-	727
Other changes	-	-	4	-	-	-	-	-	-	4	-	4
Profit 2021	-	-	-	-	-	-	-	-	3,699	3,699	-	3,699
Balance at 31 March 2021	14,400	21,926	4,819	10,107	25,519	39	2,918	(709)	3,699	82,718	-	82,718

# Group performance in the first quarter of 2021

The income statement for the first quarter of 2021 is shown below, in comparison with the income statement for the same period in the year 2020.

(Euro /000)	1Q 2021	1Q 2020	Var. 2021-2020	
	Total	Total	Value	%
a Revenues	37,407	31,426	5,981	19.0%
b Increases for internal work	494	495	(1)	-0.2%
c Consumption of materials and products	13,250	11,411	1,839	16.1%
d Added Value (a+b-c)	24,651	20,510	4,141	20.2%
e Other operating costs	5,673	5,425	248	4.6%
f Personnel costs	12,372	11,858	514	4.3%
g EBITDA (d-e-f)	6,606	3,227	3,379	104.7%
h Depreciation, amortisation and impairment	2,031	1,997	34	1.7%
i EBIT (g-h)	4,575	1,230	3,345	272.0%
l Gains (losses) from financial assets/liabilities	137	(667)	804	120.5%
m Gains (losses) from shareholdings valued at equity	5	2	3	-150.0%
n Profit (loss) before tax (i±l±m)	4,717	565	4,152	734.9%
o Taxes	(1,018)	(486)	(532)	-109.5%
p Group net profit (loss) (n±o)	3,699	79	3,620	4582.3%

**Revenues** in the first quarter of 2021 total 37,407 thousand Euro, as compared to 31,426 thousand Euro in the first quarter of the previous year, an increase of 5,981 thousand Euro (equal to 19.0%), which would be 6,837 thousand Euro (21.8%) net of the negative effect of changes in exchange rates. The first quarter of 2020 was characterised by the spread of Covid-19, first in Asia and then on other continents, which led the Group to close some plants (partially or totally) and limit travel, with inevitable repercussions on its ability to generate revenue. In contrast to the first three quarters, the fourth quarter of 2020 saw the start of a gradual recovery of the market, with a particular focus on the sensors and automation components business in the Italian and Asian markets. This trend is confirmed by the results recorded in the first quarter of 2021, which saw revenues increase compared to the same period of the previous year in all the Group's businesses, and extended to the main geographical areas served. Technological leadership and knowledge of industrial processes also contributed to the recovery of sales volumes, guaranteeing an adequate level of service to customers, as well as investments and new operating methods launched in 2020, focused on the control of existing markets and the development of new commercial relations, also through the use of digital platforms.

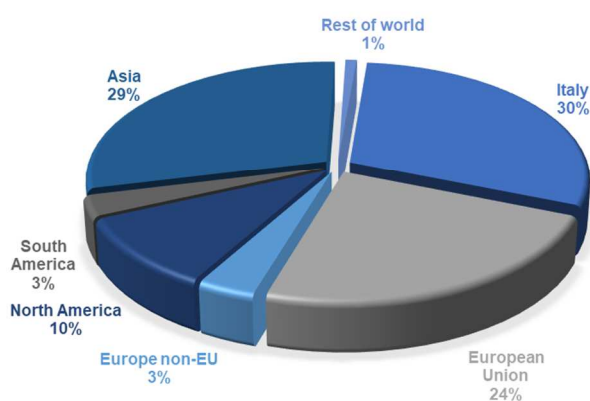
Good performance is also evident when analysing order intake in the first quarter of 2021 as compared to the same period in 2020, with an overall increase (+23.8%) Growth was recorded in all businesses, but particularly in the sensors (+44.1%) and automation components (+10.7%) business units, for which the order intake in the first quarter was higher than in the same period in 2020 by 7,552 thousand Euro and 1,058 thousand Euro, respectively. Order intake in the motion control business unit also improved (+5.8%).

The order book at 31 March 2021 was higher than the previous year (+25.3%) and compared to the closing value for the year 2020 (+42.5%), confirming the good prospects generated on the market.

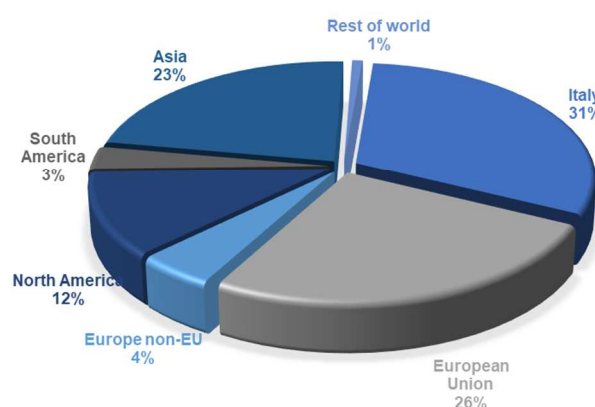
The table below shows a breakdown of revenues by geographical region:

(Euro /000)	1Q 2021		1Q 2020		Var. 2021-2020	
	Value	%	Value	%	Value	%
Italy	11,115	29.7%	9,699	30.9%	1,416	14.6%
European Union	8,829	23.6%	8,117	25.8%	712	8.8%
Europe non-EU	1,325	3.5%	1,484	4.7%	(159)	-10.7%
North America	3,753	10.0%	3,707	11.8%	46	1.2%
South America	1,088	2.9%	1,008	3.2%	80	7.9%
Asia	10,981	29.4%	7,165	22.8%	3,816	53.3%
Rest of the world	316	0.8%	246	0.8%	70	28.5%
Total	37,407	100%	31,426	100%	5,981	19.0%

Revenues 1Q 2021



Revenues 1Q 2020



The breakdown of revenues by **geographical area** shows double-digit rates of growth in Asia (+53.3%) and Italy (14.6%). Revenues also grew in Europe (+5.8% overall) and the Americas (+2.7%), the latter area being partially affected by the effect of foreign currency trends, particularly the US dollar and the Brazilian real.

Below is a breakdown of revenues by **business area** in the first quarter of 2021 in comparison with the same period in the previous year:

(Euro /000)	1Q 2021		1Q 2020		Var. 2021-2020	
	Value	%	Value	%	Value	%
Sensors	18,001	48.1%	13,811	43.9%	4,190	30.3%
Automation components	10,952	29.3%	9,041	28.8%	1,911	21.1%
Motion control	10,451	27.9%	9,701	30.9%	750	7.7%
Eliminations	(1,997)	-5.3%	(1,127)	-3.6%	(870)	77.2%
Total	37,407	100%	31,426	100%	5,981	19.0%

Revenues increased in all sectors: revenues from sensor products grew by 30.3%, thanks in particular to strong recovery on Asian markets, while revenues from automation components increased by 21.1%, mostly concentrated in Italy and Europe. It should be noted that both business units have made up for the gap in revenues recorded in the first quarter of 2020 due to the effects



of the Covid-19 pandemic: for components, revenues are at the same level as the figure recorded in the first quarter of 2019, while sensors performed 17.8% better than in that period.

Revenues from the drives business were also higher than in the same period in 2020, with an overall increase of 7.7%, thanks to the increase in sales of products in the lift range and customised products.

**Increases due to internal work** in the first quarter 2021 amount to 494 thousand Euro, in line with the same period in the previous year- This item represents the cost of development of new products incurred in the period and capitalised.

**Added value** in the quarter amounted to 24,651 thousand Euro (20,510 thousand Euro in the same quarter in 2020), corresponding to 65.9% of revenues, up +0.6% from the figure in the same period of the previous year. The growth of added value, totalling 4,141 thousand Euro, is a result of the higher revenues recorded.

**Other operating costs** in the first quarter of 2021 amount to 5,673 thousand Euro, and have increased in absolute terms by 248 thousand Euro over the figure for the first quarter of 2020, representing 15.2% of revenues (17.3% in the same quarter of the previous year). Variable costs related to higher sales volumes increased.

**Personnel costs** in the quarter amounted to 12,372 thousand Euro, as compared to 11,858 thousand Euro in the same period in the previous year, an increase of 514 thousand Euro. As a percentage of revenue, the ratio was 33.1% (37.7% in the first quarter of 2020).

**Gross Operating Margin** (EBITDA) in the first quarter of 2021 is positive by 6,606 thousand Euro (3,227 thousand Euro in the same quarter of 2020), corresponding to 17.7% of revenues (10.3% of revenues in 2020), higher than in the same quarter of the previous year by 3,379 thousand Euro. The improvement in EBITDA is attributable to the increase in revenue recorded in the period, returning to 2019 levels.

The item **depreciation, amortisation and impairment** totalled 2,031 thousand Euro in the quarter, as compared with 1,997 thousand Euro in the same period in the previous year, a 34 thousand Euro increase.

**EBIT** in the first quarter of 2021 is positive by 4,575 thousand Euro (12.2% of revenues), as compared with an EBIT of 1,230 thousand Euros in the same period in 2020 (3.9% of revenues), an increase of 3,345 thousand Euro. As in the case of EBITDA, the change is a result of increased sales.

**Income from financial assets/liabilities** in the first quarter of 2021 totalled 137 thousand Euro (whereas in the first quarter of 2020 costs totalling 667 thousand Euro were entered), and included:

- financial income totalling 17 thousand Euro (18 thousand Euro in the first quarter of 2020);
- financial charges linked with the Group's indebtedness, totalling 116 thousand Euro, up over the first three months of 2020, when this item totalled 97 thousand Euro;
- positive result of differences in foreign currency transactions of 245 thousand Euro, as compared to a negative result of 578 thousand Euro for the first quarter of 2020. The change is primarily a result of the exchange rates in effect between the Euro, the Swiss Franc and the Indian Rupee;
- financial charges on financial debts as a result of application of the new accounting standard IFRS16 totalling 9 thousand Euro (10 thousand Euro in the first quarter of 2020).

**Income from valuation of investments using the equity method** totalled 5 thousand Euro, compared to 2 thousand Euro in the first quarter of 2020 due to the results achieved by the affiliate Axel S.r.l.

**Taxes** had a negative balance of 1,018 thousand Euro in the quarter (as compared to a negative balance of 486 thousand Euro in the first quarter of 2020). This item may be broken down as follows:

- negative current taxes of 927 thousand Euro (negative by 253 thousand Euro in the first quarter of 2020); the change reflects the improved results achieved by the Group in the first quarter of 2021 as compared to the same period in the previous year;
- deferred tax assets and liabilities, on the whole negative by 91 thousand Euro (negative by 233 thousand Euro in the first quarter of the previous year).

**Group net profit** in the first quarter of 2021 totalled 3,699 thousand Euro, as compared to a profit of 79 thousand Euro in the same period of the previous year, an increase of 3,620 thousand Euro.

## Reclassified consolidated financial position at 31 March 2021

The Gefran Group's reclassified consolidated statement of financial position as of March 31 2021 may be broken down as follows:

(Euro /000)	31 March 2021		31 December 2020	
	Value	%	Value	%
Intangible assets	14,876	18.2	14,627	17.9
Tangible fixed assets	44,827	54.9	44,566	54.4
Other non-current assets	6,374	7.8	6,384	7.8
<b>Net non-current assets</b>	<b>66,077</b>	<b>81.0</b>	<b>65,577</b>	<b>80.1</b>
Inventories	22,439	27.5	20,301	24.8
Trade receivables	31,540	38.6	30,059	36.7
Trade payables	(24,273)	(29.7)	(20,561)	(25.1)
Other assets/liabilities	(6,509)	(8.0)	(5,776)	(7.1)
<b>Working capital</b>	<b>23,197</b>	<b>28.4</b>	<b>24,023</b>	<b>29.3</b>
Provisions for risks and future liabilities	(2,373)	(2.9)	(2,386)	(2.9)
Deferred tax provisions	(872)	(1.1)	(833)	(1.0)
Employee benefits	(4,417)	(5.4)	(4,479)	(5.5)
<b>Net invested capital</b>	<b>81,612</b>	<b>100.0</b>	<b>81,902</b>	<b>100.0</b>
<b>Shareholders' equity</b>	<b>82,718</b>	<b>101.4</b>	<b>78,179</b>	<b>95.5</b>
Non-current financial payables	25,057	30.7	27,441	33.5
Current financial payables	15,816	19.4	15,368	18.8
Financial payables for IFRS 16 leases (current and non-current)	3,401	4.2	2,637	3.2
Financial liabilities for derivatives (current and non-current)	274	0.3	328	0.4
Other non-current financial investments	(97)	(0.1)	(108)	(0.1)
Cash and cash equivalents and current financial receivables	(45,557)	(55.8)	(41,943)	(51.2)
<b>Net debt relating to operations</b>	<b>(1,106)</b>	<b>(1.4)</b>	<b>3,723</b>	<b>4.5</b>
<b>Total sources of financing</b>	<b>81,612</b>	<b>100.0</b>	<b>81,902</b>	<b>100.0</b>

**Net fixed assets** as at 31 March 2021 totalled 66,077 thousand Euro, as compared with 65,577 thousand Euro on 31 December 2020. The main changes were as follows:

- intangible assets registered an overall increase of 249 thousand Euro. The change includes increases due to capitalisation of development costs (489 thousand Euro) and new investment (162 thousand Euro) well as decreases due to amortisation in the period (531 thousand Euro). The change in exchange rates had a positive impact on the item amounting to 129 thousand Euro;
- tangible assets increased by 261 thousand Euro over 31 December 2020. Investments in the first half of 2021 amounted to 406 thousand Euro, partially offset by depreciation of 1,195 thousand Euro and 16 thousand Euro in decreases due to disposals; In addition, the item includes the value of the right to use assets recognised in accordance with IFRS16, which increased by 1,070 thousand Euro in the first quarter of 2021 following the renewal or signing of new contracts and is offset by depreciation and amortisation totalling 305 thousand Euro. Finally, the change in exchange rates had a positive effect of 301 thousand Euro;
- other fixed assets at 31 March 2021 totalled 6,374 thousand Euro (6,384 thousand Euro at 31 December 2020), a drop of 10 thousand Euro.

**Working capital** at 31 March 2021 is 23,197 thousand Euro, as compared to 24,023 thousand Euro on 31 December 2020, a total drop of 826 thousand Euro. The main changes were as follows:

- Inventories grew from 20,301 thousand Euro on 31 December 2020 to 22,439 thousand Euro on 31 March 2021, a net increase of 2,138 thousand Euro; the increases in stocks of raw materials (worth 710 thousand Euro), semi-products and finished products (680 thousand Euro and 748 thousand Euro, respectively) were necessary to fulfil customer orders that will be dispatched in the months to come, particularly stocks of “critical materials”, with the goal of mitigating potential risk of interruption of supply chains due to the situation on the continent; the change in exchange rates contributes 202 thousand Euro to the increase in the value of inventories;
- trade receivables amounted to 31,540 thousand Euro, up 1,481 thousand Euro over 31 December 2020: this change is mainly linked to the trend in revenues in the first quarter of the year, up over the first quarter of 2020. The Group conducts an accurate analysis of receivables, taking various factors into account (geographical area, sector, degree of solvency of individual customers), and these checks do not show any critical positions that may not be collected;
- trade payables totalled 24,273 thousand Euro, up 3,712 thousand Euro over 31 December 2020. The change is linked to the higher costs recorded in the period, both for purchases of raw materials, necessary to meet the growth in sales volumes, and costs for services, particularly variable costs linked to volumes;
- Other net assets and liabilities at 31 March 2021 were negative for a total of 6,509 thousand Euro (negative by 5,776 thousand Euro as of 31 December 2020). They include payables to employees and social security institutions and receivables and payables for direct and indirect taxes. The change in this item over 31 December 2020, totalling 733 thousand Euro, is primarily a result of increased other tax payables.

**Provisions for risks and future liabilities** totalled 2,373 thousand Euro, a decrease over 31 December 2020 of 13 thousand Euro. The item includes provisions for current legal disputes and various risks, and the change since the end of 2020 is attributable to movements in the product warranty provision and the provision for specific risks.

**Employee benefits** amount to 4,417 thousand Euro, as compared to 4,479 thousand Euro on 31 December 2020.

**Shareholders' equity** at 31 March 2021 amounted to 82,718 thousand Euro, up 4,539 thousand Euro over the end of the year 2020. The change reflects the positive result for the period, amounting

to 3,699 thousand Euro, as well as the impact generated by the movement of the translation reserve, positive for Euro 727 thousand.

**Net financial position** as at 31 March 2021 is positive by 1,106 thousand Euro, up 4,829 thousand Euro over the end of 2020, when it was on the whole negative by 3,723 thousand Euro.

Net financial debt comprises short-term cash and cash equivalents of 27,964 thousand Euro and medium/long-term debts of 26,858 thousand Euro.

This item reflects the negative impact of application of accounting standard IFRS16, worth 3,401 thousand Euro at 31 March 2021, of which 1,777 thousand Euro was reclassified in the current part while 1,624 thousand Euro was reclassified in the non-current part (totalling 2,637 thousand Euro at 31 December 2020, including 968 thousand Euro reclassified in the current part and 1,669 thousand Euro included in the medium/long term balance).

No new loans were taken out in the first quarter of 2021.

The change in net financial position is mainly due to the positive cash flow from typical operations (6,864 thousand Euro), partially mitigated by expenditure on technical investments in the first quarter of the year (1,051 thousand Euro) and by payment of interest, taxes and rental fees (totalling 1,397 thousand Euro).

This item breaks down as follows:

(Euro /000)	31 March 2021	31 December 2020	Change
Cash and cash equivalents and current financial receivables	45,557	41,943	3,614
Current financial payables	(15,816)	(15,368)	(448)
Current financial payables for IFRS 16 leases	(1,777)	(968)	(809)
(Debt)/short-term cash and cash equivalents	27,964	25,607	2,357
Non-current financial payables	(25,057)	(27,441)	2,384
Non-current financial payables for IFRS 16 leases	(1,624)	(1,669)	45
Non-current financial liabilities for derivatives	(274)	(328)	54
Other non-current financial investments	97	108	(11)
(Debt)/medium-/long-term cash and cash equivalents	(26,858)	(29,330)	2,472
Net financial position	1,106	(3,723)	4,829

## Consolidated cash flow statement at 31 March 2021

The Gefran Group's consolidated cash flow statement as at 31 March 2021 shows a positive net change in cash at hand of 3,614 thousand Euro, compared to a positive change of EUR 5,865 thousand for 31 March 2020.

The change was as follows:

(Euro /000)	31 March 2021	31 March 2020
A) Cash and cash equivalents at the start of the period	41,943	24,427
B) Cash flow generated by (used in) operations in the period	6,864	(1,380)
C) Cash flow generated by (used in) investment activities	(1,051)	(1,049)
D) Free Cash Flow (B+C)	5,813	(2,429)
E) Cash flow generated by (used in) financing activities	(2,681)	(3,550)
F) Cash flow from continuing operations (D+E)	3,132	(5,979)
G) Exchange rate translation differences on cash at hand	482	114
H) Net change in cash at hand (F+G)	3,614	(5,865)
I) Cash and cash equivalents at the end of the period (A+H)	45,557	18,562

The cash flow from operations in the period was positive by 6,864 thousand Euro; specifically, operations in the first quarter of 2021, purged of the effect of provisions, amortisation and depreciation, and financial entries, generated 7,118 thousand in cash (3,585 thousand in the first quarter of 2020), while the net change in other assets and liabilities in the same period drained 112 thousand Euro of resources (1,447 thousand Euro in the first quarter of 2020) and management of operating capital absorbed 142 thousand Euro in cash (3,749 thousand Euro in the first quarter of the previous year).

The financial resources absorbed by technical investments amount to Euro 1,057 thousand (Euro 1,050 thousand in the first quarter of 2020), offset by proceeds from the sale of equipment and machinery (4 thousand Euro in the first quarter of 2021).

Free cash flow (operating cash flow excluding investment) was positive by 5,813 thousand Euro, as compared with a negative figure of 2,429 thousand Euro at 31 March 2020.

Financing activities absorbed resources totalling Euro 2,681,000 (as compared to cash absorption of 3,550 thousand Euro in the first quarter of 2020).

## Investments

Gross technical investments made in the first quarter of 2021 totalled 1,057 thousand Euro (1,050 thousand Euro in the first quarter of 2020) and related to:

- production and laboratory plant and equipment in the Group's Italian plants totalling 282 thousand Euro (including 80 thousand Euro for production lines in the sensors business unit, 160 thousand Euro in the components business unit and 42 thousand Euro for production lines in the motion control business unit), as well as 60 thousand Euro in the Group's other subsidiaries (in the first quarter of the year 2020, the Group invested 247 thousand Euro in Italy and 14 thousand Euro in its foreign subsidiaries);

- adaptation of the industrial buildings of the Group's Italian plants totalling 6 thousand Euro (in the first quarter of 2020 24 thousand Euro had been invested in buildings on the Group's Italian sites);
- renewal of electronic office machines and IT system equipment, amounting to 16 thousand Euro in the Parent Company and 5 thousand Euro in the Group's subsidiaries (in the first quarter of 2020, these figures were 38 thousand Euro and 27 thousand Euro, respectively);
- miscellaneous equipment in the Group's subsidiaries amounting to 37 thousand Euro (12 thousand Euro in the first quarter of 2020);
- capitalisation of costs incurred in the period for new product development, totalling 489 thousand Euro (495 thousand Euro in the first quarter of 2020);
- investments in intangible assets in the amount of 163 thousand Euro, mainly relating to management software licences and SAP ERP development (in the first quarter of 2020, other intangible assets were recognised at a value of 192 thousand Euro).

Investments are listed below by type and geographical region:

(Euro /000)	31 March 2021	31 March 2020
Intangible assets	651	687
Tangible assets	406	363
<b>Total</b>	<b>1,057</b>	<b>1,050</b>

(Euro /000)	31 March 2021		31 March 2020	
	intangible	tangible assets	intangible	tangible assets
Italy	622	323	685	330
European Union	2	-	1	16
Europe non-EU	-	1	1	-
North America	-	68	-	7
South America	27	2	-	3
Asia	-	12	-	7
Rest of the world	-	-	-	-
<b>Total</b>	<b>651</b>	<b>406</b>	<b>687</b>	<b>363</b>

Investments in the first quarter of 2021 are broken down below by business area:

(Euro /000)	Sensors	Automation components	Motion control	Total
Intangible assets	205	191	255	651
Tangible assets	155	198	53	406
<b>Total</b>	<b>360</b>	<b>389</b>	<b>308</b>	<b>1,057</b>

## Results by business area

The following sections comment on the performance of the individual business areas.

To ensure correct interpretation of figures relating to the individual activities, it should be noted that:

- the business represents the sum of revenues and related costs of the Parent Company Gefran S.p.A. and of the Group subsidiaries;
- the figures for each business are provided gross of internal trade between different businesses;
- the central operations costs, which pertain to Gefran S.p.A., are fully allocated to the businesses, where possible, and quantified according to actual use; they are otherwise divided according to economic-technical criteria.

## Sensors

### Summary results

The table below shows the key economic figures.

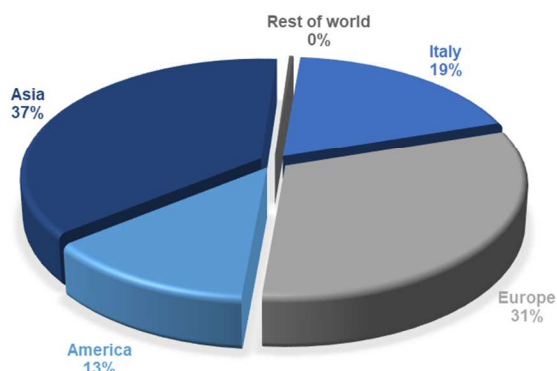
(Euro /000)	31 March 2021	31 March 2020	Var. 2021 - 2020	
			Value	%
Revenues	18,001	13,811	4,190	30.3%
EBITDA	5,289	2,591	2,698	104.1%
% of revenues	29.4%	18.8%		
EBIT	4,425	1,759	2,666	151.6%
% of revenues	24.6%	12.7%		

The breakdown of the sensors business revenues by geographical region is as follows:

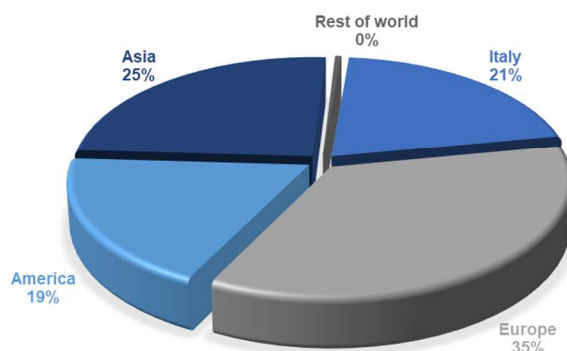
(Euro /000)	31 March 2021		31 March 2020		Var. 2021 - 2020	
	Value	%	Value	%	Value	%
Italy	3,338	18.5%	2,843	20.6%	495	17.4%
Europe	5,674	31.5%	4,893	35.4%	781	16.0%
America	2,308	12.8%	2,557	18.5%	(249)	-9.7%
Asia	6,625	36.8%	3,455	25.0%	3,170	91.8%
Rest of the world	56	0.3%	63	0.5%	(7)	-11.1%
Total	18,001	100%	13,811	100%	4,190	30.3%



**Revenues Sensors up to 31 March  
2021**



**Revenues Sensors up to 31 March  
2020**



## Business performance

Revenues of the business as at 31 March 2021 amount to 18,001 thousand Euro, up over the figure for 31 March 2020, when this item amounted to 13,811 thousand Euro, an increase of 30.3%, including the effect of exchange rate fluctuation (negative by 531 thousand Euro). The figure for the previous period was penalised by the initial effects of the Covid-19 pandemic on international markets, leading to the closure of some of the business's production plants. In the first quarter of 2021, despite the fact that many of the measures for containment of the virus are still in place (e.g., limiting non-essential travel), thanks to investments and the new operating methods introduced, the business unit was able to pick up on the first signs of recovery, especially in Asia, and particularly China, where activities implemented in 2020 to promote increased sales allowed it to take full advantage of the recovery of the local economy. This led to a complete recovery of revenues, reporting even better performance than in the first quarter of 2019.

Compared to the first quarter of 2020, almost all the geographical areas reached by the business unit in the first quarter of 2021 reported an increase in revenues, particularly Asia (+91.8%); on the other hand, there was a drop in revenues in the Americas (-9.7%), an area which was also penalised by exchange rate trends.

Positive signs were recorded in orders received in the first three months of 2021, totalling 24,668 thousand Euro, an increase over the first quarter of 2020, when orders totalled 17,115 thousand Euro (+44.1%). The order backlog as at 31 March 2021 also increased compared to the figure at 31 March 2020 (+65.5%) and compared to the closing value for the previous year (+59.9%).

The gross operating margin (EBITDA) as at 31 March 2021 amounts to 5,289 thousand Euro (17.7% on the business unit's revenues), up by 2,698 thousand Euro over 31 March 2020, when it was 2,591 thousand Euro (18.8% on revenues). The change in EBITDA is due to the growth in sales volumes, which was only partially affected by higher operating costs related to the higher volumes realised.

EBIT for the first three months of 2021 amounted to 4,425 thousand Euro, equal to 24.6% of revenues, as compared with an EBIT in the same period of the previous year of 1,759 thousand Euro (12.7% of revenues), an increase of 2,666 thousand Euro. The change in the figure for the first quarter of 2021 compared to the same period of the previous year is mainly due to the increase in revenue.

Also note that the effect of adoption of accounting standard IFRS16 in the sensors business has resulted in reversal of 126 thousand Euro in leasing fees (133 thousand Euro at 31 March 2020) and entry of amortisation of usage rights worth 128 thousand Euro (130 thousand Euro at 31 March 2020).

## Investments

Investments in the first quarter of 2021 totalled 360 thousand Euro, including 205 thousand Euro in investments in intangible assets, 127 thousand Euro of which was for research and development in new products. The remainder is represented by purchases of software programmes and licences, as well as a share in the cost of development of the company's information system.

Increases in tangible assets totalled 155 thousand Euro, including 90 thousand Euro invested by the Parent Company, primarily for the purchase of production equipment for increasing the capacity and efficiency of production. Investments in the Group's subsidiaries totalled 65 thousand Euro, primarily for the purchase of equipment for the American subsidiary.

## Automation components

### Summary results

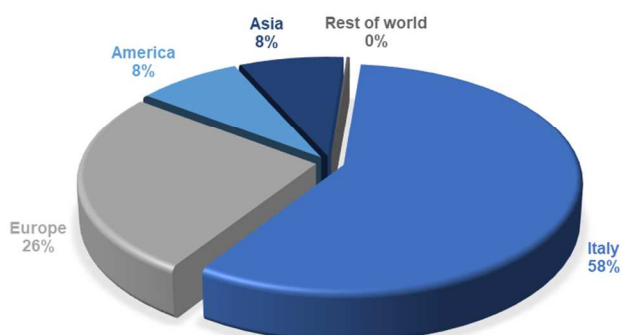
The table below shows the key economic figures.

(Euro /000)	31 March 2021	31 March 2020	Var. 2021-2020	
			Value	%
Revenues	10,952	9,041	1,911	21.1%
EBITDA	1,197	574	623	108.5%
% of revenues	10.9%	6.3%		
EBIT	515	(50)	565	1130.0%
% of revenues	4.7%	-0.6%		

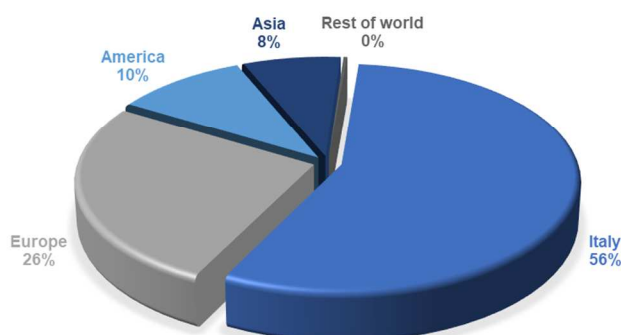
The breakdown of components business revenues by geographic region is as follows:

(Euro /000)	31 March 2021		31 March 2020		Var. 2021-2020	
	Value	%	Value	%	Value	%
Italy	6,336	57.9%	5,065	56.0%	1,271	25.1%
Europe	2,848	26.0%	2,366	26.2%	482	20.4%
America	878	8.0%	913	10.1%	(35)	-3.8%
Asia	867	7.9%	673	7.4%	194	28.8%
Rest of the world	23	0.2%	24	0.3%	(1)	-4.2%
Total	10,952	100%	9,041	100%	1,911	21.1%

**Revenues Automation Components up to 31 March 2021**



**Revenues Automation Components up to 31 March 2020**



## Business performance

At 31 March 2021 the revenues of the business unit amount to 10,952 thousand Euro, up by 21.1% over 31 March 2020. In the first quarter of 2020, performance was adversely affected by the first effects of the global pandemic, particularly the necessary travel restrictions, which affected the business unit's commercial activities. This made it necessary to review some of the ways in which the sales network approaches customers, including implementation of digital tools. This, in addition to the activities carried out by the technical area for the development of new product families (such as the new SSR static units), as well as new and more modern functions applied to existing products (in the area of connectivity, for example, or the reduction of energy consumption and of the maintenance operations necessary in the event of machine downtime), allowed the business to pick up the first signs of recovery. The trend of improving revenues began in the last quarter of 2020 and continued in the first quarter of 2021, with sales returning to pre-pandemic levels.

All the main geographical areas covered by the business see an increase in revenues compared to the same period in 2020, with particular reference to Italy (+25.1%) and Europe (+20.4%).

Order intake in the first quarter first quarter of 2021 amounts to 10,913 thousand Euro, and is higher overall than in the same period last year (+10.7%). The order backlog as at 31 March 2021 also increased both compared to the value at 31 March 2020 (+4.7%), and compared to the value at end of the year 2020 (+31.5%).

The gross operating margin (EBITDA) as at 31 March 2021 is positive by 1,197 thousand Euro (equal to 10.9% of revenues), up by 623 thousand Euro over the figure recorded on 31 March 2020, which was 574 thousand Euro (6.3% of revenues). The increase in sales recorded in the first three quarters of the year and the higher added value achieved are the variables that determine the improvement in EBITDA compared to the first quarter of 2020.

EBIT in the first quarter of 2021 was positive by 515 thousand Euro. This compares with negative EBIT of 50 thousand Euro in the same period in 2020. The 565 thousand Euro increase is a result of the dynamics described above: growing volumes of sale and therefore added value, only partially compensated by greater operating costs for ordinary management.

Also note that adoption of accounting standard IFRS16 led the automation components business unit to reverse leasing fees of 114 thousand Euro (122 thousand on 31 March 2020) and to enter 110 thousand Euro in amortisation of usage rights (117 thousand Euro at 31 March 2020).

## Investments

Investments in the first three months of 2021 totalled 389 thousand Euro. Investments in intangible assets amounted to 191 thousand Euro, of which 120 thousand Euro were to capitalise the cost of development of the new range of regulators and power controllers. The remainder relates to the purchase of software programs and licences, as well as the share of the development costs of the company's information system.

Investments in tangible assets amounted to 198 thousand Euro, including 183 thousand Euro invested in improvement of the Group's Italian production factories, plant and machinery and renewal of electronic office machines and equipment for information systems.

## Motion control

### Summary results

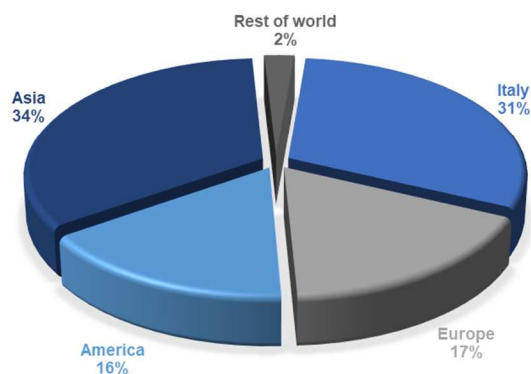
The table below shows the key economic figures.

(Euro /000)	31 March 2021	31 March 2020	Var. 2021-2020	
			Value	%
Revenues	10,451	9,701	750	7.7%
EBITDA	120	62	58	93.5%
% of revenues	1.1%	0.6%		
EBIT	(365)	(479)	114	23.8%
% of revenues	-3.5%	-4.9%		

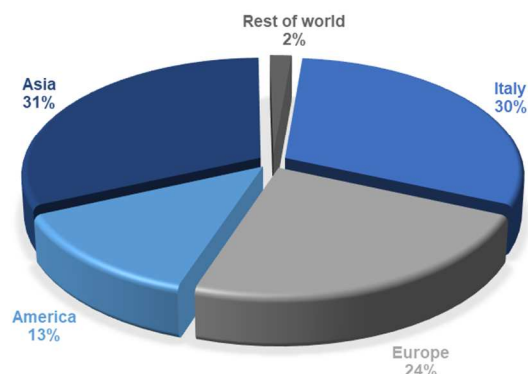
The breakdown of motion control business revenues by geographic region is as follows:

(Euro /000)	31 March 2021		31 March 2020		Var. 2021-2020	
	Value	%	Value	%	Value	%
Italy	3,197	30.6%	2,930	30.2%	267	9.1%
Europe	1,805	17.3%	2,286	23.6%	(481)	-21.0%
America	1,683	16.1%	1,275	13.1%	408	32.0%
Asia	3,527	33.7%	3,052	31.5%	475	15.6%
Rest of the world	239	2.3%	158	1.6%	81	51.3%
Total	10,451	100%	9,701	100%	750	7.7%

### Revenues Motion Control up to 31 March 2021



### Revenues Motion Control up to 31 March 2020



## Business performance

Revenues in the first three months of 2021 amount to 10,451 thousand Euro, up by 750 thousand Euro (+7.7%) over the figure for the first quarter of 2020. Almost all the geographical areas of interest to the business improved, particularly the Americas (+32%), Asia (+15.6%) and Italy (+9.1%), while there was a contraction in Europe (-21%). Commercial activities aimed at consolidating the presence in the areas historically covered and the development of new areas, as well as the technological development of the products, have made it possible to partially recover the revenue gap caused by the Covid-19 pandemic, especially as regards lifting range and customised products.

The order portfolio in the first quarter of 2021 amounts to 12,737 thousand Euro, down 5.8% over the first three months of the previous year, when this item totalled 12,044 thousand Euro. The backlog as at 31 March 2021 is 27.5% higher than the figure for 31 March 2020 and in line with the figure for the end of 2020.

EBITDA at 31 March 2021 was positive by 120 thousand Euro (1.1% of revenues).. Compared with the figure at 31 March 2020 which was positive by 62 thousand Euro (0.6% of revenues), due to the 58 thousand Euro increase in sales volumes recorded in the first three months of the year, partially eroded by the higher incidence of raw material costs.

Operating income (EBIT) as at 31 March 2021 è negative by 365 thousand Euro and compares with an EBIT for the first quarter of 2020 which is negative by 479 thousand, representing an improvement of 114 thousand Euro, linked to the same dynamics described in reference to the change in EBITDA.

Also note that adoption of accounting standard IFRS16 led the motion control business unit to reverse leasing fees of 67 thousand Euro (69 thousand Euro at 31 March 2020) and to enter 68 thousand Euro in amortisation of usage rights (70 thousand Euro as of 31 March 2020).

## Investments

Investments in the first three months of 2021 totalled 308 thousand Euro, including 53 thousand Euro invested in tangible assets, primarily for renewal of production equipment and improvement of the efficiency of production.

Increases in intangible assets amounted to 255 thousand Euro and primarily concerned the capitalisation of development costs (242 thousand Euro) relating to new products for the industrial sector and the lifting sector.

# Human resources

## Workforce

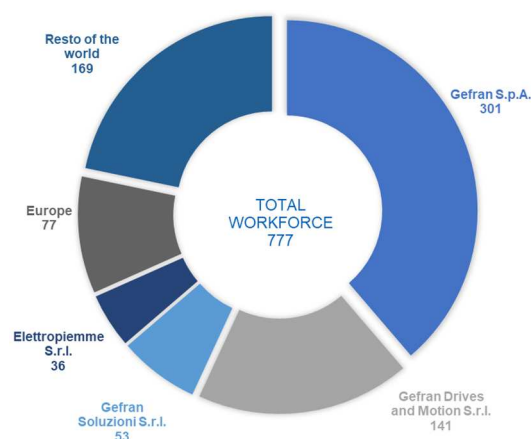
The Group's workforce as of 31 March 2021 numbered 777 people, a decrease of 10 since the end of 2020 and of 45 since 31 March 2020.

This change marks an overall turnover rate within the Group of 3.8%.

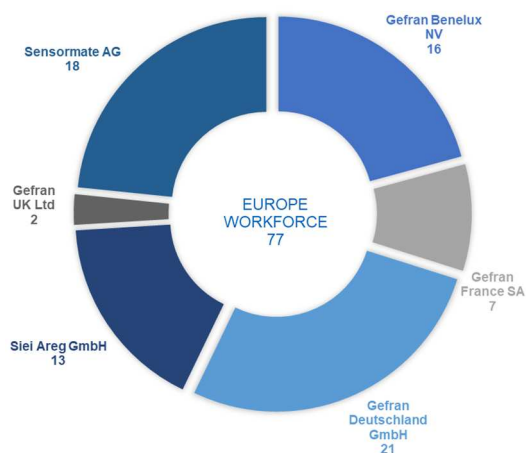
Changes in the first quarter of 2021 may be broken down as follows:

- 10 people joined the Group, including 2 manual workers and 8 clerical staff;
- 20 people left the Group, including 7 manual workers and 13 clerical staff.

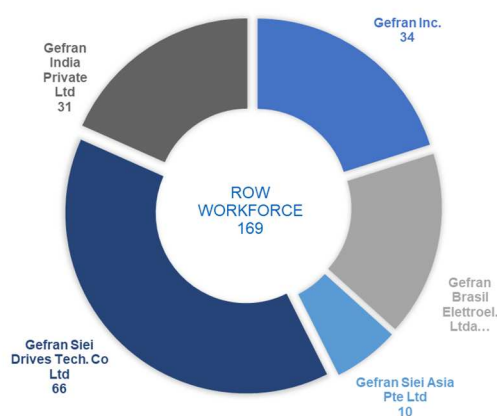
Workforce up to 31 March 2021



Europe Workforce up to 31 March 2021



Rest of the World Workforce up to 31 March 2021



## Significant events in the first quarter of 2021

- On 10 February 2021, the Gefran S.p.A. Board of Directors examined the preliminary results as of 31 December 2020.
- On 11 March 2021, the Gefran S.p.A. Board of Directors unanimously approved the financial statements for the year ending on 31 December 2020, the consolidated financial statements and the consolidated non-financial statement.



The Board of Directors also resolved to propose to the Shareholders' Meeting distribution of a dividend of Euro 0.26 per share in circulation (not including own shares), through use of the necessary amount of the net profit for the year, carrying over the residual amount.

During the same meeting, the Board resolved to propose to the Shareholders' Meeting approval of the authorisation to purchase and dispose of, in one or more instalments, a number of ordinary shares in the company up to a maximum of 1,440,000.00 shares, equal to 10% of the company's share capital. The authorisation is requested for a period of 18 months from the date of the shareholders' resolution.

## Significant events following the close of the first quarter of 2021

- On 23 April 2021 Gefran S.p.A. was informed by its majority shareholder of the completion of the acquisition of 45.98% of Fingefran S.r.l. by Ennio Franceschetti (Honorary Chairman of Gefran S.p.A.), who, following the transaction, controls 100% of the voting rights of Fingefran S.r.l. The share of Gefran S.p.A. held by Fingefran S.r.l., post-transaction, amounts to 53.02% of its share capital.
- On 27 April 2021, the Ordinary Shareholders' Meeting of Gefran S.p.A. voted to:
  - o Approve the Financial Statements for the financial year 2020 and to distribute an ordinary dividend, gross of withholding taxes, of 0.26 Euros per eligible share (ex-dividend date 10 May 2021, record date 11 May 2021 and payment date 12 May 2021). The remainder of the annual profit will be allocated to the retained earnings reserve.
  - o Appoint the Board of Statutory Auditors for the 2021- 2023 three-year period: Roberta Dell'Apa, Chair, Primo Ceppellini and Luisa Anselmi Deputy auditors: Stefano Guerreschi and Simona Bonomelli.
  - o Authorise the Board of Directors to purchase up to a maximum of 1,440,000 own shares with a face value of 1 Euro each, within 18 months from the date of the Shareholders' Meeting.

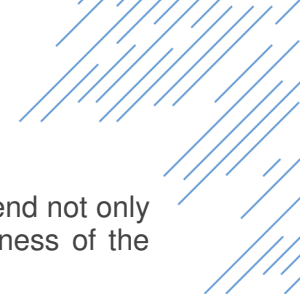
In accordance with art. 123-ter of Italy's Consolidated Finance Act (TUF), the shareholders' meeting held a binding vote approving the Group's 2021 Remuneration Policy and its Remuneration Report for the year 2020.

## Outlook

A year after the first signs of the spread of the Covid-19 virus, which largely characterised the 2020 financial year, the crisis caused by the pandemic is still ongoing, and will continue to impact the economy in the year 2021.

At the close of the first quarter of 2021, a number of factors boosting recovery, such as support with economic and fiscal policies, a change of administration in the United States, and the intensification of vaccination campaigns, have benefited the overall growth outlook. However, uncertainties remain due to the spread of mutations of the virus and the growing number of victims, as well as the delays





and lack of uniformity in the current vaccination campaign. Economic recovery will depend not only on the outcome of the race between viruses and vaccines, but also on the effectiveness of the economic policies deployed.

In the current scenario, in light of the trends observed during 2020 and in the first quarter of 2021, the International Monetary Fund recently revised its economic projections: at the global level, it is projecting a growth rate of 6% in 2021 and 4.4% in 2022 (an improvement on the estimates made at the beginning of 2021, which projected +5.5% for 2021 and +4.2% for 2022). These estimates are based on fiscal stimuli in a number of major economies and expanding vaccination coverage, and reflect higher-than-expected growth performance after constraints were partially eased and economies organised by adapting to new ways of operating.

In this context, China stands out, for which the IMF projects higher growth than the global average (+8.4% in 2021 and +5.6% in 2022).

In the Eurozone, the International Monetary Fund's projection for the next two years is for recovery, however partial, at a rate of 4.4% (Italy +4.2%) in 2021 and 3.8% (Italy +3.6%) in 2022, representing a slight improvement over the estimates published at the end of 2020, when growth was projected at 4.2% (Italy +3%) for 2021 and 3.6% (with Italy aligned) for 2022.

Centro Studi Confindustria reports for the first quarter of 2021 forecast a recovery in Italy's GDP in 2021 linked with the progress of the ongoing vaccination campaign, which will be considered a priority in the coming weeks, as the government has set a goal of vaccinating 80% of the population by September; growth is estimated at +4.1% in 2021 and +4.2% in 2022, bringing the country to pre-pandemic levels. Uncertainty as to whether the spread of Covid-19 will be effectively contained beginning in the next few months may have an upward or downward impact on the forecast.

Following the spread of the pandemic, Gefran reviewed certain organisational methods and launched projects aimed at protecting existing markets and developing new areas and sectors, also through the use of digital tools. This will enable the Group to take advantage of the upturn in the industrial sectors in which it operates.

The trend of demand in the last quarter of 2020 was better than in the previous quarters of the same year, and the upward trend continued in the first quarter of 2021. Asian countries continue to lead the way, while other countries also show signs of recovery of demand.

The level of attention to the health and safety of all employees remains high in the Group, with a focus on maintaining a high level of service to the market in the face of significant growth in demand, particularly in some product lines.

The greatest uncertainties regarding the possibility of converting the business opportunities that are gradually arising into revenues come from the supply chain, which remains highly uncertain, both as regards the possibility of receiving all the materials necessary for production, and the actual timing of receipt of these materials.

The overall increase in the purchase price of raw materials is a potential risk factor for the margins that growth in demand could generate.

A number of current and potential market segments show room for growth for those who will be able to guarantee products and services in this context of uncertainty; the Group's concentration on meeting the demands of the market has been maximised in order to seize these opportunities of growth.

The Group believes that in 2021 it will achieve higher results than in 2020, both in terms of revenues and margins, although in light of the uncertainties in the supply chain and considering the continued

presence of the pandemic, a return to the economic and financial performance of the pre-pandemic period cannot yet be predicted with certainty.

## Impact of Covid-19

### Covid-19 update

The year 2020 saw the global spread of Coronavirus (Covid-19), resulting in the World Health Organisation's declaration of a "global pandemic" in the month of March following the growing number of countries reporting cases of infection.

The global health crisis led the governments of the affected countries to introduce increasingly restrictive measures, including limitation of travel, social isolation and suspension of all non-essential forms of production and commerce, with the primary goal of halting the spread of the virus and safeguarding human health. These exceptional measures have undeniably had a major impact on society and the economy.

The Group responded with prompt introduction of measures aimed at protecting the health and safety of everyone it works with (both employees and other business partners) while ensuring business continuity, compatibly with government directives. This has led to the definition of specific procedures for behaviour and access to company premises, and to preparation of health and safety protocols.

Synergies were set up in the Group to respond to the initial shortage of PPE, ensuring that all employees had access to essential protective devices. In addition, the Group has begun to invest in ensuring the safest possible working conditions for its employees.

A task force was set up to manage the supply chain in order to ensure business continuity, responding to problems with geolocation of suppliers and definition of lockdown zones; there have so far been no interruptions in production attributable to shortages of materials, and all financial commitments to suppliers have been met.

The Gefran Group has also resorted to use of the ordinary wage guarantee fund and begun the required procedures for requesting government aid wherever available. In addition, actions were implemented with the aim of cutting costs and redefining the Group's actions and priorities.

As of the date of publication of this financial report, all the measures already introduced by Gefran in 2020 to ensure human health and business continuity remain in place. The Group's production activities continue at all locations, while office staff work partly in the office and partly from home, in order to ensure the necessary social distancing.

### Risks associated with the spread of Covid-19

In the normal course of its business, the Gefran Group is exposed to various financial and non-financial risk factors, which, should they materialise, could have a significant impact on its economic and financial situation and on the principal company processes.

Analysis of risk factors, assessment of their potential impact, and formulation of risk mitigation and containment plans are essential for generating value in the organisation. The ability to track and respond correctly to risk will help the Company to face corporate and strategic choices with



confidence and contribute to prevention of the negative impact on the Company's targets and the Group's business.

The principal risks resulting from the spread of the COVID-19 virus are listed below:

*Risks associated with the general economic conditions and market trends*

The International Monetary Fund's global growth outlook for 2021 has recently been revised to an estimated 6% (an improvement on the October 2020 estimate of 5.2% GDP growth), while a more modest 4.4% growth is expected for 2022.

The Gefran Group is present on world markets through its subsidiaries, and even though the virus has spread all over the world, the fact that it has affected different countries at different times and the limitations imposed by a number of governments to contain the pandemic have resulted in different trends in incoming orders and revenues: on one hand, China resumed full-swing production in the second half of 2020, while on the other, many nations have not yet fully recovered.

Ever since the first signs of the spread of Covid-19, the Gefran Group has reviewed some organisational methods, also in view of the limitations on the mobility of the sales force, focusing its activities both on monitoring existing markets and launching "marketing automation" projects with the aim of developing contacts with "prospective customers" through digital platforms. This has allowed the Group to reap the benefits of the significant recovery in certain markets (such as China and Southeast Asia) and enabled it to record good performance in the first quarter of 2021: revenues 19% higher than the first quarter of 2020, and even 4% higher than the first quarter of 2019.

In the first quarter of 2021, a number of factors, including the support of economic policies and the implementation of vaccination campaigns, lead to an improvement in the global outlook. However, there are still uncertainties linked to the evolution of the pandemic and the spread of variants, as well as critical issues involving the organisation of vaccination campaigns, which could still have repercussions on the markets and even have a significant impact on the Group's business and its economic and financial situation.

*Risks associated with funding requirements and cash risk*

The Gefran Group's financial situation is subject to risks associated with the general economic environment, the achievement of objectives and trends in the sectors in which the Group operates.

Gefran's capital structure is strong; it has own funds of Euro 82.7 million versus overall liabilities of Euro 89 million. Almost all existing signed contracts are for loans at variable interest rates, determined by the Euribor rate plus an average spread of less than 110 bps in the past two years. The outstanding loans do not include clauses requiring compliance with economic and financial requirements (covenants).

As soon as signs of the impact of COVID-19 began to appear, the Group implemented new organisational methods and cost-cutting processes, and began work on an important plan for redefinition of its activities and priorities, suggesting that the Group will be capable of financial expenditure for planned investments and regular operations.

Lines of credit and cash on hand are sufficient for the Group's operations and expected growth.

Operations in the first quarter of 2021, only partially affected by capital expenditure, generated a positive free cash flow of 5.8 million Euro.

As of 31 March 2021, net financial position was positive at 1.1 million Euro, an improvement of 4.8 million Euro compared to the end of the previous year.

## *Credit risk*

The Group has business relations with a large number of customers. Customer concentration is not high, since no customer accounts for more than 10% of total revenues. Supply agreements are normally long-term, because Gefran products form part of the customer's product design, and have a significant influence on its performance. In accordance with IFRS 7.3.6a, all amounts presented in the financial statements represent the maximum exposure to credit risk.

The Group grants its customers deferred payment conditions, which vary according to the market practices in individual countries. All customers' solvency is regularly monitored, and any risks are periodically covered by appropriate provisions. Despite these precautions, under current market conditions, it cannot be ruled out that some customers may not be able to generate sufficient cash flow or may lack access to sufficient sources of funding, resulting in payment delays or a failure to honour obligations.

Receivables were adjusted to their estimated realisable value through a specific provision for doubtful receivables, calculated on the basis of an examination of individual debtor positions as required by IFRS 9 and taking into account past experience in each specific line of business and geographical region.

The medical emergency generated by Covid-19 already at the start of 2020 caused a global economic shock, with the result that the Group has conducted analyses assessing the possibility of significantly increased credit risk.

To do this, the Group has developed estimates based on the most accurate information available on past events, current economic conditions and forecasts for the future. The analyses conducted to determine the existence of such a risk have been based primarily on three factors:

- the potential impact of Covid-19 on the economy;
- the support measures governments have implemented;
- the collectability of credit resulting in the changed risk of customer defaulting.

With reference to the latter point, the Group conducts its analyses using a risk matrix that takes into account geographical region, industry, and individual customer solvency.

Management considers the forecasts thus generated to be reasonable and sustainable despite the current climate of uncertainty.

## *Risks associated with relations with suppliers*

The Group purchases raw materials and components from a large number of suppliers and makes use of services and products supplied by other companies outside the Group. Active electronic components, microprocessors, power semi-conductors and memory chips, are purchased from leading global producers.

Due to the spread of Covid-19 in the beginning of 2020, the Group promptly set up a task force to identify the location of the plants of suppliers considered critical and, when they were found to be located in areas where lockdowns had been put in place, direct orders for supplies to plants that were still in operation or other sources of supply. The Group's Purchasing Department assessed alternative suppliers to mitigate the risk of interruption of supply, while planning and purchasing in advance all the materials necessary to guarantee the business continuity of the Gefran Group's plants, which have not suffered any interruptions due to shortages of materials.

Some of the operating methods developed at the outset of the emergency have turned out to be particularly effective and have therefore been integrated into the Group's standard procedures with



the goal of mitigating, wherever possible, some of the risks linked with the possibility of interruption of the supply chain as a result of events outside the Group. These procedures were immediately applied and implemented in order to deal with a market situation that is still very tense, characterised by long procurement times, difficulties in finding certain raw materials and sharply rising purchase prices.

Gefran has also undertaken to fulfil its commitments to suppliers, paying the amounts due regularly at the agreed due dates, a commitment underlined by participation in the Brescia Industrialists' Association's "I pay suppliers" initiative.

### *Health and safety risks*

Risk assessment is essential to protect the health and safety of our workers. Gefran is constantly committed to mapping the operating risks that could be manifested in the various company sectors, to define opportunities and actions to minimise them, where possible.

In response to the spread of COVID-19, Gefran has implemented all the procedures necessary to guarantee the health of its employees, taking into account all the official protocols issued by the governments of the countries in which Gefran operates. By way of example, with no intention of exhaustively listing the health and hygiene measures implemented on the company's premises and for its employees, a number of actions implemented in Group plants are listed below:

- sanitisation of premises: defined as an extraordinary massive sanitisation and intensification of regular cleaning work through organisation of sanitisation shifts at various times during the working day;
- distancing: production flows have been changed where necessary to ensure a safe distance between workers, identifying new premises for use as common areas such as cafeterias, dressing rooms, and access to them, organised on the basis of flexible shifts during the course of the day;
- distribution of personal protective equipment (PPE): all Group employees and visitors are supplied with PPE at the entrance to company premises and asked to wear it all the time while on site;
- temperature measurement at the entrance;
- rules of behaviour: specific procedures have been set forth regulating behaviour and processes in conformity with the requirements of the protocols, and employees have been provided with information and instruction, affixing signs on Gefran premises informing people of the rules of behaviour to be followed while on the premises.

In addition, a process of collecting and sharing information has been implemented to monitor the evolution of the anti-Covid-19 regulations implemented by the various countries in which the Group and its subsidiaries operate: the legal office of the Parent Company takes care of this process, listing and publishing the necessary updates in a special area on the internal corporate network, making the information available to all interested parties.

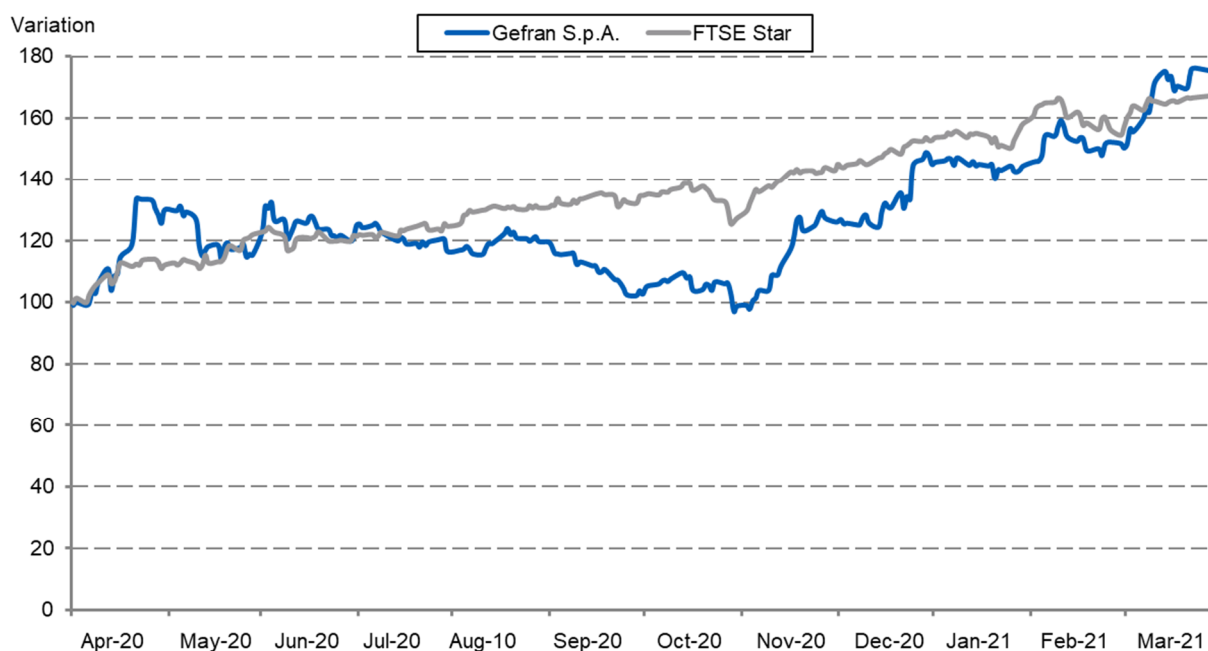
## **Own shares and stock performance**

As of 31 March 2021, Gefran S.p.A. held 27,220 shares (0.19% of the total) with an average carrying value of Euro 5.7246 per share, all purchased in the fourth quarter of 2018.

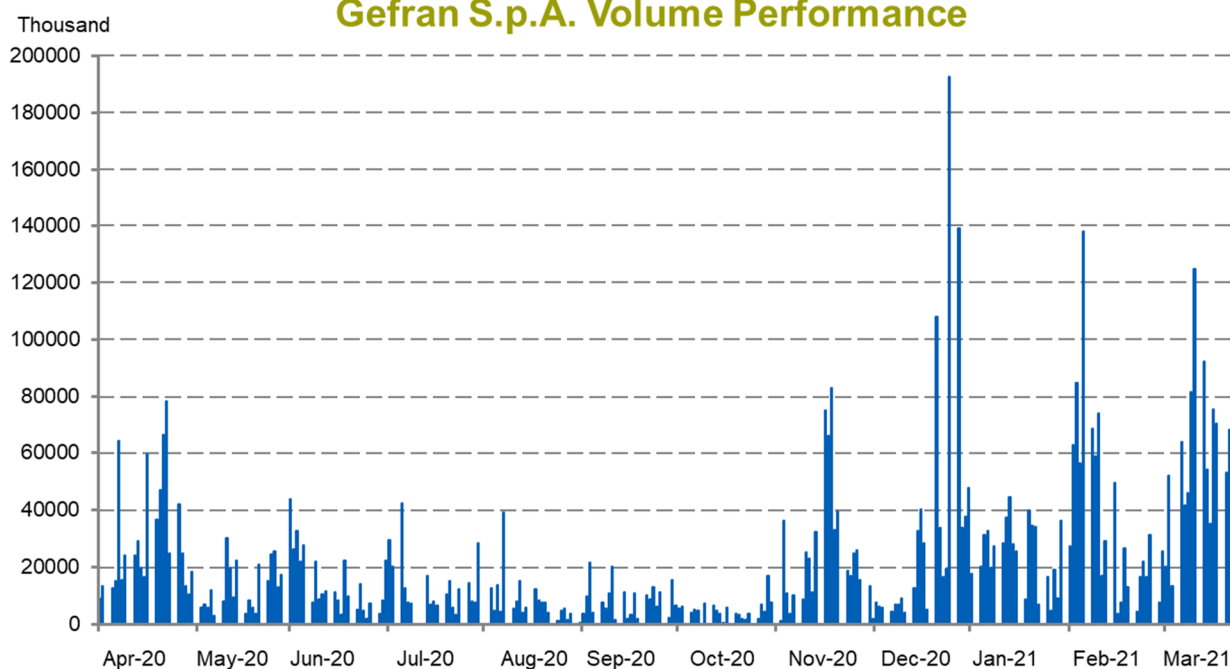
No own shares were sold during the first quarter of 2021 and at the date of this report the situation is unchanged.

Below we summarise the performance of the stock and volumes traded in the last 12 months:

### Gefran S.p.A. stock performance



### Gefran S.p.A. Volume Performance



## Dealings with related parties

On 12 November 2010, the Gefran Board of Directors approved the “Regulations for transactions with related parties” in application of Consob Resolution no. 17221 of 12 March 2010. These



regulations have been published in the “Governance” section of the Company’s internet site, available at <https://www.gefran.com/en/gb/governance>, in the “Documents and Procedures” section.

The procedure in question was updated by the Board of Directors on 3 August 2017 to bring the content in line with current regulations, specifically the entry into force of the “Market Abuse” regulation, EU 596/2014.

The regulation is based on the following general principles:

- ensuring the essential and procedural transparency and probity of transactions with related parties;
- providing directors and statutory auditors with an appropriate assessment, decision-making and control tool regarding transactions with related parties.

The regulation is structured as follows:

- **First section:** definitions (related parties, significant and insignificant transactions, intercompany, ordinary, of negligible amount, etc.).
- **Second section:** procedures to approve significant and insignificant transactions, exemptions.
- **Third section:** obligation to provide information.

The following information on Group companies’ transactions with related parties in the first quarter of 2021 and the year 2020 is provided in accordance with IAS 24.

Transactions with related parties are part of normal operations and the typical business of each entity involved and are carried out under normal market conditions. There were no atypical or unusual transactions.

Noting that the economic and equity effects of consolidated infragroup transactions are eliminated in the consolidation process, the most significant dealings with related parties are listed below. These dealings have no material impact on the Group’s economic and financial structure. They are summarised in the following tables:

(Euro /000)	Climat S.r.l.	Total
<b>Service costs</b>		
2020	(50)	(50)
2021	(54)	(54)

(Euro /000)	Climat S.r.l.	Marfran S.r.l.	Total
<b>Property, plant, machinery and tools</b>			
2020	247	-	247
2021	-	-	-
<b>Trade receivables</b>			
2020	-	4	4
2021	-	-	-
<b>Trade payables</b>			
2020	257	16	273
2021	121	-	121





In accordance with internal regulations, transactions with related parties of an amount below Euro 50 thousand are not reported, since this amount was determined as the threshold for identifying material transactions.

In relations with its subsidiaries, the Parent Company Gefran S.p.A. has provided technical and administrative/management services and paid royalties on behalf of the Group's operative subsidiaries totalling 960 million Euro under specific contracts (779 million Euro as of 31 March 2020).

Gefran S.p.A. provides a Group cash pooling service, partly through a "Zero Balance" service, which involves all the European subsidiaries.

None of the subsidiaries holds shares of the Parent Company or held them during the period.

Persons of strategic importance have been identified as members of the executive Board of Directors of Gefran S.p.A. and other Group companies, as well as executives with strategic responsibilities, identified as the General Manager of Gefran S.p.A., the General Manager of the Drives and Motion Control Business Unit, the Chief Financial Officer, the Chief People & Organisation Officer, and the Group's Chief Technology Officer.

## Disclosure simplification

On 1 October 2012, the Gefran S.p.A. Board of Directors voted to use the option to provide simplified disclosure pursuant to article 70, paragraph 8, and article 71, paragraph 1-*bis*, of Consob Regulation 11971/1999 as amended.

## Specific explanatory notes to the accounts

### 1. General information, form and content

Gefran S.p.A. is incorporated and located at Via Sebina 74, Provaglio d'Iseo (BS).

This interim report of the Gefran Group for the period ending on 31 March, 2021 was approved, and its publication was authorised, by the Board of Directors on 13 May 2021.

The Group's main activities are described in the Report on Operations.

The Company prepared this document in accordance with the international accounting standards (IFRS) issued by the IASB and approved by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002, and in particular IAS 34 – Interim Financial Reporting.

In preparing these interim financial statements, the same accounting criteria were applied as in the preparation of the annual financial report for the year ending 31 December 2020. The interim financial statements for the quarter ending on 31 March 2021 do not contain all the additional information required in the annual financial statements, and should be read in conjunction with the



annual financial statements for the year ending on 31 December 2020, prepared in accordance with IFRS.

Material transactions with related parties and non-recurring items have been detailed in separate accounting schedules, as required by Consob resolution 15519 of 27 July 2006.

These interim financial statements for the quarter ending on 31 March 2021 are consolidated on the basis of the income statement and statement of financial position figures of Gefran S.p.A. and its subsidiaries relating to the first three months of 2021, prepared in accordance with international accounting standards. These accounting statements were prepared using valuation criteria in line with those of the Parent Company, or adjusted owing to consolidation.

Interim financial statements are not subject to an audit.

These consolidated interim financial statements are presented in Euro, the functional currency of most Group companies. Unless otherwise stated, all amounts are expressed in thousands of Euro.

For details on the seasonal nature of the Group's operations, please refer to the attached "Consolidated income statement by quarter".

## **2. Consolidation principles and valuation criteria**

The valuation criteria adopted for the preparation of these interim financial statements as at 31 March 2021 are the same as those adopted in preparing the annual financial report for the year ending 31 December 2020.

In line with the requirements of document no. 2 of 6 February 2009 issued jointly by the Bank of Italy, Consob and ISVAP, the Gefran Group's interim financial statements were prepared on the assumption that the Group is a going concern.

With reference to Consob Communication DEM/11070007 of 5 August 2011, it is also noted that the Group does not hold in its portfolio any bonds issued by central or local governments or government agencies, and is therefore not exposed to risks generated by market fluctuations. The consolidated interim financial statements were prepared using the general historic cost criterion, adjusted as required for the valuation of certain financial instruments.

With reference to Consob Communication 0092543 dated 3 December 2015, it is hereby revealed that in the Report on operations the guidelines of the ESMA (ESMA/2015/1415) were followed with regard to the information aimed at ensuring the comparability, reliability and comprehensibility of the Alternative Performance Indicators.

## **3. Change in the scope of consolidation**

The scope of consolidation as at 31 March 2021 is unchanged from that at 31 December 2020 while it is different from the scope as of 31 March 2020. On 21 December 2020, the liquidation of Ensun S.r.l., a company previously 50% owned by Gefran S.p.A. and consolidated using the equity method, was completed.

#### 4. Notes commenting on significant variations in items appearing in the consolidated accounts

##### Goodwill

The item “Goodwill” amounted to 5,805 thousand Euro as of 31 March 2021, a 113 thousand Euro increase over 31 March 2020 exclusively attributable to the difference in exchange rates, as described below:

(Euro /000)	31 December 2020	Increases	Decreases	Exchange rate differences	31 March 2021
Gefran France SA	1,310	-	-	-	1,310
Gefran India Private Ltd	36	-	-	2	38
Gefran Inc.	2,392	-	-	111	2,503
Sensormate AG	1,954	-	-	-	1,954
<b>Total</b>	<b>5,692</b>	<b>-</b>	<b>-</b>	<b>113</b>	<b>5,805</b>

The goodwill acquired following business combinations was allocated to specific CGUs for the purpose of impairment testing.

The carrying values of goodwill are shown below.

(Euro /000)	Year	Goodwill France	Goodwill India	Goodwill USA	Goodwill Switzerland	Total
Sensors	2021	1,310	-	2,503	1,954	5,767
	2020	1,310	-	2,392	1,954	5,656
Motion control	2021	-	38	-	-	38
	2020	-	36	-	-	36
<b>Total</b>	<b>2021</b>	<b>1,310</b>	<b>38</b>	<b>2,503</b>	<b>1,954</b>	<b>5,805</b>
	<b>2020</b>	<b>1,310</b>	<b>36</b>	<b>2,392</b>	<b>1,954</b>	<b>5,692</b>

When determining the value in use, Management takes into consideration the specific cash flows deriving from the Group Plan, along with the terminal value, which represents the ability to generate cash flows beyond the explicit forecast time scale.

In preparing the interim financial statements, impairment tests are performed on goodwill values in the presence of any impairment indicators.

In examining possible indicators of impairment and forming its assessments, management also took into account, among other things, the relation between the market capitalisation and the carrying value of the Group shareholders’ equity, which was very positive as of 31 March 2021 despite the effects of the Covid-19 pandemic.

The economic results achieved as at 31 March 2021 as well as the operating cash flow generated confirm the absence of impairment indicators.

##### Intangible assets

This item exclusively comprises assets with a finite life, and increased from 8,935 thousand Euro on 31 December 2020 to 9,071 thousand Euro on 31 March 2021. The changes during the period are shown below:

Historical cost	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2021
(Euro /000)						
Development costs	20,299	-	-	231	-	20,530
Intellectual property rights	8,744	57	-	15	21	8,837
Assets in progress and payments on account	3,419	580	-	(249)	(3)	3,747
Other assets	10,667	14	-	3	22	10,706
<b>Total</b>	<b>43,129</b>	<b>651</b>	<b>-</b>	<b>-</b>	<b>40</b>	<b>43,820</b>

Accumulated depreciation	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2021
(Euro /000)						
Development costs	17,514	279	-	-	-	17,793
Intellectual property rights	7,282	159	-	-	18	7,459
Other assets	9,398	93	-	-	6	9,497
<b>Total</b>	<b>34,194</b>	<b>531</b>	<b>-</b>	<b>-</b>	<b>24</b>	<b>34,749</b>

Net value	31 December 2020	31 March 2021	Change
(Euro /000)			
Development costs	2,785	2,737	(48)
Intellectual property rights	1,462	1,378	(84)
Assets in progress and payments on account	3,419	3,747	328
Other assets	1,269	1,209	(60)
<b>Total</b>	<b>8,935</b>	<b>9,071</b>	<b>136</b>

This is the table of changes in the first three months of 2020:

Historical cost	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2020
(Euro /000)						
Development costs	18,867	-	-	220	-	19,087
Intellectual property rights	7,546	94	-	41	(21)	7,660
Assets in progress and payments on account	2,955	552	-	(315)	-	3,192
Other assets	10,416	41	(4)	64	1	10,518
<b>Total</b>	<b>39,784</b>	<b>687</b>	<b>(4)</b>	<b>10</b>	<b>(20)</b>	<b>40,457</b>

Accumulated depreciation	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2020
(Euro /000)						
Development costs	16,346	281	-	-	-	16,627
Intellectual property rights	6,817	81	-	-	(19)	6,879
Other assets	8,980	107	(4)	-	-	9,083
<b>Total</b>	<b>32,143</b>	<b>469</b>	<b>(4)</b>	<b>-</b>	<b>(19)</b>	<b>32,589</b>

Net value	31 December 2019	31 March 2020	Change
(Euro /000)			
Development costs	2,521	2,460	(61)
Intellectual property rights	729	781	52
Assets in progress and payments on account	2,955	3,192	237
Other assets	1,436	1,435	(1)
<b>Total</b>	<b>7,641</b>	<b>7,868</b>	<b>227</b>

The net carrying value of **development costs** include capitalisation of costs incurred for the following activities:

- 878 thousand Euro relating to new lines for mobile hydraulics, pressure transducers (KS KH) and contactless linear position transducers (MK–IK, RK and WP– RK) and melt (I/O LINK);
- 1,675 thousand Euro for component lines for the new range of regulators and static units, GF Project VX, G Cube Performa and G Cube Fit;
- 184 thousand Euro relating to the new range of lift inverters.

These assets are estimated to have a useful life of five years.

**Intellectual property rights** comprise the costs incurred to purchase the company IT system management programs and the use of licences for third-party software, as well as patents. These assets have a useful life of three years.

**Assets in progress and payments on account** include payments on account made to suppliers to purchase software programs and licences expected to be delivered during the next year, and purchase of patents for technologies currently being developed. This item also includes 3,404 thousand Euro in development costs, which include 333 thousand Euro for the automation components business unit, 652 thousand Euro for the sensors business unit, and 2,419 thousand Euro for the motion control business unit, the benefits of which will appear in the income statement for the following year, so that they have not been amortised.

The item **other assets** almost entirely represents costs incurred by the Parent Company Gefran S.p.A. to implement ERP SAP/R3, Business Intelligence (BW), Customer Relationship Management (CRM) and management software in previous years and in the current year. These assets have a useful life of five years.

The increases in the historic value of “Intangible assets”, worth 651 thousand Euro in the first quarter of 2021, include 489 thousand Euro linked with capitalisation of internal costs (equal to 495 thousand Euro in the first quarter of 2020).

## Property, plant, machinery and tools

This item decreased from Euro 41,961 thousand at 31 December 2020 to 41,464 thousand Euro on 31 March 2021 and shows the following changes:

Historical cost	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2021
(Euro /000)						
Land	5,171	-	-	-	26	5,197
Industrial buildings	44,105	2	-	14	241	44,362
Plant and machinery	46,091	15	(1)	266	281	46,652
Industrial and commercial equipment	20,608	19	(75)	30	39	20,621
Other assets	7,395	40	-	32	74	7,541
Assets in progress and payments on account	951	330	(15)	(392)	10	884
<b>Total</b>	<b>124,321</b>	<b>406</b>	<b>(91)</b>	<b>(50)</b>	<b>671</b>	<b>125,257</b>

Accumulated depreciation	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2021
(Euro /000)						
Industrial buildings	22,047	307	-	-	24	22,378
Plant and machinery	35,122	606	-	(50)	233	35,911
Industrial and commercial equipment	19,096	175	(75)	-	40	19,236
Other assets	6,095	107	-	-	66	6,268
<b>Total</b>	<b>82,360</b>	<b>1,195</b>	<b>(75)</b>	<b>(50)</b>	<b>363</b>	<b>83,793</b>

Net value	31 December 2020	31 March 2021	Change
(Euro /000)			
Land	5,171	5,197	26
Industrial buildings	22,058	21,984	(74)
Plant and machinery	10,969	10,741	(228)
Industrial and commercial equipment	1,512	1,385	(127)
Other assets	1,300	1,273	(27)
Assets in progress and payments on account	951	884	(67)
<b>Total</b>	<b>41,961</b>	<b>41,464</b>	<b>(497)</b>

This is the table of changes in the first three months of 2020:

Historical cost	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2020
(Euro /000)						
Land	5,222	-	-	-	15	5,237
Industrial buildings	42,255	-	-	2,012	28	44,295
Plant and machinery	43,514	120	(138)	1,986	(16)	45,466
Industrial and commercial equipment	19,916	52	(7)	149	(1)	20,109
Other assets	7,436	49	(5)	66	(20)	7,526
Assets in progress and payments on account	4,988	141	-	(4,223)	6	912
<b>Total</b>	<b>123,331</b>	<b>362</b>	<b>(150)</b>	<b>(10)</b>	<b>12</b>	<b>123,545</b>

Accumulated depreciation	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2020
(Euro /000)						
Industrial buildings	20,864	325	-	-	(41)	21,148
Plant and machinery	33,285	601	(138)	-	10	33,758
Industrial and commercial equipment	18,524	172	(7)	-	2	18,691
Other assets	5,897	113	(5)	-	(3)	6,002
<b>Total</b>	<b>78,570</b>	<b>1,211</b>	<b>(150)</b>	<b>-</b>	<b>(32)</b>	<b>79,599</b>

Net value	31 December 2019	31 March 2020	Change
(Euro /000)			
Land	5,222	5,237	15
Industrial buildings	21,391	23,147	1,756
Plant and machinery	10,229	11,708	1,479
Industrial and commercial equipment	1,392	1,418	26
Other assets	1,539	1,524	(15)
Assets in progress and payments on account	4,988	912	(4,076)
<b>Total</b>	<b>44,761</b>	<b>43,946</b>	<b>(815)</b>

The change in the exchange rate had a positive impact of 308 thousand Euro.

The biggest changes during the period related to:

- investment of 282 thousand Euro in production and laboratory plant and equipment in the Group's Italian factories and 60 thousand Euro in other Group subsidiaries;
- adaptation of industrial buildings housing the Group's Italian plants, totalling 6 thousand Euro;
- renewal of electronic office machines and IT system equipment, amounting to 16 thousand Euro in the Parent Company and 5 thousand Euro in the Group's subsidiaries;
- miscellaneous equipment in the Group's subsidiaries amounting to 37 thousand Euro.

The increases in the historic value of the item "Buildings, plant and machinery and equipment", worth 362 thousand Euro in the first quarter of 2021, include 5 thousand Euro linked with capitalization of internal costs (there was no capitalization in the first quarter of 2020).



## Usage rights

This item refers to the recording of the value of the assets covered by the lease contracts, according to the accounting standard IFRS16.

The value “Usage rights” at 31 March 2021 amounts to 3,363 thousand Euro, and shows the following changes:

Historical cost	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2021
(Euro /000)						
Real estate	2,676	768	-	-	5	3,449
Vehicles	2,007	157	-	-	(2)	2,162
Machinery and equipment	175	145	-	-	-	320
Total	4,858	1,070	-	-	3	5,931

Accumulated depreciation	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2021
(Euro /000)						
Real estate	1,051	137	-	-	11	1,199
Vehicles	1,083	152	-	-	(1)	1,234
Machinery and equipment	119	16	-	-	-	135
Total	2,253	305	-	-	10	2,568

Net value	31 December 2020	31 March 2021	Change
(Euro /000)			
Real estate	1,625	2,250	625
Vehicles	924	928	4
Machinery and equipment	56	185	129
Total	2,605	3,363	758

This is the table of changes in the first three months of 2020:

Historical cost	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2020
(Euro /000)						
Real estate	2,233	56	-	-	11	2,300
Vehicles	1,801	62	(9)	-	(19)	1,835
Machinery and equipment	138	37	-	-	-	175
Total	4,172	155	(9)	-	(8)	4,310

Accumulated depreciation	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2020
(Euro /000)						
Real estate	522	143	-	-	(5)	660
Vehicles	507	158	(3)	-	(6)	656
Machinery and equipment	54	16	-	-	1	71
<b>Total</b>	<b>1,083</b>	<b>317</b>	<b>(3)</b>	<b>-</b>	<b>(10)</b>	<b>1,387</b>

Net value	31 December 2019	31 March 2020	Change
(Euro /000)			
Real estate	1,711	1,640	(71)
Vehicles	1,294	1,179	(115)
Machinery and equipment	84	104	20
<b>Total</b>	<b>3,089</b>	<b>2,923</b>	<b>(166)</b>

As of 1 January 2021 the Group had a total of 180 contracts in place for leasing of vehicles, machinery, industrial equipment and electronic office machinery, as well as for rental of real estate. As required by the IASB, practical expedients were employed such as exclusion of contracts with a residual duration of less than 12 months or contracts for which the fair value of the asset is calculated to fall below the conventional threshold of 5 thousand American dollars (of modest unitary value).

On the basis of their value and duration, of the 180 contracts in effect as of 1 January 2021:

- 161 fell within the perimeter of application of IFRS 16;
- 19 were excluded from the perimeter of application of the standard, 12 of which had a term of less than 12 months, while for the 7, the fair value calculated for the asset which is the subject of the contract is of modest unitary value.

The assets analysed here are entered in the Financial Statements:

- in non-current tangible assets, under "Usage rights";
- under Net Financial Position, while the corresponding financial payable originates current (payable within the year) or non-current (payable beyond a year) "Financial payables for leasing under IFRS 16".

In assessment of the fair value and useful lifespan of the assets which are the subject of the contracts subject to application of IFRS 16, the following factors were taken into consideration:

- the amount of the periodic lease or rental fee, as defined in the contract and revalued where applicable;
- initial accessory costs, if specified in the contract;
- final restoration costs, if specified in the contract;
- the number of remaining instalments;
- implicit interest, where not stated in the contract, is estimated on the basis of the average rates for the Group's debt.

A total of 23 new leasing agreements were signed in 2021, 15 of which are subject to application of IFRS 16, and specifically: The remaining 8 contracts signed in 2020 are excluded from the perimeter of application of the new accounting standard as they have a duration of less than 12 months.

A total of 30 contracts ended, only 22 of which fell within the perimeter of application of IFRS 16 on the basis of their value and term as specified above, none of which were terminated in advance of their original due date.

Increases in the historic cost of the item “Usage rights” may be summed up as follows:

- real estate, totalling 708 thousand Euro, representing a 4-year extension of one of the company Elettropiemme S.r.l.’s rental contracts, for an industrial building;
- vehicles, totalling Euro 157 thousand, representing 5 new vehicle leasing agreements signed by the Group in 2021 upon expiry of previous agreements;
- machinery and tools, totalling Euro 145 thousand, representing 10 new lift truck leasing agreements signed by the Company in 2021 upon expiry of previous agreements;

As of 31 March 2021 there were no decreases due to the closure of contracts in advance of their original maturity.

## Net working capital

“Net working capital” totals 29,706 thousand Euro, compared to 29,799 thousand Euro on 31 December 2020, and breaks down as follows:

(Euro /000)	31 March 2021	31 December 2020	Change
Inventories	22,439	20,301	2,138
Trade receivables	31,540	30,059	1,481
Trade payables	(24,273)	(20,561)	(3,712)
Net amount	29,706	29,799	(93)

Please see the Report on Operations for more details on net working capital.

The value of **inventories** at 31 March 2021 is equal to 22,439 thousand Euro, up by 2,138 thousand Euro compared to 31 December 2020, where the change in exchange rates contributes 202 thousand Euro to the increase.

The balance breaks down as follows:

(Euro /000)	31 March 2021	31 December 2020	Change
Raw materials, consumables and supplies	14,304	13,488	816
provision for impairment of raw materials	(3,881)	(3,775)	(106)
Work in progress and semi-finished products	9,027	8,201	826
provision for impairment of work in progress	(1,781)	(1,635)	(146)
Finished products and goods for resale	6,651	5,820	831
provision for impairment of finished products	(1,881)	(1,798)	(83)
Total	22,439	20,301	2,138

The gross value of inventories was 29,982 thousand Euro, up by 2,473 thousand Euro since the end of 2020.

The economic impact of the change in inventories, on the other hand, saw a more limited decrease compared to 31 December 2020 of 1,935 thousand Euro, since the average progressive exchange rate for the year is used for the economic recognition of events.

During the first quarter of 2021 the provision for obsolescence and slow-moving inventories was adjusted according to need through specific provisions amounting to 364 thousand Euro (as compared to 461 thousand Euro in the year 2019).

Movement in the provision in the first three months of 2021 is shown below:

(Euro /000)	31 December 2020	Provisions	Uses	Releases	Exchange rate differences	31 March 2021
Provision for impairment of inventory	7,208	364	(111)	-	82	7,543

Movements in the provision as of 31 March 2020 appear below:

(Euro /000)	31 December 2019	Provisions	Uses	Releases	Exchange rate differences	31 March 2020
Provision for impairment of inventory	6,081	461	(49)	-	(37)	6,456

**Trade receivables** amount to 31,540 thousand Euro, as compared to 30,059 thousand Euro on 31 December 2020, up by 1,481 thousand Euro:

(Euro /000)	31 March 2021	31 December 2020	Change
Receivables from customers	33,538	32,011	1,527
Provision for doubtful receivables	(1,998)	(1,952)	(46)
Net amount	31,540	30,059	1,481

This includes receivables subject to recourse factoring which the Parent Company has transferred to a leading factoring company for a total amount of 50 thousand Euro (44 thousand Euro as of 31 December 2020).

The change is due to increased sales revenues recorded in the fourth quarter of first quarter of 2021.

Receivables were adjusted to their estimated realisable value through a specific provision for doubtful receivables, calculated on the basis of an examination of individual debtor positions and taking into account past experience in each specific line of business and geographical region, as required by IFRS 9. The provision as at 31 March 2021 represents a prudential estimate of the current risk, and registered the following changes:

The table of changes in the first quarter of 2020 appears below:

(Euro /000)	31 December 2019	Provisions	Uses	Releases	Exchange rate differences	31 March 2020
Provision for doubtful receivables	2,368	2	(19)	(6)	(31)	2,314

The value of use of the fund includes amounts covering losses on unrecoverable receivables. The Group monitors the situation of the receivables most at risk and initiates the appropriate legal action. The carrying value of trade receivables is considered to approximate to their fair value.

There is no significant concentration of sales to individual customers: this phenomenon remains below 10% of Group revenues.

**Trade payables** total 24,273 thousand Euro, as compared with 20,561 thousand Euro on 31 December 2020. This item breaks down as follows:

(Euro /000)	31 March 2021	31 December 2020	Change
Payables to suppliers	18,390	17,171	1,219
Payables to suppliers for invoices to be received	5,261	2,885	2,376
Advance payments received from customers	622	505	117
Total	24,273	20,561	3,712

Trade payables increased by 3,712 thousand Euro over 31 December 2020. The increase is related to the higher purchases recorded in the period, both of raw materials, necessary to cope with the growth in sales volumes, and for service costs, in particular variable costs related to sales volumes.

## Net financial position

The table below shows a breakdown of the net financial position:

(Euro /000)	31 March 2021	31 December 2020	Change
Cash and cash equivalents and current financial receivables	45,557	41,943	3,614
Other non-current financial investments	97	108	(11)
Non-current financial payables	(25,057)	(27,441)	2,384
Non-current financial payables for IFRS 16 leases	(1,624)	(1,669)	45
Current financial payables	(15,816)	(15,368)	(448)
Current financial payables for IFRS 16 leases	(1,777)	(968)	(809)
Financial liabilities for derivatives	(274)	(328)	54
Total	1,106	(3,723)	4,829

The following table breaks down the net financial position by maturity:

(Euro /000)	31 March 2021	31 December 2020	Change
A. Cash on hand	41	27	14
B. Cash in bank deposits	45,516	41,916	3,600
<b>D. Cash and cash equivalents (A ) + ( B )</b>	<b>45,557</b>	<b>41,943</b>	<b>3,614</b>
E. Fair value current hedging derivatives	-	-	-
F. Current portion of long-term debt	(11,479)	(11,079)	(400)
G. Other current financial payables	(6,114)	(5,257)	(857)
<b>H. Total current financial payables (F) + (G)</b>	<b>(17,593)</b>	<b>(16,336)</b>	<b>(1,257)</b>
<b>I. Total current payables (E) + (H)</b>	<b>(17,593)</b>	<b>(16,336)</b>	<b>(1,257)</b>
<b>J. Net current financial debt (I) + (D)</b>	<b>27,964</b>	<b>25,607</b>	<b>2,357</b>
Non-current financial liabilities for derivatives	(274)	(328)	54
Non-current financial investments for derivatives	-	-	-
K. Fair value non-current hedging derivatives	(274)	(328)	54
L. Non-current financial debt	(26,681)	(29,110)	2,429
M. Other non-current financial investments	97	108	(11)
<b>N. Net non-current financial debt (K) + (L) + (M)</b>	<b>(26,858)</b>	<b>(29,330)</b>	<b>2,472</b>
<b>O. Net financial debt (J) + (N)</b>	<b>1,106</b>	<b>(3,723)</b>	<b>4,829</b>
of which to minorities:	1,106	(3,723)	4,829

Net financial position as at 31 March 2021 is positive and equal to 1,106 thousand Euro, an increase of 4,829 thousand Euro over the end of 2020, when it was on the whole negative by 3,723 thousand Euro.

The change in net financial position is mainly due to the positive cash flow from typical operations (6,864 thousand Euro), partially mitigated by expenditure on technical investments in the first quarter of the year (1,057 thousand Euro) and by payment of interest, taxes and rental fees (totalling 1,397 thousand Euro).

Please see the Report on Operations for further details on changes in financial operations during the period.

The balance of **cash and cash equivalents** amounts to Euro 45,557 thousand Euro at 31 March 2021, as compared to 41,943 thousand Euro at 31 December 2020

This item breaks down as follows:

(Euro /000)	31 March 2021	31 December 2020	Change
Cash in bank deposits	45,516	41,916	3,600
Cash	41	27	14
<b>Total</b>	<b>45,557</b>	<b>41,943</b>	<b>3,614</b>

The technical forms used as at 31 March 2021 are shown below:

- maturities: payable on presentation;
- counterparty risk: deposits are made care of leading banks;
- country risk: deposits are held in countries in which Group companies have their registered offices.

The balance of **current financial payables** as of 31 March 2021 is 448 thousand Euro higher than at the end of 2020 and may be broken down as follows:

(Euro /000)	31 March 2021	31 December 2020	Change
Current portion of debt	11,479	11,079	400
Current overdrafts	4,345	4,286	59
Factoring	(8)	3	(11)
<b>Total</b>	<b>15,816</b>	<b>15,368</b>	<b>448</b>

The “factoring” item comprises payables to factoring companies, for the payment extension period from the original maturity of the payable with certain suppliers, for which the Parent Company has accepted non-recourse assignment.

Bank overdrafts at 31 March 2021 totalled 4,345 thousand Euro, as compared to a balance at 31 December 2020 of 4,286 thousand Euro. The amount consists mainly of the following two items:

- a revolving loan of 3,000 thousand Euro which Gefran S.p.A. took out with BNL, at an interest rate of Euribor 6M + a spread of 1.10%;
- loans falling due within 1 year taken out by the Chinese affiliate Gefran Siei Drives Technology with Banca Intesa totalling 1,340 thousand Euro, at interest rates ranging from 2.50%-3.00%.



**Non-current financial payables** may be broken down as follows:

Bank (Euro /000)	31 March 2021	31 December 2020	Change
Unicredit	900	1,200	(300)
BNL	750	1,000	(250)
BPER	1,763	2,014	(251)
Mediocredito	3,889	4,444	(555)
BNL	4,500	5,000	(500)
Unicredit	3,333	3,333	-
BNL	4,667	4,667	-
UBI	2,256	2,628	(372)
UBI	2,999	3,000	(1)
Intesa	-	19	(19)
Unicredit S.p.A. - New York Branch	-	136	(136)
<b>Total</b>	<b>25,057</b>	<b>27,441</b>	<b>(2,384)</b>

The loans listed in the table are all floating-rate contracts and have the following characteristics:

Bank (Euro /000)	Amount disbursed	Signing date	Balance at 31 March 2021	Of which within 12 months	Of which beyond 12 months	Interest rate	Maturity	Repayment method
<b>drawn up by Gefran S.p.A. (IT)</b>								
Unicredit	6,000	14/11/17	2,100	1,200	900	Euribor 3m + 0.90%	30/11/22	quarterly
BNL	5,000	23/11/17	1,750	1,000	750	Euribor 3m + 0.85%	23/11/22	quarterly
BPER	5,000	28/11/18	2,764	1,001	1,763	Euribor 3m + 0.75%	30/11/23	quarterly
Mediocredito	10,000	28/03/19	6,111	2,222	3,889	Euribor 3m + 1.05%	31/12/23	quarterly
BNL	10,000	29/04/19	6,500	2,000	4,500	Euribor 3m + 1%	29/04/24	quarterly
Unicredit	5,000	30/04/20	4,444	1,111	3,333	Euribor 6m + 0.95%	31/12/24	half-yearly
BNL	7,000	29/05/20	6,223	1,556	4,667	Euribor 6m + 1.1%	31/12/24	half-yearly
UBI	3,000	24/07/20	3,000	744	2,256	Fixed 1%	24/07/23	half-yearly
UBI	3,000	24/07/20	2,999	-	2,999	Euribor 6m + 1%	24/07/26	half-yearly
<b>entered into by Elettropiemme S.r.l. (IT)</b>								
Intesa	300	29/01/18	76	76	-	Euribor 3m + 1.00%	28/01/22	quarterly
<b>entered into by Gefran Inc. (US)</b>								
Unicredit S.p.A. - New York Branch	1,780	29/03/19	569	569	-	Libor 3m + 2.50%	29/03/22	quarterly
<b>Total</b>			<b>36,536</b>	<b>11,479</b>	<b>25,057</b>			

No new loans were taken out in the first quarter of 2021.

None of the loans outstanding at 31 March 2021 has clauses requiring compliance with economic and financial requirements (covenants).

Management considers that the credit lines currently available, as well as the cash flow generated by current operations, will enable Gefran to meet its financial requirements resulting from investment activities, working capital management and repayment of debt at its natural maturity.

**Financial liabilities for derivatives** total 274 thousand Euro, owing to the negative fair value of certain IRS contracts, also entered into by the Parent Company to hedge interest rate risks.

To mitigate the financial risk associated with variable rate loans, which could arise in the event of an increase in the Euribor, the Group decided to hedge its variable rate loans through Interest Rate Cap contracts, as set out below:

Bank (Euro /000)	Notional principal	Signing date	Notional as at 31 March 2021	Derivative	Fair Value as at 31 March 2021	Long position rate	Short position rate
Unicredit	6,000	14/11/17	2,100	CAP	-	Strike Price 0%	Euribor 3m
BNL	5,000	23/11/17	1,750	CAP	-	Strike Price 0%	Euribor 3m
Total financial assets for derivatives – Interest rate risk					-		

The Group has also taken out IRS (Interest Rate Swap) contracts, as set out in the table below:

Bank (Euro /000)	Notional principal	Signing date	Notional as at 31 March 2021	Derivative	Fair Value as at 31 March 2021	Long position rate	Short position rate
Intesa	10,000	29/03/19	6,111	IRS	(54)	Fixed -0.00%	Euribor 3m (Floor: -1.05%)
BNL	10,000	29/04/19	6,500	IRS	(66)	Fixed 0.05%	Euribor 3m (Floor: -1.00%)
Unicredit	5,000	24/06/19	2,764	IRS	(18)	Fixed -0.10%	Euribor 3m (Floor: -0.75%)
Unicredit	5,000	30/04/20	4,444	IRS	(52)	Fixed 0.05%	Euribor 6m (Floor: -0.95%)
BNL	7,000	29/05/20	6,223	IRS	(49)	Fixed -0.12%	Euribor 6m (Floor: -1.10%)
UBI	3,000	24/07/20	2,999	IRS	(35)	Fixed -0.115%	Euribor 3m
Total financial liabilities for derivatives– Interest rate risk					(274)		

At 31 March 2021, no derivatives have been taken out to hedge exchange rate risk.

All the contracts described above are booked at fair value:

(Euro /000)	as at 31 March 2021		as at 31 December 2020	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Interest rate risk	-	(274)	-	(328)
Total cash flow hedge	-	(274)	-	(328)

All derivatives were tested for effectiveness, with positive outcomes.

In order to support its operations, the Group has various credit lines granted by banks and other financial institutions available, mainly in the form of invoice factoring credit lines, cash flexibility and mixed credit lines for a total of 39,887 thousand Euro. Overall use of these lines at 31 March 2021 totalled 4,288 thousand Euro, with a residual available amount of 35,553 thousand Euro.

No fees are due in the event that these lines are not used.

The balance of **financial payables for IFRS 16 leases (current and non-current)** at 31 March 2021 amounts to 3,401 thousand Euro and complies with IFRS16, applied by the Group from 1 January 2019, which requires the recording of financial payables corresponding to the value of the usage rights recorded under non-current assets. Financial liabilities under IFRS 16 leases are classified on the basis of maturity as current liabilities (within one year), amounting to 1,624 thousand Euro, and non-current liabilities (beyond one year), amounting to 1,777 thousand Euro.

Changes in this item in the first quarter of 2021 are detailed below:

(Euro /000)	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2021
Leasing payables under IFRS 16	2,637	1,077	(305)	-	(8)	3,401
Total	2,637	1,077	(305)	-	(8)	3,401

The changes in the item in the first three months of 2020 are reported below:

(Euro /000)	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2020
Leasing payables under IFRS 16	3,084	125	(289)	-	5	2,925
Total	3,084	125	(289)	-	5	2,925

## Service costs

“Service costs” amount to 5,398 thousand, 199 thousand Euro higher than the figure for 31 March 2020, when they amounted to Euro 5,199 thousand. They may be broken down as follows:

(Euro /000)	31 March 2021	31 March 2020	Change
Services	5,201	4,971	230
Use of third-party assets	197	228	(31)
Total	5,398	5,199	199

As a result of transition to accounting standard IFRS 16, “Leases”, as of 1 January 2019 all leasing agreements are entered by the financial method, and so lease fees are no longer entered among operating costs in the income statement, but represent repayment of loans entered at the time of entry of usage rights and interest among the assets in the Financial Statement.

Lease fees no longer allocated to the income statement under operating costs due to implementation of the new accounting standard amount to 307 thousand Euro (324 thousand Euro on 31 March 2020). Contracts excluded from adoption of IFRS 16 on the basis of the provisions of the standard, for which lease fees continue to be entered in the income statement, resulted in entry of 197 thousand Euro in costs for use of third-party assets in the first quarter of 2021 (as compared to 228 thousand Euro in the same period in 2020).

With reference to the item "Services", other than the rental fees described above, the item increased by 230 thousand Euro in the first quarter of 2021 compared to the same period of the previous year; in particular, variable costs (outsourced processing and third-party services) have increased, and their trend is linked to the growth in revenue volumes.

## Personnel costs

“Personnel costs” amounted to 12,372 thousand Euro, with an increase of 514 thousand Euro compared to the value as at 31 March 2020 and are broken down as follows:

(Euro /000)	31 March 2021	31 March 2020	Change
Salaries and wages	9,400	8,933	467
Social security contributions	2,318	2,294	24
Post-employment benefit reserve	528	556	(28)
Other costs	126	75	51
Total	12,372	11,858	514

The change is mainly due to higher costs for wages and salaries, compared to the first quarter of 2020, when cost containment actions, such as reduction of provisions for holidays and M.B.O. premiums, were implemented as soon as the first signs of the spread of the Covid-19 virus appeared.

“Social security contributions” includes costs for defined contribution benefit plans for management (Previndai pension plan) of 15 thousand Euro (13 thousand Euro as of 31 March 2020).

The item “Other costs”, up by 51 thousand Euro, includes, among other items, restructuring costs resulting from reorganisation of Group companies.

The average number of Group employees in the first quarter of 2021, as compared with the same period in 2020, was as follows:

	31 March 2021	31 March 2020	Change
Managers	17	19	(2)
Clerical staff	507	528	(21)
Manual workers	258	280	(22)
<b>Total</b>	<b>782</b>	<b>827</b>	<b>(45)</b>

The average number of employees decreased by 45 compared to the first quarter 2020 the number of employees at 31 March 31 March 2021 is 777, down from 31 December 2020 by 10 employees, a result of 20 exits and 10 new appointments in the year 2021, and also a decrease compared to the precise figure as of 31 March 2020, which was 822 employees.

## Depreciation, amortisation and impairment

This item totals 2,031 thousand Euro, as compared to 1,997 thousand Euro in the first quarter of 2020. These items include:

(Euro /000)	31 March 2021	31 March 2020	Change
Intangible assets	531	469	62
Tangible assets	1,195	1,211	(16)
Usage rights	305	317	(12)
<b>Total</b>	<b>2,031</b>	<b>1,997</b>	<b>34</b>

Since 1 January 2019, this item includes amortisation of usage rights in accordance with accounting standard IFRS16; its value as of 31 March 2021 totals 305 thousand Euro (317 Euro as of 31 March 2020).

The breakdown of the item “Depreciation, amortisation and impairment” by business unit is shown in the table below:

(Euro /000)	31 March 2021	31 March 2020	Change
Sensors	864	832	32
Automation components	682	624	58
Motion control	485	541	(56)
<b>Total</b>	<b>2,031</b>	<b>1,997</b>	<b>34</b>



Provaglio d'Iseo, 13 May 2021

For the Board of Directors

The Chairwoman

**Maria Chiara Franceschetti**

Chief Executive Officer

**Marcello Perini**



# Attachments





## a) Consolidated income statement by quarter

(Euro /000)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	TOT 2020	Q1 2021
a Revenues	31,426	31,309	31,186	35,724	129,645	37,407
b Increases for internal work	495	459	508	751	2,213	494
c Consumption of materials and products	11,411	11,237	11,585	13,805	48,038	13,250
d Value Added (a+b-c)	20,510	20,531	20,109	22,670	83,820	24,651
e Other operating costs	5,425	4,681	4,869	5,178	20,153	5,673
f Personnel costs	11,858	11,741	10,641	11,878	46,118	12,372
g EBITDA (d-e-f)	3,227	4,109	4,599	5,614	17,549	6,606
h Depreciation, amortisation and impairment	1,997	2,018	2,055	2,081	8,151	2,031
i EBIT (g-h)	1,230	2,091	2,544	3,533	9,398	4,575
l Gains (losses) from financial assets/liabilities	(667)	(439)	(467)	(240)	(1,813)	137
m Gains (losses) from shareholdings valued at equity	2	(3)	2	(3)	(2)	5
n Profit (loss) before tax (i±l±m)	565	1,649	2,079	3,290	7,583	4,717
o Taxes	(486)	(589)	(532)	(1,623)	(3,230)	(1,018)
p Group net profit (loss) (n±o)	79	1,060	1,547	1,667	4,353	3,699

## b) Exchange rates used to translate the financial statements of foreign companies

### End-of-period exchange rates

Currency	31 March 2021	31 dicembre 2020
Swiss franc	1.1070	1.0802
Pound sterling	0.8521	0.8990
U.S. dollar	1.1725	1.2271
Brazilian real	6.7409	6.3735
Chinese renminbi	7.6812	8.0225
Indian rupee	85.8130	89.6605
Turkish lira	9.7250	9.1131

### Average exchange rates in the period

Currency	2021	2020	1Q 2021	1Q 2020
Swiss franc	1.0905	1.0703	1.0905	1.0668
Pound sterling	0.8747	0.8892	0.8747	0.8616
U.S. dollar	1.2056	1.1413	1.2056	1.1023
Brazilian real	6.5927	5.8900	6.5927	4.9111
Chinese renminbi	7.8111	7.8708	7.8111	7.6937
Indian rupee	87.9081	84.5795	87.9081	79.8511
Turkish lira	8.9049	8.0436	8.9049	6.7391

### c) List of subsidiaries included in the scope of consolidation

Name	Registered office	Nation	Currency	Share capital	Parent company	% of direct ownership
Gefran UK Ltd	Warrington	United Kingdom	GBP	4,096,000	Gefran S.p.A.	100.00
Gefran Deutschland GmbH	Seligenstadt	Germany	EUR	365,000	Gefran S.p.A.	100.00
Siei Areg GmbH	Pleidelshheim	Germany	EUR	150,000	Gefran S.p.A.	100.00
Gefran France SA	Saint-Priest	France	EUR	800,000	Gefran S.p.A.	99.99
Gefran Benelux NV	Geel	Belgium	EUR	344,000	Gefran S.p.A.	100.00
Gefran Inc	North Andover	United States	USD	1,900,070	Gefran S.p.A.	100.00
Gefran Brasil Elettroel. Ltda	Sao Paulo	Brazil	BRL	450,000	Gefran S.p.A.	99.90
					Sensormate AG	0.10
Gefran India Private Ltd	Pune	India	INR	100,000,000	Gefran S.p.A.	95.00
					Sensormate AG	5.00
Gefran Siei Asia Pte Ltd	Singapore	Singapore	EUR	3,359,369	Gefran S.p.A.	100.00
Gefran Siei Drives Tech. Co Ltd	Shanghai	China (PRC)	RMB	28,940,000	Gefran Siei Asia	100.00
Gefran Siei Electric Pte Ltd	Shanghai	China (PRC)	RMB	1,005,625	Gefran Siei Asia	100.00
Sensormate AG	Aadorf	Switzerland	CHF	100,000	Gefran S.p.A.	100.00
Gefran Middle East Ltd Sti	Istanbul	Turkey	TRY	1,030,000	Gefran S.p.A.	100.00
Gefran Soluzioni S.r.l.	Provaglio d'Iseo	Italy	EUR	100,000	Gefran S.p.A.	100.00
Gefran Drives and Motion S.r.l.	Gerenzano	Italy	EUR	10,000	Gefran S.p.A.	100.00
Elettropiemme S.r.l.	Trento	Italy	EUR	70,000	Gefran Soluzioni S.r.l.	100.00

### d) List of companies consolidated at equity

Name	Registered office	Nation	Currency	Share capital	Parent company	% of direct ownership
Axel S.r.l.	Crosio della Valle	Italy	EUR	26,008	Gefran S.p.A.	15

### e) List of other subsidiaries

Name	Registered office	Nation	Currency	Share capital	Parent company	% of direct ownership
Colombera S.p.A.	Iseo	Italy	EUR	8,098,958	Gefran S.p.A.	17
Woojin Plaimm Co Ltd	Seoul	South Korea	WON	3,200,000,000	Gefran S.p.A.	2

# Declaration of the executive in charge of financial reporting

**Declaration pursuant to article 154-*bis*, paragraph 2 of Legislative Decree 58 of 24 February 1998  
(Consolidated Finance Act “TUF”)**

The undersigned **Fausta Coffano**, the Executive in charge of financial reporting, hereby declares, pursuant to paragraph 2, article 154-bis of the TUF, that the information contained in these interim financial statements as at 31 March 2021 accurately represents the figures contained in the Group's accounting records.

Provaglio d'Iseo, 13 May 2021

Executive in charge  
of financial reporting

**Fausta Coffano**