

# GEFRAN

BEYOND TECHNOLOGY

## GEFRAN GROUP

**Interim Financial  
Statements at  
30 September 2021**





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# Corporate Bodies

## Board of Directors

Honorary Chairman	Ennio Franceschetti
Chairman	Maria Chiara Franceschetti
Vice Chairman	Andrea Franceschetti
Vice Chairman	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 Corporate Governance Code

## 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)	30 September 2021		30 September 2020		3Q 2021		3Q 2020	
Revenues	117,458	100.0%	93,921	100.0%	37,879	100.0%	31,186	100.0%
EBITDA	20,046	17.1%	11,935	12.7%	5,707	15.1%	4,599	14.7%
EBIT	14,009	11.9%	5,865	6.2%	3,714	9.8%	2,544	8.2%
Profit (loss) before tax	13,703	11.7%	4,293	4.6%	3,348	8.8%	2,079	6.7%
Group net profit (loss)	10,585	9.0%	2,686	2.9%	2,531	6.7%	1,547	5.0%

## Group statement of financial position highlights

(Euro /000)	30 September 2021		31 December 2020	
Invested capital from operations	82,461		81,902	
Net working capital	33,067		29,799	
Shareholders' equity	86,454		78,179	
Net financial position	3,993		(3,723)	

(Euro /000)	30 September 2021		30 September 2020	
Operating cash flow	18,767		8,919	
Investments	5,165		4,112	

# 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.

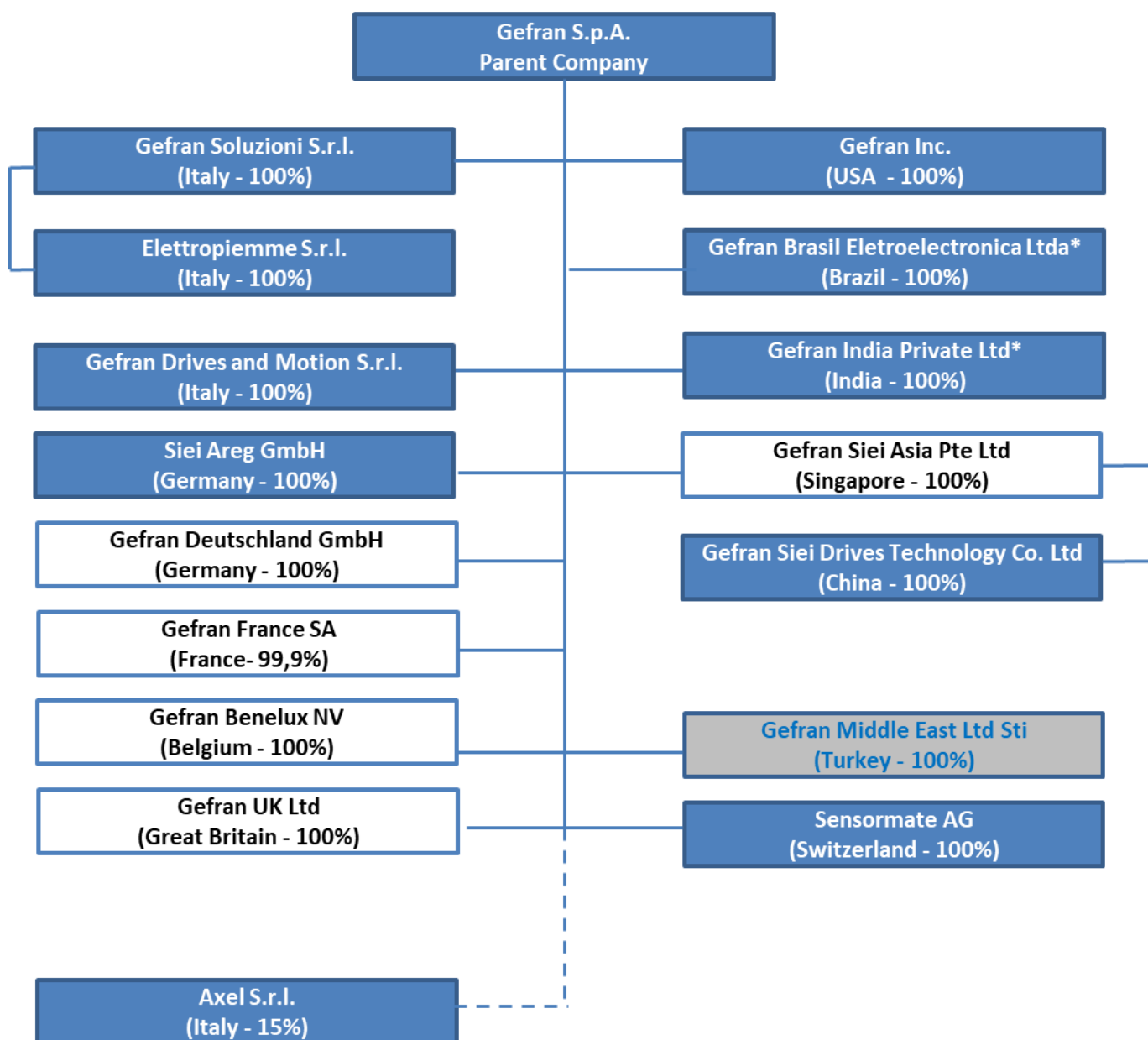
Specifically, the alternative indicators used in the notes to the income statement are:

- **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 Non-current financial investments
  - o Cash and cash equivalents and short-term financial receivables

# Group Structure



Production unit

Commercial unit

Non operative unit

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



# Financial Statement schedules

## Statement of profit/(loss)

(Euro /000)	3Q		progress. 30 September	
	2021	2020	2021	2020
Revenue from product sales	37,408	30,995	116,390	92,844
of which related parties:	291	2	291	2
Other revenues and income	471	191	1,068	1,077
Increases for internal work	429	508	1,448	1,462
<b>TOTAL REVENUES</b>	<b>38,308</b>	<b>31,694</b>	<b>118,906</b>	<b>95,383</b>
Change in inventories	2,184	(665)	6,504	(16)
Costs for raw materials and accessories	(16,601)	(10,920)	(49,728)	(34,217)
Service costs	(5,759)	(4,706)	(17,289)	(14,258)
of which related parties:	(113)	(133)	(205)	(231)
Miscellaneous management costs	(236)	(173)	(714)	(627)
Other operating income	1	8	31	11
Personnel costs	(12,230)	(10,641)	(37,735)	(34,240)
Impairment/reversal of trade and other receivables	40	2	71	(101)
Amortisation and impairment of intangible assets	(495)	(565)	(1,542)	(1,543)
Depreciation and impairment of tangible assets	(1,185)	(1,181)	(3,563)	(3,580)
Depreciation/amortisation total usage rights	(313)	(309)	(932)	(947)
<b>EBIT</b>	<b>3,714</b>	<b>2,544</b>	<b>14,009</b>	<b>5,865</b>
Gains from financial assets	309	32	1,069	522
Losses from financial liabilities	(678)	(499)	(1,384)	(2,095)
(Losses) gains from shareholdings valued at equity	3	2	9	1
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>3,348</b>	<b>2,079</b>	<b>13,703</b>	<b>4,293</b>
Current taxes	(1,068)	(393)	(3,347)	(812)
Deferred tax assets and liabilities	251	(139)	229	(795)
<b>TOTAL TAXES</b>	<b>(817)</b>	<b>(532)</b>	<b>(3,118)</b>	<b>(1,607)</b>
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>2,531</b>	<b>1,547</b>	<b>10,585</b>	<b>2,686</b>
Attributable to:				
Group	2,531	1,547	10,585	2,686
Third parties	-	-	-	-

Earnings per share (Euro)	progress. 30 September	
	2021	2020
Basic earnings per ordinary share	0.74	0.19
Diluted earnings per ordinary share	0.74	0.19

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

(Euro /000)	3Q		progress. 30 September	
	2021	2020	2021	2020
NET PROFIT (LOSS) FOR THE PERIOD	2,531	1,547	10,585	2,686
Items that will not subsequently be reclassified in the statement of profit/(loss) for the period				
- equity investments in other companies	35	20	154	(4)
Items that will or could subsequently be reclassified in the statement of profit/(loss) for the period				
- conversion of foreign companies' financial statements	481	(496)	1,168	(721)
- fair value of cash flow hedging derivatives	20	(42)	129	(133)
Total changes, net of tax effect	536	(518)	1,451	(858)
Comprehensive result for the period	3,067	1,029	12,036	1,828
Attributable to:				
Group	3,067	1,029	12,036	1,828
Third parties	-	-	-	-

## Statement of financial position

(Euro /000)	30 September 2021	31 December 2020
<b>NON-CURRENT ACTIVITIES</b>		
Goodwill	5,836	5,692
Intangible assets	9,265	8,935
Property, plant, machinery and tools	42,170	41,961
of which related parties:	169	247
Usage rights	3,006	2,605
Shareholdings valued at equity	85	76
Equity investments in other companies	2,105	1,949
Receivables and other non-current assets	90	94
Deferred tax assets	4,466	4,265
Other non-current financial investments	78	108
<b>TOTAL NON-CURRENT ACTIVITIES</b>	<b>67,101</b>	<b>65,685</b>
<b>CURRENT ACTIVITIES</b>		
Inventories	27,228	20,301
Trade receivables	34,525	30,059
of which related parties:	290	4
Other receivables and assets	4,795	4,393
Current tax receivables	862	581
Cash and cash equivalents	40,253	41,943
<b>TOTAL CURRENT ACTIVITIES</b>	<b>107,663</b>	<b>97,277</b>
<b>TOTAL ASSETS</b>	<b>174,764</b>	<b>162,962</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	14,400	14,400
Reserves	61,469	59,426
Profit / (Loss) for the year	10,585	4,353
Total Group Shareholders' Equity	86,454	78,179
Shareholders' equity of minority interests	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>86,454</b>	<b>78,179</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current financial payables	20,049	27,441
Non-current financial payables for IFRS 16 leases	1,421	1,669
Non-current financial liabilities for derivatives	158	328
Employee benefits	4,284	4,479
Non-current provisions	1,035	924
Deferred tax provisions	868	833
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>27,815</b>	<b>35,674</b>
<b>CURRENT LIABILITIES</b>		
Current financial payables	13,057	15,368
Current financial payables for IFRS 16 leases	1,653	968
Trade payables	28,686	20,561
of which related parties:	251	273
Current provisions	1,523	1,462
Current tax payables	3,260	179
Other payables and liabilities	12,316	10,571
<b>TOTAL CURRENT LIABILITIES</b>	<b>60,495</b>	<b>49,109</b>
<b>TOTAL LIABILITIES</b>	<b>88,310</b>	<b>84,783</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>174,764</b>	<b>162,962</b>

## Consolidated cash flow statement

(Euro /000)	30 September 2021	30 September 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	10,585	2,686
Depreciation, amortisation and impairment	6,037	6,070
Provisions (Releases)	2,061	1,873
Capital (gains) losses on the sale of non-current assets	(17)	(5)
Net result from financial operations	306	1,572
Taxes	3,347	812
Change in provisions for risks and future liabilities	(1,040)	(383)
Change in other assets and liabilities	1,345	1,549
Change in deferred taxes	(227)	793
Change in trade receivables	(4,019)	465
of which related parties:	(286)	(1)
Change in inventories	(7,627)	(1,587)
Change in trade payables	8,016	(4,926)
of which related parties:	(22)	(47)
TOTAL	18,767	8,919
C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES		
Investments in:		
- Property, plant & equipment and intangible assets	(5,165)	(4,112)
of which related parties:	(169)	(84)
- Equity investments and securities	-	1,005
- Financial receivables	4	-
Disposal of non-current assets	26	9
TOTAL	(5,135)	(3,098)
D) FREE CASH FLOW (B+C)	13,632	5,821
E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES		
New financial payables	787	18,036
Repayment of financial debts	(7,430)	(7,366)
Increase (decrease) in current financial payables	(3,224)	1,036
Outgoing cash flow due to IFRS 16	(925)	(967)
Taxes paid	(654)	(186)
Interest paid	(462)	(913)
Interest received	43	42
Dividends paid	(3,737)	-
TOTAL	(15,602)	9,682
F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)	(1,970)	15,503
G) Exchange rate translation differences on cash at hand	280	(55)
H) NET CHANGE IN CASH AT HAND (F+G)	(1,690)	15,448
(I) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+H)	40,253	39,875

## Statement of changes in shareholders' equity

(Euro /000)	Share capital	Capital reserves	Consolidation reserve	Other reserves	Retained profit /(loss)	Overall EC reserves			Profit/(loss) for the year	Group Total shareholders' equity	Shareholders' equity of	Total shareholders' equity
						Fair value measurement reserve	Currency translation reserve	Other reserves				
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	-	-	-	-	(3,737)	-	-	-	-	(3,737)	-	(3,737)
Income/ (Expenses) recognised at equity	-	-	-	-	-	283	-	-	-	283	-	283
Change in translation reserve	-	-	-	-	-	-	1,168	-	-	1,168	-	1,168
Other changes	-	-	(24)	-	-	-	-	-	-	(24)	-	(24)
Profit 2021	-	-	-	-	-	-	-	-	10,585	10,585	-	10,585
Balance at 30 settembre 2021	14,400	21,926	4,791	10,107	21,782	213	3,359	(709)	10,585	86,454	-	86,454

# Group Performance

## Consolidated income statement of the quarter

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

(Euro /000)	3Q 2021	3Q 2020	Var. 2021-2020	
	Total	Total	Value	%
a Revenues	37,879	31,186	6,693	21.5%
b Increases for internal work	429	508	(79)	-15.6%
c Consumption of materials and products	14,417	11,585	2,832	24.4%
d Added Value (a+b-c)	23,891	20,109	3,782	18.8%
e Other operating costs	5,954	4,869	1,085	22.3%
f Personnel costs	12,230	10,641	1,589	14.9%
g EBITDA (d-e-f)	5,707	4,599	1,108	24.1%
h Depreciation, amortisation and impairment	1,993	2,055	(62)	-3.0%
i EBIT (g-h)	3,714	2,544	1,170	46.0%
l Gains (losses) from financial assets/liabilities	(369)	(467)	98	21.0%
m Gains (losses) from shareholdings valued at equity	3	2	1	-50.0%
n Profit (loss) before tax (i±l±m)	3,348	2,079	1,269	n.s.
o Taxes	(817)	(532)	(285)	-53.6%
p Group net profit (loss) (n±o)	2,531	1,547	984	n.s.

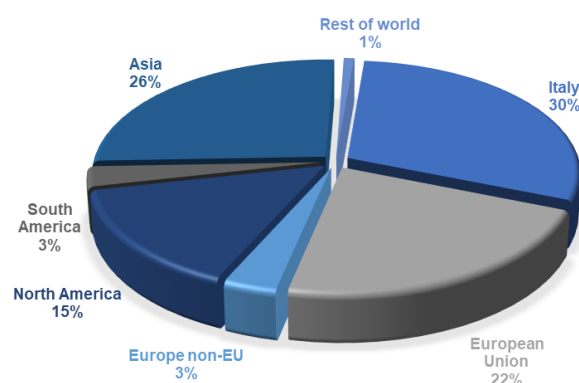
**Revenues** in the third quarter of 2021 total 37,879 thousand Euro, as compared to 31,186 thousand Euro in the same period of the previous year, up by 6,693 thousand Euro (equal to 21.5%), which would be 7,028 thousand net of the negative effect of changes in exchange rates (22.5%). The third quarter of 2020, like the two previous ones, was characterised by a drop in revenues due to limitation of the Group's commercial activities as a result of the Covid-19 pandemic. In the quarter that has just closed, the Group recovered from the shrinkage of revenues recorded in 2020 and achieved revenues higher than the third quarter of 2019 (+ 14.7%), fully seizing opportunities for growth, including those linked to the current economic situation.

Analysing order collection in the third quarter of 2021 compared to the figure for the same period in 2020, an overall increase (+43.4%) was recorded. Growth was recorded in all lines of business, but particularly in the sensors (+35.5%) and automation components (+18.8%) business units, for which the order intake in the third quarter was higher than in the same period in 2020 by 4,940 thousand Euro and 1,505 thousand Euro, respectively. Order intake in the motion control business unit also improved significantly (+92.5%). The third quarter of 2021 saw an increase in order collection even in comparison with the figure for the same period of 2019 (+18%), with double-digit growth in all businesses: sensors (+42.3%), automation components (+26.4%) and motion control (+9.7%).

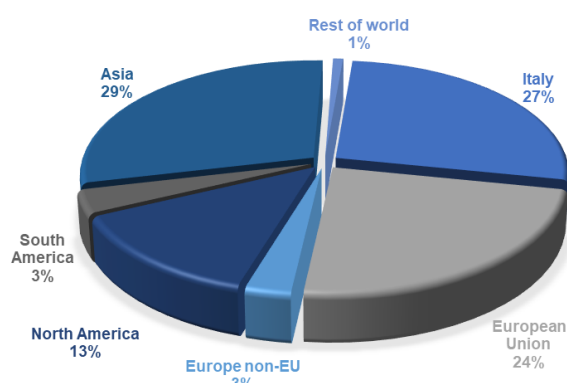
The table below shows a breakdown of revenues in the third quarter by geographical region:

(Euro /000)	3Q 2021		3Q 2020		Var. 2021-2020	
	Value	%	Value	%	Value	%
Italy	11,248	29.7%	8,345	26.8%	2,903	34.8%
European Union	8,442	22.3%	7,390	23.7%	1,052	14.2%
Europe non-EU	1,270	3.4%	899	2.9%	371	41.3%
North America	5,607	14.8%	4,141	13.3%	1,466	35.4%
South America	1,096	2.9%	1,051	3.4%	45	4.3%
Asia	9,909	26.2%	9,116	29.2%	793	8.7%
Rest of the world	307	0.8%	244	0.8%	63	25.8%
<b>Total</b>	<b>37,879</b>	<b>100%</b>	<b>31,186</b>	<b>100%</b>	<b>6,693</b>	<b>21.5%</b>

Revenues 3Q 2021



Revenues 3Q 2020



The breakdown of revenues for the quarter by **geographical region** reveals double-digit growth in all the main geographical regions served by the Group, particularly in Italy (+34.8%) and North America (+35.4%). Revenues also grew in Europe (overall + 17.2%) and Asia (+ 8.7%).

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

(Euro /000)	3Q 2021		3Q 2020		Var. 2021-2020	
	Value	%	Value	%	Value	%
Sensors	18,620	49.2%	14,370	46.1%	4,250	29.6%
Automation components	10,620	28.0%	9,103	29.2%	1,517	16.7%
Motion control	10,511	27.7%	9,019	28.9%	1,492	16.5%
Eliminations	(1,872)	-4.9%	(1,306)	-4.2%	(566)	43.3%
<b>Total</b>	<b>37,879</b>	<b>100%</b>	<b>31,186</b>	<b>100%</b>	<b>6,693</b>	<b>21.5%</b>

Revenues increased in all sectors: revenues from sensor products grew by 29.6%, thanks in particular to strong recovery in all geographical regions, and particularly on Asian markets, while revenues from automation components increased by 16.7%, mostly concentrated in Italy. Motion control also rose by 16.5%, due to higher revenues in Italy and America and related to custom orders, as well as products from the industrial range. It should be noted that for all businesses, revenues recorded in the third quarter of 2021, higher than the same quarter of 2020, are also higher than the figure recorded for the third quarter of 2019.



**Increases for internal work** in the third quarter of 2021 amounted to 429 thousand Euro, down 79 thousand Euro compared 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 23,891 thousand Euro (20,109 thousand Euro in the same quarter of 2020), corresponding to 63.1% of revenues, lower than the figure in the same period of the previous year (-1.4%). The decrease in margins is also due to the increase in the costs of raw materials and electronic components. Growth in added value, totalling 3,782 thousand Euro overall, is a result of higher revenues, and is offset by lower margins.

**Other operating costs** in the third quarter of 2021 amount to 5,954 thousand Euro, and have increased in absolute terms by 1,085 thousand Euro over the figure for the third quarter of 2020, representing 15.7% of revenues (15.6% in the same quarter of the previous year). The increase is a result of higher variable costs, linked to the increase in sales volumes, and commercial costs. Other operating costs were higher than in the third quarter of 2019 by 275 thousand Euro, while the incidence on revenue is lower (-1.7%).

**Personnel costs** in the quarter, equal to 12,230 thousand Euro, increased by 1,589 thousand Euro compared with the same period in the previous year, when this item amounted to 10,641 thousand Euro as a percentage of revenues, the ratio was 32.3% (34.1% in the third quarter of 2020). Personnel costs increased by 352 thousand Euro over the figure for the third quarter of 2019, 11,878 thousand Euro, while the incidence on revenue is lower (-3.7%).

**Gross Operating Margin** (EBITDA) in the third quarter of 2021 is positive by 5,707 thousand Euro (4,599 thousand Euro in the same quarter of 2020), corresponding to 15.1% of revenues (14.7% of revenues in 2020), higher than in the same quarter of the previous year by 1,108 thousand Euro. The improvement in EBITDA is due to increased revenues in the period. This compares with a value of 4,328 thousand Euro recorded in the third quarter of 2019 (13.1% of revenues).

The item **depreciation, amortisation and impairment** totalled 1,993 thousand Euro in the quarter, as compared with 2,055 thousand Euro in the previous period, a 62 thousand Euro drop.

**EBIT** in the third quarter of 2021 is positive by 3,714 thousand Euro (9.8% of revenues), as compared to an EBIT of 2,544 thousand Euro in the same period in 2020 (8.2% of revenues), an increase of 1,170 thousand Euro. As in the case of EBITDA, the change is a result of increased sales. The operating result for the quarter was up by 1,362 thousand Euro compared with the figure in the same quarter of 2019, which amounted to 2,352 thousand Euro.

**Income from financial assets/liabilities** in the third quarter of 2021 totalled 369 thousand Euro (whereas in the third quarter of 2020 costs totalling 467 thousand Euro were entered), and included:

- financial income totalling 10 thousand Euro (11 thousand Euro in the third quarter of 2020);
- financial charges linked with the Group's indebtedness, totalling 105 thousand Euro, down over the figure for the third quarter of 2020, when this item totalled 123 thousand Euro;
- other financial charges, totalling 233 thousand Euro, 225 thousand Euro of which were linked to the recognition of a provision for risks of the Parent Company originating from a legal dispute.
- the negative result of the differences on currency transactions, equal to 32 thousand Euro; this includes recognition of a provision for risks for possible exchange losses in the Parent Company originating from a legal dispute, totalling 204 thousand Euro; net of this effect, overall income from differences on currency transactions totals 172 thousand Euro, as compared with the result of the third quarter of the previous year, which was negative by 350 thousand Euro. The change is a result of changes in the exchange rate of the Euro against the Chinese Renminbi, the Indian Rupee and the Brazilian Real;
- financial charges on financial debts as a result of application of the new accounting standard IFRS16 totalling 9 thousand Euro, similar to the figure for the third quarter of 2020.



**Gains from shareholdings valued at equity** reflect the results achieved by the subsidiary Axel Srl and are equal to 3 thousand Euro (as compared to 2 thousand Euro in the third quarter of 2020).

**Taxes** had a negative balance of 817 thousand Euro in the quarter (as compared to a negative 532 thousand Euro in the third quarter of 2020). This item may be broken down as follows:

- negative current taxes of 1,068 thousand Euro (negative by 393 thousand Euro in the third quarter of 2020); the change reflects the improved results achieved by the Group in the third quarter of 2021 as compared to the same period in the previous year;
- deferred tax assets and liabilities, on the whole positive by 251 thousand Euro (negative by 139 thousand Euro in the third quarter of the previous year).

**Group net profit** in the third quarter of 2021 is positive by 2,531 thousand Euro, as compared to a positive result of 1,547 thousand Euro in the same period in the previous year, a 984 thousand Euro increase.

### Progressive Consolidated Income Statement

The Group's results at 30 September 2021 are shown below, compared with the results recorded at 30 September 2020.

(Euro /000)	30 September 2021	30 September 2020	Var. 2021-2020	
	Total	Total	Value	%
a Revenues	117,458	93,921	23,537	25.1%
b Increases for internal work	1,448	1,462	(14)	-1.0%
c Consumption of materials and products	43,224	34,233	8,991	26.3%
d Added Value (a+b-c)	75,682	61,150	14,532	23.8%
e Other operating costs	17,901	14,975	2,926	19.5%
f Personnel costs	37,735	34,240	3,495	10.2%
g EBITDA (d-e-f)	20,046	11,935	8,111	68.0%
h Depreciation, amortisation and impairment	6,037	6,070	(33)	-0.5%
i EBIT (g-h)	14,009	5,865	8,144	n.s.
l Gains (losses) from financial assets/liabilities	(315)	(1,573)	1,258	80.0%
m Gains (losses) from shareholdings valued at equity	9	1	8	n.s.
n Profit (loss) before tax (i±l±m)	13,703	4,293	9,410	n.s.
o Taxes	(3,118)	(1,607)	(1,511)	-94.0%
p Group net profit (loss) (n±o)	10,585	2,686	7,899	n.s.

**Revenues** at 30 September 2021 total 117,458 thousand Euro, as compared to 93,921 thousand Euro in the same period in the previous year, an increase of 23,537 thousand Euro (equal to 25.1%), which would be 24,498 thousand Euro (26.1%) net of the negative effect of changes in exchange rates. The first nine months of 2020 were characterised by the spread of Covid-19, first in Asia and then on other continents, which led the Group to temporarily close a number of 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 was confirmed by the results recorded in the first nine months 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 regions 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, focusing on control of existing markets and development of new commercial relations, also through the use of digital platforms, making it possible not only to match but to exceed the revenues of the same period in 2019 (+11.7%).

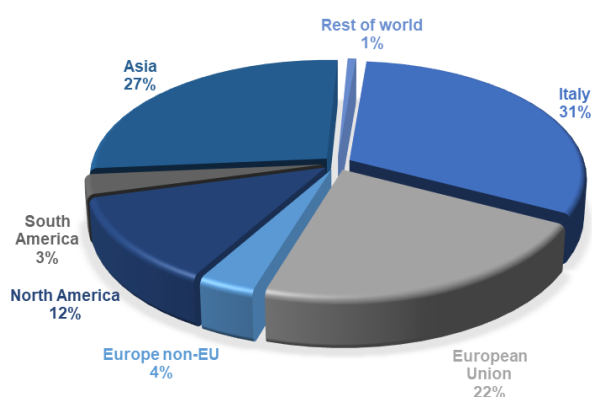
Good performance was also revealed by analysing the orders received in the first nine months of 2021, both compared to the same period in 2020 (revealing an overall increase of 39.6%), and in relation to the value of orders received as of 30 September 2019 (total increase of 27.3%). Growth was recorded in all business sectors, but particularly in sensors (+50.9% in comparison with the first nine months of 2020 and +42.2% compared to the same period in 2019) and automation components (+33.4% over the 2020 figure and +13.5% over 2019). Orders received in the motion control line also improved (up 28% over the first nine months of 2020, up 18% over the same period in 2019).

The order book as of 30 September 2021 was higher compared to both the previous year (+77.8%) and the closing value for the year 2020 (+68.2%), confirming the good prospects generated on the market.

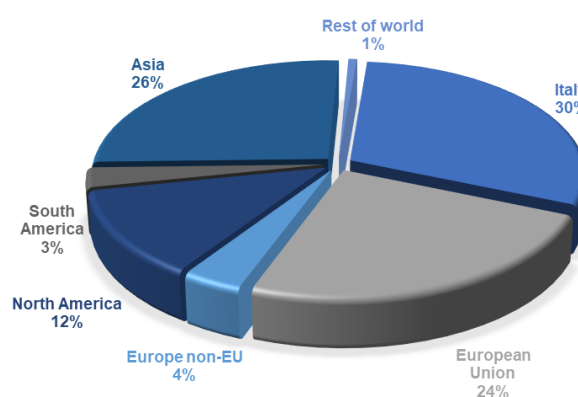
The table below shows the breakdown of revenues by geographical region as of 30 September:

(Euro /000)	30 September 2021		30 September 2020		Var. 2021-2020	
	Value	%	Value	%	Value	%
Italy	36,702	31.2%	28,113	29.9%	8,589	30.6%
European Union	25,990	22.1%	22,873	24.4%	3,117	13.6%
Europe non-EU	4,150	3.5%	3,502	3.7%	648	18.5%
North America	14,686	12.5%	11,635	12.4%	3,051	26.2%
South America	3,318	2.8%	2,638	2.8%	680	25.8%
Asia	31,857	27.1%	24,549	26.1%	7,308	29.8%
Rest of the world	755	0.6%	611	0.7%	144	23.6%
<b>Total</b>	<b>117,458</b>	<b>100%</b>	<b>93,921</b>	<b>100%</b>	<b>23,537</b>	<b>25.1%</b>

Revenues up to 30 September 2021



Revenues up to 30 September 2020



The breakdown of revenues by **geographical area** shows double-digit growth in all areas served by the Group, particularly in Asia (+29.8%, despite exchange rate trends having a negative effect) and in Italy (30.6%). Revenues also grew in Europe (+14.3% overall) and the Americas (+26.1%), the latter area being partially affected by the effect of foreign currency trends, particularly the US dollar and the Brazilian real (net of this effect, revenues would have increased by 31.9% compared to the figure for the first nine months of 2020).

Below is a breakdown of revenues as of 30 September 2021 by **business area** and a comparison with the same period in the previous year:

(Euro /000)	30 September 2021		30 September 2020		Var. 2021-2020	
	Value	%	Value	%	Value	%
Sensors	56,953	48.5%	42,510	45.3%	14,443	34.0%
Automation components	33,813	28.8%	27,515	29.3%	6,298	22.9%
Motion control	32,832	28.0%	27,844	29.6%	4,988	17.9%
Eliminations	(6,140)	-5.2%	(3,948)	-4.2%	(2,192)	55.5%
<b>Total</b>	<b>117,458</b>	<b>100%</b>	<b>93,921</b>	<b>100%</b>	<b>23,537</b>	<b>25.1%</b>

Revenues increased in all sectors: sensor products grew by 34%, thanks in particular to strong recovery on Asian markets, followed by an upswing in Italy and Europe, while automation components increased by 22.9%, mostly concentrated in Italy. Revenues from the drives business were also higher than in the same period in 2020 with an overall increase of 17.9%, thanks to the increase in sales of customised products and the industrial range.

It should be noted that all businesses lines recovered the *gap* in revenues recorded in the first nine months of 2020 due to the effects of the spread of Covid-19: sensors performed 24.1% better than the figure at 30 September 2019, as did components and drives, which rose by 5.6% and 4.6% compared to the same period.

**Increases for internal work** as at 30 September 2021 amounted to 1,448 thousand Euro, in line with the figure for 30 September 2020. This item represents the cost of development of new products incurred in the period and capitalised.

**Added value** at 30 September 2021 amounted to 75,682 thousand Euro (61,150 thousand Euro at 30 September 2020) and corresponds to 64.4% of revenues, a lower percentage on revenues than the same period in the previous year (-0.7%). The decrease in margins is also due to the increase in the costs of raw materials and electronic components. Growth in added value, totalling 14,532 thousand Euro, is a result of the increased revenues recorded, offset by the higher cost of materials procurement, which yields lower margins.

**Other operating costs** in the first nine months of 2021 amount to 17,901 thousand Euro and are up in absolute terms by 2,926 thousand Euro over the figure for the same period in 2020, representing 15.2% of revenues (15.9% in the same period in 2020). Variable costs linked to higher volumes of sale, consulting and maintenance costs increased compared to 2020. Other operating costs are 317 thousand Euro higher (+ 1.8%) than the figure for 30 September 2019, while the percentage on revenues is lower (-1.5%).

**Personnel costs** in the first nine months of 2021 totalled 37,735 thousand Euro, as compared to 34,240 thousand Euro in the same period of the previous year, an increase of 3,495 thousand Euro. In 2020 measures had in fact been implemented to contain costs, such as reducing the provisions for holidays and M.B.O. bonuses.

The percentage of revenues was 32.1% (36.5% in the first nine months of 2020).

Personnel costs in 2021 were higher (+0.7%) than the figure for 30 September 2019, when they totalled 37,485 thousand Euro, while the percentage on revenues is lower (-3.5%).

**EBITDA** at 30 September 2021 was positive by 20,046 thousand Euro (11,935 thousand Euro at 30 September 2020) and corresponds to 17.1% of revenues (12.7% of revenues in 2020), representing an increase over the same period in the previous year of 8,111 thousand Euro.

Gross operating margin for the period was also higher than the figure for the same period in 2019, both in absolute terms (4,983 thousand Euro) and as a percentage of revenues (+2.7%).

The improvement in EBITDA is due to increased revenues in the period.

The item **depreciation, amortisation and impairment** totalled 6,037 thousand Euro, essentially aligned with the figure of 6,070 thousand Euro in the previous period.

**EBIT** at 30 September 2021 was positive by 14,009 thousand Euro (11.9% of revenues), as compared with an EBIT of 5,865 thousand Euro in the same period in 2020 (6.2% of revenues), an increase of 8,144 thousand Euro. Like EBITDA, EBIT for the first nine months of 2021 was also higher than the figure for the same period in 2019 (which amounted to 7,728 thousand Euro, representing 7.4% of revenues); in this case the change is linked to the increase in sales recorded, as well as to losses in value on assets recorded in 2019 (1,531 thousand Euro).

**Charges from financial assets/liabilities** in the first nine months of 2021 totalled 315 thousand Euro (while in the same period in 2020 these charges totalled 1,573 thousand Euro), including:

- financial income amounting to 43 thousand Euro (in line with the same period in 2020);
- financial charges payable on loans taken out by the Group, totalling 324 thousand Euro (340 thousand Euro in the first nine months of 2020);
- other financial charges totalling 248 thousand Euro, including 225 thousand Euro for recognition of a provision for risks of the Parent Company originating from a legal dispute; these compare with other financial charges totalling 12 thousand Euro at 30 September 2020;
- positive result of differences on currency transactions, equal to Euro 243 thousand; it includes a provision worth 204 thousand Euro recognised by the Parent Company against possible exchange losses originating from a legal dispute; net of this, the result brought about by the differences on currency transactions is positive by 447 thousand Euro, compared with the negative result of the first nine months of 2020, equal to 1,243 thousand Euro. The change is primarily a result of the exchange rates in effect between the Euro and the Chinese Renminbi, the Indian Rupee and the Brazilian Real;
- financial charges on financial debts as a result of application of the new accounting standard IFRS16 totalling 29 thousand Euro (30 thousand Euro in the first nine months of 2020).

**Gains from shareholdings valued at equity** totalled 9 thousand Euro, whereas on 30 September 2020 there were charges totalling 1 thousand Euro, pertaining to the results achieved by the affiliate Axel S.r.l.

In the first nine months of 2021 **taxes** were negative on the whole and amounted to 3,118 thousand Euro (negative on the whole by 1,607 thousand Euro in the same period in 2020). This item may be broken down as follows:

- negative current taxes totalling 3,347 thousand Euro (negative by 812 thousand Euro in the first nine months of 2020); the change reflects the better results achieved by the Group companies in the current period compared to the same period in the previous year;
- deferred tax assets and liabilities, on the whole positive by 229 thousand Euro (negative by 795 thousand Euro in the first nine months of the previous year).

Taxes for the period were also higher than those recorded in the first nine months of 2019, amounting to 2,286 thousand Euro (2.2% as a percentage of revenues).

**Group Net profit** at 30 September 2021 is positive by 10,585 thousand Euro (9% of revenues) and may be compared with a positive result of 2,686 thousand Euro in the same period of the previous year (2.9% of revenues), up by 7,899 thousand Euro. The net result for the first nine months of 2021 was also up compared with the figure for the same period of 2019 (5,660 thousand Euro, 5.4% of revenues), both in absolute terms (+4,925 thousand Euro) and as a percentage of revenues (+3.6%).

## Reclassified consolidated balance sheet as at 30 September 2021

The Gefran Group's reclassified consolidated statement of financial position as of 30 September 2021 may be broken down as follows:

(Euro /000)	30 September 2021		31 December 2020	
	Value	%	Value	%
Intangible assets	15,101	18.3	14,627	17.9
Tangible fixed assets	45,176	54.8	44,566	54.4
Other non-current assets	6,746	8.2	6,384	7.8
<b>Net non-current assets</b>	<b>67,023</b>	<b>81.3</b>	<b>65,577</b>	<b>80.1</b>
Inventories	27,228	33.0	20,301	24.8
Trade receivables	34,525	41.9	30,059	36.7
Trade payables	(28,686)	(34.8)	(20,561)	(25.1)
Other assets/liabilities	(9,919)	(12.0)	(5,776)	(7.1)
<b>Working capital</b>	<b>23,148</b>	<b>28.1</b>	<b>24,023</b>	<b>29.3</b>
Provisions for risks and future liabilities	(2,558)	(3.1)	(2,386)	(2.9)
Deferred tax provisions	(868)	(1.1)	(833)	(1.0)
Employee benefits	(4,284)	(5.2)	(4,479)	(5.5)
<b>Net invested capital</b>	<b>82,461</b>	<b>100.0</b>	<b>81,902</b>	<b>100.0</b>
<b>Shareholders' equity</b>	<b>86,454</b>	<b>104.8</b>	<b>78,179</b>	<b>95.5</b>
Non-current financial payables	20,049	24.3	27,441	33.5
Current financial payables	13,057	15.8	15,368	18.8
Financial payables for IFRS 16 leases (current and non-current)	3,074	3.7	2,637	3.2
Financial liabilities for derivatives (current and non-current)	158	0.2	328	0.4
Other non-current financial investments	(78)	(0.1)	(108)	(0.1)
Cash and cash equivalents and current financial receivables	(40,253)	(48.8)	(41,943)	(51.2)
<b>Net debt relating to operations</b>	<b>(3,993)</b>	<b>(4.8)</b>	<b>3,723</b>	<b>4.5</b>
<b>Total sources of financing</b>	<b>82,461</b>	<b>100.0</b>	<b>81,902</b>	<b>100.0</b>

**Net fixed assets** at 30 September 2021 equal 67,023 thousand Euro, as compared to a figure of 65,577 thousand Euro on 31 December 2020. The main changes were as follows:

- intangible assets registered an overall increase of 474 thousand Euro. The change includes increases due to capitalisation of development costs (1,435 thousand Euro) and new investment (404 thousand Euro) well as decreases due to amortisation in the period (1,542



- thousand Euro). The change in exchange rates had a positive impact on the item amounting to 176 thousand Euro;
- tangible assets have increased by a total of 610 Euro overall since 31 December 2020. Investments in the first nine months of 2021 (3,326 thousand Euro) were partially offset by depreciation totalling 3,563 thousand Euro and 21 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 1,331 thousand Euro in the first nine months of 2021 following the renewal or signing of new contracts and is offset by depreciation and amortisation totalling 932 thousand Euro and decreases due to advance termination of contracts totalling 7 thousand Euro. Finally, the change in exchange rates had, on the whole, a positive effect of 477 thousand Euro;
  - other fixed assets at 30 September 2021 are worth 6,746 thousand Euro (6,384 thousand Euro at 31 December 2020), an increase of 362 thousand Euro.

**Working capital** at 30 September 2021 is 23,148 thousand Euro, as compared to 24,023 thousand Euro at 31 December 2020, revealing an overall drop of 875 thousand Euro. The main changes were as follows:

- inventories changed from 20,301 thousand Euro at 31 December 2020 to 27,228 thousand Euro as of 30 September 2021, a net increase of 6,927 thousand Euro. The increase in inventories, including both raw materials (3,694 thousand Euro) and semi-finished products and finished products (1,242 thousand Euro and 1,991 thousand Euro respectively), was necessary to meet customer orders received which will be processed in the coming months, with particular regard to stocks of “critical materials”, with the goal of mitigating the possible risks of disruption in the supply chain linked to the current situation. The change in exchange rates contributes to an increase in inventories of 422 thousand Euro;
- trade receivables totalled 34,525 thousand Euro, up by 4,466 thousand Euro over 31 December 2020, reflecting the increase in revenues in the first nine months of 2021. The Group conducts an accurate analysis of receivables, taking various factors into account (geographical region, sector, degree of solvency of individual customers), and these checks do not reveal any critical positions that may not be collected;
- trade payables totalled 28,686 thousand Euro, up by 8,125 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 service costs; In particular, variable costs increased as a result of growing volumes;
- other net assets and liabilities at 30 September 2021 are on the whole negative by 9,919 thousand Euro (negative by 5,776 thousand Euro at 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 4,143 thousand Euro, is primarily a result of increased other tax payables and payables to employees.

**Provisions for risks and charges** total 2,558 thousand Euro, up over the 31 December 2020 figure of 172 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. In particular, in the third quarter of 2021 the Parent Company set up a provision for risks equal to 449 thousand Euro against potential losses on exchange rates, interest on arrears and fines originating from a legal dispute.

**Employee benefits** amount to 4,284 thousand Euro, as compared to a figure of 4,479 thousand Euro on 31 December 2020. This item includes the post-employment benefit reserve, as well as payables to certain Group employees who have signed agreements to protect the company against work for its competitors (so-called “Non-competition agreements”).

**Shareholders' equity** at 30 September 2021 amounts to 86,454 thousand Euro, up 8,275 thousand Euro over the end of the year 2020. The positive result of the period of 10,585 thousand Euro was partially absorbed by distribution of 3,737 thousand Euro in dividends in May.

**Net financial position** at 30 September 2021 is positive at 3,993 thousand Euro, up by 7,716 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 25,543 thousand Euro and medium/long term debts totalling 21,550 thousand Euro.

This item reflects the negative impact of application of accounting standard IFRS16, worth 3,074 thousand Euro as of 30 September 2021, of which 1,653 thousand Euro was reclassified in the current part while 1,421 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).

During the first nine months of 2021, two new loans were signed, one by the subsidiary Gefran Solutions Srl amounting to 511 thousand Euro and another by the parent company Gefran SpA worth 800 thousand Euro. These loans aim to increase capitalisation and support expansion of international sales by Group companies. A portion, equal to a total of 524 thousand Euro (204 thousand Euro for Gefran Solutions Srl and 320 thousand Euro for Gefran SpA) corresponding to the Integrated Promotion Fund, was disbursed as a non-repayable grant pursuant to the Temporary Framework, while a second portion totalling 787 thousand Euro (307 thousand Euro for Gefran Solutions Srl and 480 thousand Euro for Gefran SpA), corresponds to the 394/81 Fund and has been acknowledged among non-current financial payables.

The loans taken out are to be repaid in 8 six-monthly instalments starting from the end of the two-year pre-amortisation period and are subject to the "de minimis" rule for a value of 8 thousand Euro.

The change in net financial position is mainly due to the positive cash flow from typical operations (18,767 thousand Euro), partially absorbed by expenditure on technical investments in the first nine months of the year (5,165 thousand Euro), by payment of dividends (3,737 thousand Euro), and by payment of interest, taxes and rental fees (totalling 1,510 thousand Euro).

This item breaks down as follows:

(Euro /000)	30 September 2021	31 December 2020	Change
Cash and cash equivalents and current financial receivables	40,253	41,943	(1,690)
Current financial payables	(13,057)	(15,368)	2,311
Current financial payables for IFRS 16 leases	(1,653)	(968)	(685)
(Debt)/short-term cash and cash equivalents	25,543	25,607	(64)
Non-current financial payables	(20,049)	(27,441)	7,392
Non-current financial payables for IFRS 16 leases	(1,421)	(1,669)	248
Non-current financial liabilities for derivatives	(158)	(328)	170
Other non-current financial investments	78	108	(30)
(Debt)/medium-/long-term cash and cash equivalents	(21,550)	(29,330)	7,780
Net financial position	3,993	(3,723)	7,716

# Statement of consolidated cash flows at 30 September 2021

The Gefran Group's consolidated cash flow statement at 30 September 2021 reveals a net variation in cash at hand which is negative by 1,690 thousand Euro, as compared to a positive variation of 15,448 thousand Euro as of 30 September 2020. The change was as follows:

(Euro /000)	30 September 2021	30 September 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	18,767	8,919
C) Cash flow generated by (used in) investment activities	(5,135)	(3,098)
D) Free Cash Flow (B+C)	13,632	5,821
E) Cash flow generated by (used in) financing activities	(15,602)	9,682
F) Cash flow from continuing operations (D+E)	(1,970)	15,503
G) Exchange rate translation differences on cash at hand	280	(55)
H) Net change in cash at hand (F+G)	(1,690)	15,448
I) Cash and cash equivalents at the end of the period (A+H)	40,253	39,875

The cash flow from operations in the period was positive by 18,767 thousand Euro; specifically, operations in the first nine months of 2021, purged of the effect of provisions, amortisation and depreciation and of financial entries, generated 22,319 thousand Euro in cash (13,008 thousand Euro at 30 September 2020), while the net change in other assets and liabilities in the same period brought in 1,345 thousand Euro in resources (while in the first nine months of 2020 it had brought in 1,549 thousand Euro in resources) and management of operating capital absorbed 3,630 thousand Euro in cash (6,078 thousand Euro in the same period of the previous year).

Financial resources absorbed by technical investments amount to 5,165 thousand Euro (4,112 thousand Euro in the first nine months of 2020). It should also be noted that during the first nine months of 2020, part of the capital in Ensun S.r.l., amounting to 1,000 thousand Euro, was collected.

Free cash flow (operating cash flow excluding investment) was positive by 13,632 thousand Euro, as compared with a negative figure of 5,821 thousand Euro at 30 September 2020.

Financing activities absorbed resources totalling 15,602 thousand Euro, including 7,430 thousand Euro linked to the repayment of non-current financial payables, 3,224 thousand Euro due to the decrease in current financial payables and 3,737 thousand Euro for the payment of dividends. In the first nine months of 2020 loan activities generated cash totalling 9,682 thousand Euro: the Parent Company's subscription of new loans totalling 18,036 thousand Euro, and the repayment of medium/long-term financial payables with a value of 7,366 thousand Euro, were the main developments in the period.



# Investments

Gross technical investments in the first nine months of 2021 totalled 5,165 thousand Euro (4,112 thousand Euro in the same period of 2020) and correspond to:

- production and laboratory plant and equipment in the Group's Italian plants totalling 2,252 thousand Euro (including 1,483 thousand Euro for production lines in the sensors business unit, 660 thousand Euro in the components business unit and 109 thousand Euro for production lines in the motion control business unit), as well as 107 thousand Euro in the Group's other subsidiaries, particularly its American branch (at 30 September 2020 the Group had invested 930 thousand Euro in Italy and 83 thousand Euro in its foreign subsidiaries);
- adjustment of industrial buildings totalling 580 thousand Euro in the Group's Italian plants and 98 thousand Euro in the Group's other subsidiaries (at 30 September 2020 193 thousand Euro had been invested in buildings in Italy and 88 thousand Euro in buildings abroad);
- renewal of electronic office machines and IT system equipment, amounting to 143 thousand Euro in the Parent Company and 114 thousand Euro in the Group's subsidiaries (in the first nine months of 2020, these figures were 81 thousand Euro and 59 thousand Euro, respectively);
- miscellaneous equipment in the Group's subsidiaries amounting to 32 thousand Euro (7 thousand Euro in the first nine months of 2020);
- capitalisation of costs incurred in the period for new product development, totalling 1,435 thousand Euro (1,454 thousand Euro in the first quarter of 2020);
- investments in intangible assets in the amount of 404 thousand Euro, mainly relating to management software licences and SAP ERP development (in the first nine months of 2020, other intangible assets were entered with a value of 1,097 thousand Euro, primarily representing the cost of patents).

Investments are listed below by type and geographical region:

(Euro /000)	30 September 2021	30 September 2020
Intangible assets	1,839	2,672
Tangible assets	3,326	1,440
<b>Total</b>	<b>5,165</b>	<b>4,112</b>

(Euro /000)	30 September 2021		30 September 2020	
	intangible	tangible assets	intangible	tangible assets
Italy	1,787	3,023	2,552	1,213
European Union	2	34	1	70
Europe non-EU	-	7	6	32
North America	-	183	-	31
South America	50	20	23	20
Asia	-	59	90	74
Rest of the world	-	-	-	-
<b>Total</b>	<b>1,839</b>	<b>3,326</b>	<b>2,672</b>	<b>1,440</b>

Investments as of 30 September 2021 are broken down below by business area:

(Euro /000)	Sensors	Automation components	Motion control	Total
Intangible assets	473	605	761	1,839
Tangible assets	1,872	1,291	163	3,326
Total	2,345	1,896	924	5,165

## 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

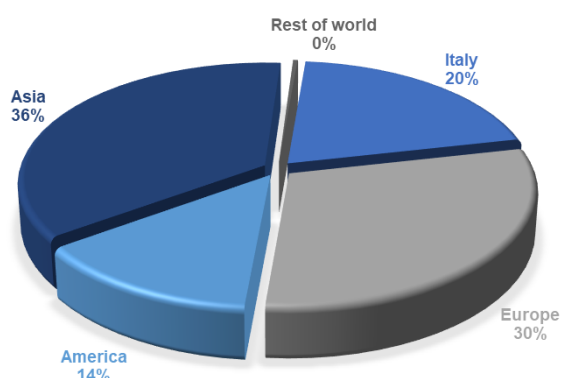
The table below shows the key economic figures.

(Euro /000)	30 September 2021	30 September 2020	Var. 2021 - 2020 Value	%	3Q 2021	3Q 2020	Var. 2021 - 2020 Value	%
Revenues	56,953	42,510	14,443	34.0%	18,620	14,370	4,250	29.6%
EBITDA	16,319	9,963	6,356	63.8%	4,941	3,891	1,050	27.0%
% of revenues	28.7%	23.4%			26.5%	27.1%		
EBIT	13,765	7,367	6,398	86.9%	4,107	2,987	1,120	37.5%
% of revenues	24.2%	17.3%			22.1%	20.8%		

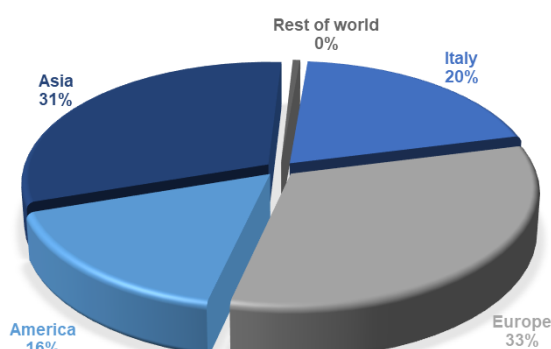
The breakdown of the sensors business revenues by geographical region is as follows:

(Euro /000)	30 September 2021		30 September 2020		Var. 2021 - 2020	
	Value	%	Value	%	Value	%
Italy	11,473	20.1%	8,368	19.7%	3,105	37.1%
Europe	17,037	29.9%	13,830	32.5%	3,207	23.2%
America	7,768	13.6%	6,901	16.2%	867	12.6%
Asia	20,482	36.0%	13,187	31.0%	7,295	55.3%
Rest of the world	193	0.3%	224	0.5%	(31)	-13.8%
<b>Total</b>	<b>56,953</b>	<b>100%</b>	<b>42,510</b>	<b>100%</b>	<b>14,443</b>	<b>34.0%</b>

**Revenues Sensors up to 30 September 2021**



**Revenues Sensors up to 30 September 2020**



## Business performance

Revenues from the business unit as of 30 September 2021 amount to 56,953 thousand Euro, an increase over the figure for 30 September 2020, when they amounted to 42,510 thousand Euro, registering growth of 34.0% including the effect of changes in exchange rates (negative by 587 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 temporary closure of some of the business unit's production plants. In the year 2021, despite the fact that many of the measures for containment of the virus are still in place (e.g., limitations on travel for business meetings and trade fairs), thanks to investment and the new operating methods introduced, the business unit was able to pick up on the strong 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, in addition to the concrete appearance of commercial opportunities in other areas, especially in Italy and Europe, which had begun in 2019 and been suspended due to the pandemic, led to a complete recovery in revenues, recording even better performance than in the first nine months of 2019 (+24.1%).

Compared to the figure for 30 September 2020, all geographic areas reached by this business line saw growth in revenues in the first nine months of 2021, particularly Asia (+55.3%), Europe (+23.2%) and Italy (37.1%). Growth in revenues was lower in America (+12.6%), an area also affected by exchange rates, and the only area to perform worse than in the first half of 2019 (-14.5%).

Positive signs were also recorded in orders received in the first nine months of 2021, totalling 64,841 thousand Euro, in increase over the figure for the same period in 2020 (+50.9%), when this item amounted to 42,968 thousand Euro. The order backlog as of 30 September 2021 was higher than on 30 September 2020 (+137.5%) and in relation to the close of 2019 (+154.1%).

Orders in 2021 were also higher than the 2019 figure (+42.2%), when orders amounted to 45,603 thousand Euro.

In the third quarter of 2021 revenues amounted to 18,620 thousand Euro, up 29.6% over the same period in 2020, when they came to 14,370 thousand Euro.

EBITDA as of 30 September 2021 amounted to 16,319 thousand Euro (28.7% of the revenues from the business), up by 6,356 thousand Euro over the figure for 30 September 2020, when it amounted to 9,963 thousand Euro (23.4% of revenues). The change in EBITDA is due to the growth in sales volumes, only partially affected by higher operating costs as a result of higher volumes of production and by the increase in the costs of raw materials and electronic components.

In comparison with the figure at 30 September 2019, EBITDA for the first nine months of 2021 was higher both in absolute terms (4,775 thousand Euro) and as a percentage, increasing from 25.2% in 2019 to 28.7% in 2021.

EBIT in the first nine months of 2021 amounted to 13,765 thousand Euro, equal to 24.2% of revenues, as compared with an EBIT in the same period of the previous year of 7,367 thousand Euro (17.3% of revenues), an increase of 6,398 thousand Euro. The change in this figure for the first nine months of 2021 as compared to the figure for the same period in the previous year is essentially attributable to increased revenues. EBIT is also up by 6,088 thousand Euro over the figure for 30 September 2019, when it amounted to 7,677 thousand Euro (16.7% of revenues) and the recognition of a reduction in value (Euro 1,531 thousand) of a property dedicated to the sensors business, are included; this operation was to adjust the book value to fair value.

Comparing the figures by quarter, EBIT in the third quarter of 2021 is 4,107 thousand Euro (22.1% of revenues), as compared to a figure of 2,987 thousand Euro (20.8% of revenues) for the third quarter of 2020.

Also note that the effect of adoption of accounting standard IFRS16 in the sensors business has resulted in reversal of 382 thousand Euro in leasing fees (396 thousand Euro at 30 September 2020) and entry of amortisation of usage rights totalling 381 thousand Euro (390 thousand Euro at 30 September 2020).

## Investments

Investments in the first nine months of 2021 amount to 2,345 thousand Euro and include investments in "Intangible assets" totalling 473 thousand Euro, 293 thousand Euro of which refer to capitalisation of new product research and development costs. The remainder is for purchase of software programmes and licences.

Increases in "Tangible assets" totalled 1,872 thousand Euro, including 1,637 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 235 thousand Euro, primarily for the purchase of equipment for the American subsidiary.

# Automation components

## Summary results

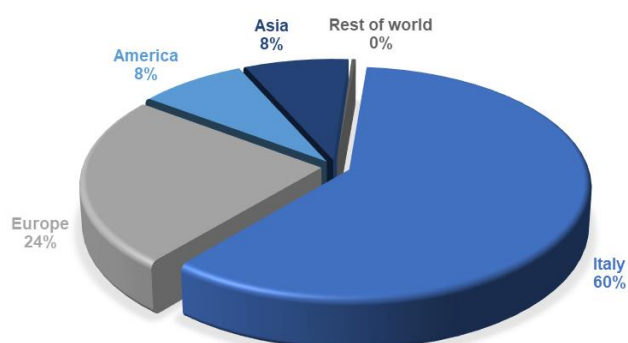
The table below shows the key economic figures.

(Euro /000)	30 September 2021	30 September 2020	Var. 2021- 2020 Value	%	3Q 2021	3Q 2020	Var. 2021 - 2020 Value	%
Revenues	33,813	27,515	6,298	22.9%	10,620	9,103	1,517	16.7%
EBITDA	3,678	2,411	1,267	52.6%	1,022	1,080	(58)	-5.4%
% of revenues	10.9%	8.8%			9.6%	11.9%		
EBIT	1,592	521	1,071	205.6%	312	446	(134)	-30.1%
% of revenues	4.7%	1.9%			2.9%	4.9%		

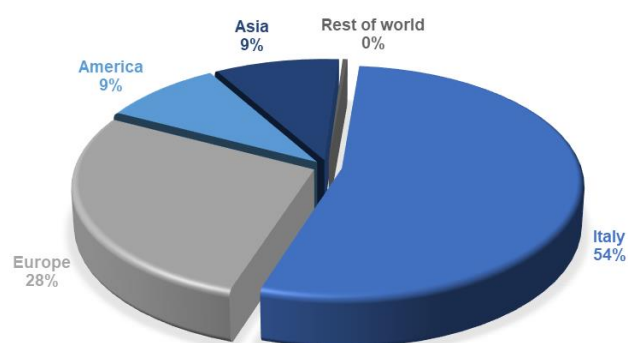
The breakdown of components business revenues by geographic region is as follows:

(Euro /000)	30 September 2021 Value	%	30 September 2020 Value	%	Var. 2021-2020 Value	%
Italy	20,227	59.8%	14,764	53.7%	5,463	37.0%
Europe	8,091	23.9%	7,580	27.5%	511	6.7%
America	2,747	8.1%	2,506	9.1%	241	9.6%
Asia	2,653	7.8%	2,572	9.3%	81	3.1%
Rest of the world	95	0.3%	93	0.3%	2	2.2%
Total	33,813	100%	27,515	100%	6,298	22.9%

Revenues Automation Components up to 30 September 2021



Revenues Automation Components up to 30 September 2020



## Business performance

As of 30 September 2021 the revenues of the business unit amount to 33,813 thousand Euro, up 22.9% over the figure at 30 September 2020. In the first three quarters 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 solid state relays), as well as new and more modern functions applied to existing products (such as 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 2021, with sales returning to pre-pandemic levels (revenues in the first nine months of 2021 were +5.6% over the same period in 2019).

All the main geographical regions covered by the business have seen an increase in revenues compared to the same period in 2020, particularly Italy (+37%), Europe (+6.7%), and America (+9.6%). The comparison with the figure for 30 September 2019 shows growth in revenues in Italy (+13.6%) and in the Asian market (+21.1%).

Orders received in the first nine months of 2021 amounted to 31,806 thousand Euro and were overall higher than the figure for the same period in the previous year (+33.4%). The order backlog as of 30 September 2021 also increased compared to the figure for 30 September 2020 (+98.3%) and the closing value for the year 2019 (+77.6%).

In the third quarter of 2021, revenues amounted to 10,620 thousand Euro, up 16.7% over the same period in 2020, when they came to 9,103 thousand Euro.

EBITDA as of 30 September 2021 was positive by 3,678 thousand Euro (equal to 10.9% of revenues), up 1,267 thousand Euro over the figure for 30 September 2020, when it was 2,411 thousand Euro (8.8% of revenues). The increase in sales recorded in the first nine months of the year and the higher added value achieved are the variables determining the improvement in EBITDA compared to the figure for 30 September 2020.

EBITDA for the first nine months of 2021 was 309 thousand Euro higher than on 30 September 2019, but represented approximately the same percentage of revenues (0.4%).

EBIT for the first nine months of 2021 is positive by 1,592 thousand Euro. This compares with a positive EBIT as of 30 September 2020 of 521 thousand Euro. The , 1,071 thousand Euro increase is a result of the dynamics described above: growing volumes of sale and therefore greater operating costs for ordinary management, only partially compensated by greater operating costs for ordinary management. EBIT increased slightly, by 96 thousand Euro, and also increased over the figure at 30 September 2019, when it amounted to 1,496 thousand Euro (4.7% of revenues).

Comparing the figures by quarter, EBIT in the third quarter of 2021 is 312 thousand Euro (2.9% of revenues), as compared to a figure of 446 thousand Euro (4.9% of revenues) for the third quarter of 2020.

Also note that adoption of accounting standard IFRS16 led the automation components business unit to reverse leasing fees of 343 thousand Euro (122 thousand on 30 September 2020) and entry of amortisation of usage rights totalling 351 thousand Euro (354 thousand Euro as of 30 September 2020).

## Investments

Investments in the first nine months of 2021 totalled 1,896 thousand Euro. Investments in intangible assets amounted to 605 thousand Euro, of which 441 thousand Euro were to capitalise the cost of

development of the new range of regulators and solid state relays. The remainder represented the cost of purchasing software programs and licenses.

Investments in “Tangible Assets” amounted to 1,291 thousand Euro, including 1,241 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.

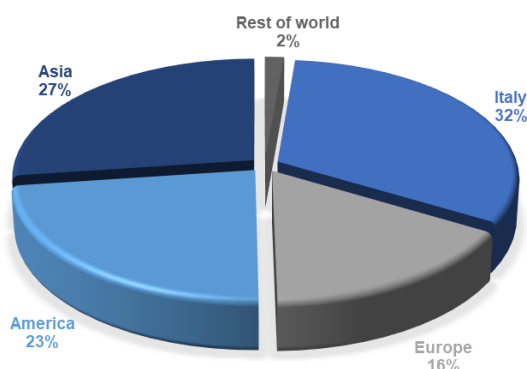
(Euro /000)	30 September 2021	30 September 2020	Var. 2021- 2020		3Q 2021	3Q 2020	Var. 2021 - 2020	
			Value	%			Value	%
Revenues	32,832	27,844	4,988	17.9%	10,511	9,019	1,492	16.5%
EBITDA	48	(439)	487	111.0%	(256)	(372)	116	31.1%
% of revenues	0.1%	-1.6%			-2.4%	-4.1%		
EBIT	(1,349)	(2,023)	674	33.3%	(705)	(889)	184	20.7%
% of revenues	-4.1%	-7.3%			-6.7%	-9.9%		

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

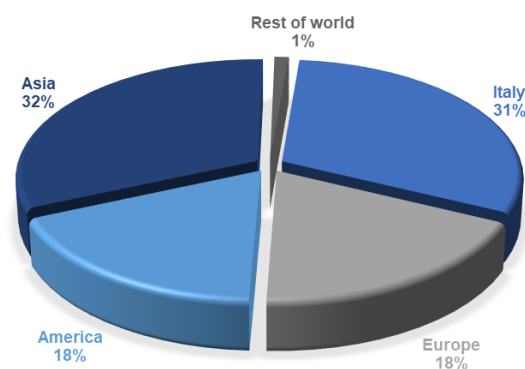
(Euro /000)	30 September 2021		30 September 2020		Var. 2021-2020	
	Value	%	Value	%	Value	%
Italy	10,545	32.1%	8,566	30.8%	1,979	23.1%
Europe	5,328	16.2%	5,153	18.5%	175	3.4%
America	7,593	23.1%	4,950	17.8%	2,643	53.4%
Asia	8,899	27.1%	8,881	31.9%	18	0.2%
Rest of the world	467	1.4%	294	1.1%	173	58.8%
Total	32,832	100%	27,844	100%	4,988	17.9%



## Revenues Motion Control up to 30 September 2021



## Revenues Motion Control up to 30 September 2020



## Business performance

Revenues in the first nine months of 2021 amount to 32,832 thousand Euro, up by 4,988 thousand Euro (+17.9%) over the figure for 30 September 2020. Almost all geographical areas of interest to the business unit, particularly America (+53.4%) and Italy (+23.1%), improved, even displaying growth over the first nine months of 2019 (+35.8% and +15.6%, respectively).

Commercial activities aimed at consolidating the Group's presence in the areas historically covered and the development of new areas, as well as technological development of the products, have made it possible to partially recover the revenue gap caused by the Covid-19 pandemic, especially as regards the *lifting* range and customised products.

The order portfolio in 2021 amounts to 37,556 thousand Euro, up 28% over the figure for the same period in the previous year, when this item totalled 29,331 thousand Euro. The order backlog as of 30 September 2021 was 57.2% higher than the figure at the end of 2019, +43.1%, while the increase over the figure for 30 September 2020 was smaller, 27.4%.

Orders (+18%) and order backlog (+43.1%) also increased over with the first nine months of 2019.

EBITDA at 30 September 2021 is positive by 48 thousand Euro (0.1% of revenues). Compared with the figure at 30 September 2020, which was negative by 439 thousand Euro, this represents a growth of 487 thousand Euro, as a result of greater volumes of sale registered in the first six months of the year; partially eroded by the higher incidence of raw materials costs. In comparison with the figure recorded at 30 September 2019, equal to 150 thousand Euro (0.5% of revenues), EBITDA for the first nine months of 2021 was down by 102 thousand Euro.

EBIT at 30 September 2021 is negative by 1,349 thousand Euro, as compared with an EBIT for the third quarter of 2020 which was negative by 2,023 thousand Euro, an improvement of 674 thousand Euro as a result of the dynamics described with reference to the change in EBITDA. This is also an improvement over the figure recorded at 30 September 2019, which was negative by 1,445 thousand Euro.

Comparing the figures by quarter, EBIT in the third quarter of 2021 is negative by 705 thousand Euro; this may be compared with the third quarter of 2020, also negative by 889 thousand Euro.

Also note that adoption of accounting standard IFRS16 led the motion control business unit to reverse leasing fees of 200 thousand Euro (207 thousand Euro at 30 September 2020) and to enter 200 thousand Euro in amortisation of usage rights (202 thousand Euro as of 30 September 2020).

## Investments



Investments in the first nine months of 2021 totalled 924 thousand Euro, including 163 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 Euro 761 thousand Euro and primarily concerned the capitalisation of development costs (701 thousand Euro) relating to new products for the industrial sector and the lifting sector.

## Human resources

### Workforce

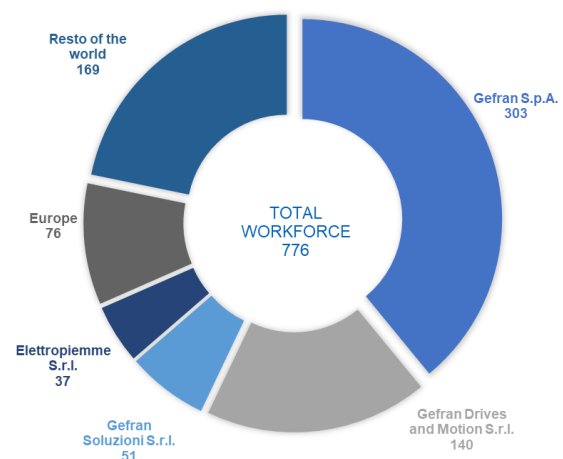
The Group’s workforce as of 30 September 2021 numbered 776 people, down by 11 over the end of 2020 and down by 26 over 30 September 2020.

This change results in an overall turnover rate within the Group of 13.9%.

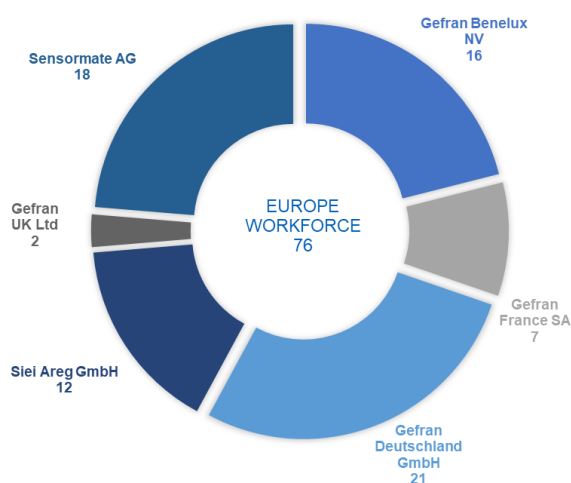
Changes in the first nine months of 2021 were as follows:

- 49 people joined the Group, including 7 manual workers and 42 clerical staff;
- 60 people left the Group, including 17 manual workers and 43 clerical staff.

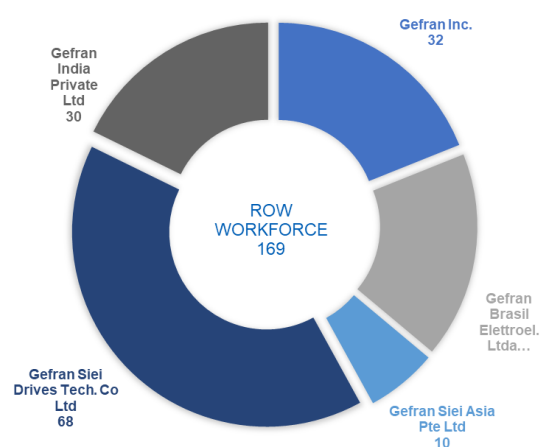
Workforce up to 30 September 2021



Europe Workforce up to 30 September 2021



Rest of the World Workforce up to 30 September 2021



## Significant events as of 30 September 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.

- 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 The substitute statutory auditors are 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.

- On 5 August 2021, the Gefran S.p.A. Board of Directors unanimously voted to approve the Group's consolidated financial statement as at 30 June 2021.

On the same occasion, the Board of Directors delegated the Chairman to summon a Gefran S.p.A. shareholders' meeting for 30 September 2021, to which to submit a proposal for distribution of an additional dividend of Euro 0.33 per share in circulation (net of treasury shares), through use of the previous years' profit reserve.

- On 30 September 2021, the Ordinary Shareholders' Meeting of Gefran SpA accepted and approved the Board of Directors' proposal of distribute a dividend, gross of withholding taxes, equal to € 0.33 for each share with rights (for a total of approximately 4.7 million euros).

This distribution took place through use of the previous year's profit reserve, with coupon detachment date 11 October 2021, record date 12 October 2021 and payment date 13 October 2021.

## Significant events following the end of the third quarter of 2021

Nothing to report.

## Outlook

More than a year after the first signs of the spread of the Covid-19 virus, which had a major impact on the 2020 financial year, the crisis caused by the pandemic is still ongoing. Despite the continuation of the pandemic, the year 2021 has stood out for 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, which have benefited the overall growth outlook.

Although uncertainties remain, due to the rapid spread of the Delta variant and the possibility that new variants of the virus may emerge, fuelling doubt as to when the pandemic may be considered over, vaccination has led to an acceleration of economic activity, driven by an increase in consumer spending and supported by favourable monetary policy. 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 and the way the economy reacts upon reopening.

In the current scenario, in light of the trends observed during the first three quarters of 2021, the International Monetary Fund has confirmed its projections for economic growth: global growth of 5.9% in 2021, down by 0.1 % compared to the assessment made at the end of the second quarter of 2021, with two main effects: in advanced economies, the result of problems caused to supply chains by the interruption of supply, while in low-income countries, a worsening of the trend of the pandemic.

The projection for 2022 is further growth of 4.9%, confirming the estimate published in July, which in turn is up by 0.5% compared to the estimate at the end of the first quarter of 2021. In its October report, the IMF projects a global growth rate of around 3.3% in the medium term, beyond the year 2022.

China stands out in this context, with the IMF projecting growth above the global average, at 8% in 2021 (8.1% in the July estimate) and +5.6% in 2022 (+5.7% in the previous estimate).

The International Monetary Fund's projection for the next two years is for recovery in the Eurozone, only partial in 2021, at a rate of 5% (Italy +5.8%), representing an improvement over the estimates published at the end of July, when growth was projected at 4.6% in 2021 (+4.9% in Italy). The previous estimates are substantially confirmed for 2022: a growth rate of 4.3% in the Eurozone and 4.2% in Italy in particular.



The Confindustria Study Centre's Reports on the third quarter of 2021 point out that the main indicators confirm a decisive upswing in Italy's GDP already recorded in the second quarter of the year, despite the difficulties in procurement of raw materials and the rise in the contagion curve. These factors generate uncertainty about the trend for the last quarter of 2021, but it is estimated that the year should close at around + 6%, thanks in part to the driving force of household consumption and investment.

The redeployment of services is confirmed, accompanying the gradual easing of anti-Covid measures that began at the end of April and the re-opening of tourism and entertainment-related sectors, as well as exports, which are back to pre-pandemic levels.

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.

Against this background, the Group believes that in 2021, revenues and margins will be achieved in significantly excess of both 2020 and 2019.

## Covid-19

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. Lastly, the company has organized the necessary control stations in all Italian offices, following the recent introduction of the Green Pass obligation for access to workplaces, equipping them with devices in compliance with the legislation in force.

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.

As of the date of publication of this interim financial report, a number of the measures introduced by Gefran in 2020 to protect 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 outlook for global growth in the year 2021, confirmed in October, is estimated at around 5.9% (down 0.1% over the estimate published at the end of the second quarter of 2021), while more limited growth, at a rate of 4.9%, is expected in 2022.

The Gefran Group serves international markets through its subsidiaries, and although the spread of Covid-19 is worldwide, the timing of outbreaks in different places and the limitations imposed by certain governments to limit the health emergency, have led to different trends in orders and revenues. The subsequent economic recovery also took place at different times and in different ways all over the world: China, for example, had already recovered fully by the second half of 2020, while other countries have not yet fully recovered.

Ever since the first signs of the spread of Covid-19, the Gefran Group has reviewed some of its 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 nine months of 2021: revenues 25.1% higher than the same period in 2020, and even 11.7% higher than the figure for 30 September 2019.

In the first three quarters of 2021, a number of factors, including support for economic policies and acceleration of vaccination campaigns, lead to an improvement in the global outlook. However,



uncertainties remain linked to the evolution of the pandemic and the spread of variants, the organisation of vaccination campaigns that could still have repercussions for markets, and the criticality of supply chains.

The possibility that these trends may have a significant impact on the Group's operations and economic and financial situation cannot be ruled out.

#### *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 86.5 million versus overall liabilities of Euro 88.3 million. Most existing loan contracts were negotiated at variable rates, determined by the Euribor plus a fixed spread, which in the last two years was always below 110 bps.

Two new loans were taken out in 2021, the first by the subsidiary Gefran Solutions Srl and the second by the Parent Company Gefran SpA, for a total of Euro 1.3 million. These loans aim to increase capitalisation and support expansion of international sales by Group companies. A portion, equal to a total of 524 thousand Euro (204 thousand Euro for Gefran Solutions Srl and 320 thousand Euro for Gefran SpA) corresponding to the Integrated Promotion Fund, was disbursed as a non-repayable grant pursuant to the Temporary Framework, while a second portion totalling 787 thousand Euro (307 thousand Euro for Gefran Solutions Srl and 480 thousand Euro for Gefran SpA), corresponds to the 394/81 Fund and has been acknowledged among non-current financial payables. The loans taken out are to be repaid in 8 half-yearly instalments starting at the end of the pre-amortisation period of 2 years.

To date, none of the loans outstanding includes covenants (for details, please refer to the specific section on "Net Financial Position" in the Explanatory Notes).

Operations in the first nine months of 2021, only partially affected by capital expenditure, generated a positive free cash flow of 13.6 million Euro.

As of 30 September 2021, net financial position was positive at 4 million Euro, an improvement of 7.7 million Euro compared to the end of the previous year, after distributing 3.7 million Euro in dividends.

Credit lines and cash on hand are sufficient for the Group's operations and the expected economic outlook.

#### *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 they are incorporated into the end product 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 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 has conducted 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 depends on services and products supplied by other companies outside the Group. Conversely, electronic components, primarily microprocessors, power semi-conductors and memory chips, are purchased from leading global producers.

When Covid-19 first emerged 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. The Group's Purchasing Department assessed alternative suppliers to mitigate the risk of interruption of supply, while purchasing the materials necessary to guarantee the business continuity of the Group's plants, which suffered no 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 have found immediate application and implementation to address a market situation currently in a difficult structural condition characterised by a shortage of electronic components, resulting in major price increases and significant extension of procurement times.

#### *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 necessary procedures 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: production facilities in Italy, China and the USA have been subjected to massive sanitisation, and all offices are cleaned and sanitised several times a 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.

Following the recent introduction of the Covid-19 green certification (Green Pass) in the workplace, the company has reviewed the access procedure to its plants, introducing the verification of the aforementioned document, for anyone who have to access the Italian offices. This verification is carried out through automatic control devices, in compliance with the legislation in force. To date, the introduction of this obligation has not entailed critical issues in the performance of its activities.

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, collecting and publishing the necessary updates on the internal corporate network, making them known to all interested parties.

Protecting the health and safety of its stakeholders is essential for Gefran. Confirming the importance of these issues in the year 2020, the company's organisation implemented an integrated "Quality, Safety and Environment" function with expertise at the Group-wide level. In 2020 the "Health, Safety and Environment System Policy" was also signed and distributed throughout the entire Group, for the definition of guiding principles in these areas.

## Own shares and stock performance

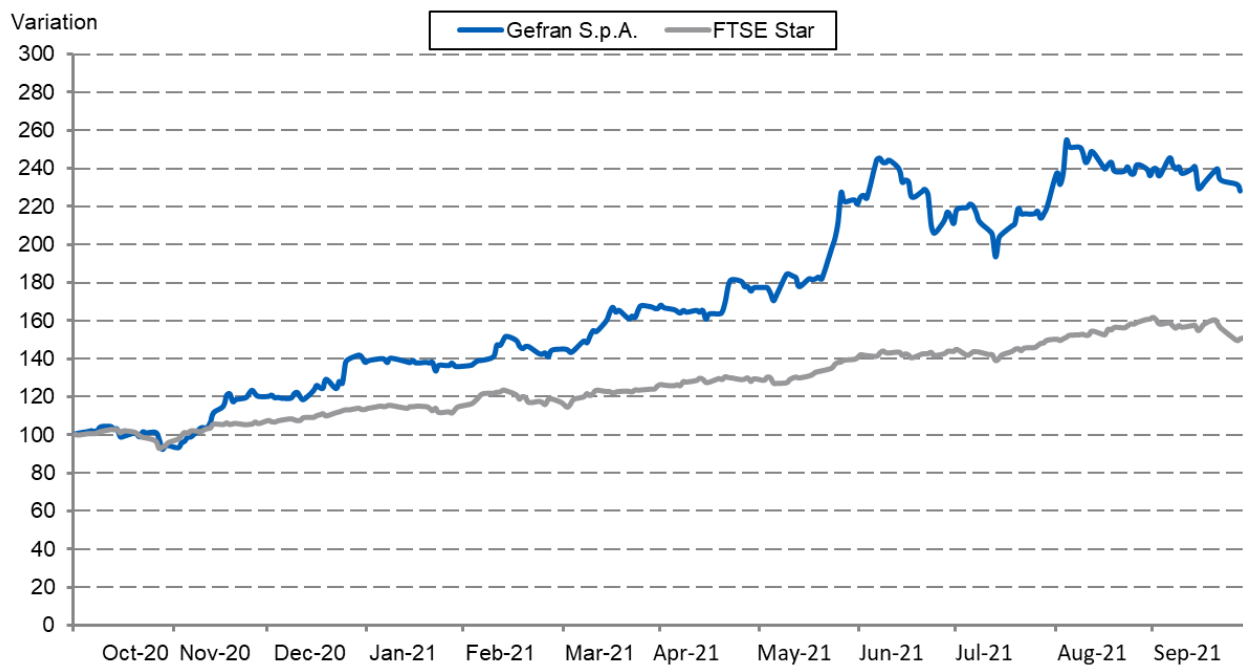
As of 31 December 2020, Gefran S.p.A. held 27,220 shares (0.19% of the total) with an average carrying value of Euro 5.7246 per share, all purchased in the fourth quarter of 2018.

No treasury shares were sold in the first nine months of 2021, and as of the date of this report the situation is unchanged.

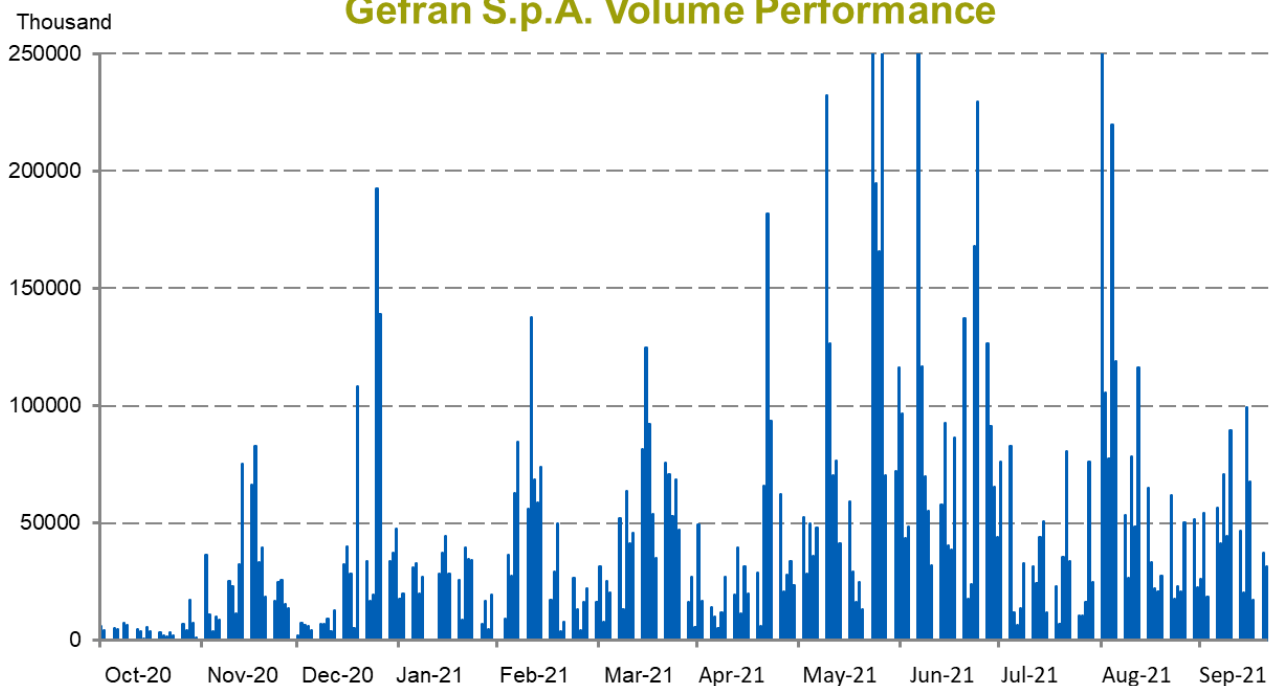
Below we summarise the performance of the stock and volumes traded in the last 12 months:



## Gefran S.p.A. stock performance



## Gefran S.p.A. Volume Performance



## Dealings with related parties

On 12 November 2010, the Gefran S.p.A. Board of Directors approved its “Internal regulations for transactions with related parties” in application of Consob resolution No. 17221 dated 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 24 June 2021 to implement the new requirements of the EU Directive 2017/828 (referred to as “Shareholders’ Rights II”), introduced into Italian law by means of Legislative Decree No. 49 of 2019, with regard to primary regulations, and by means of Consob Resolution no. 21624 of 10 December 2020, with regard to secondary regulations.

The “Internal Procedure for Transactions with Related Parties” is based, inter alia, on the following general principles:

- ensuring the essential and procedural transparency and probity of transactions with related parties;
- providing the Board of Directors and the Board of Statutory Auditors with an appropriate assessment, decision-making and control tool regarding transactions with related parties.

The “Internal Procedure for Transactions with Related Parties” is structured as follows:

- **First section:** definitions (related parties, significant and insignificant transactions, transactions of negligible amount, etc.).
- **Second section:** procedures to approve significant and insignificant transactions, exemptions.
- **Third section:** notification obligations and supervision of compliance with the procedure.

The following information on Group companies’ transactions with related parties in the first nine months of the years 2021 and 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.	Marfran Srl	B. T. Schlaepfer	Total
<b>Service costs</b>				
2020	(140)	(22)	(69)	(231)
2021	(134)	-	(71)	(205)

(Euro / 000)	Climat S.r.l.	Marfran S.r.l.	Total
<b>Property, plant, machinery and tools</b>			
2020	247	-	247
2021	169	-	169
<b>Trade receivables</b>			
2020	-	4	4
2021	-	290	290
<b>Trade payables</b>			
2020	257	16	273
2021	251	-	251

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 2,836 million Euro under specific contracts (2,404 thousand Euro as of 30 September 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 30 September 2021 was approved, and its publication was authorised, by the Board of Directors on 11 November 2021, which authorised its publication.

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. These interim financial statements for the period ending on 30 September 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 period ending on 30 September 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 nine 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 consolidation and valuation criteria adopted for the preparation of these interim financial statements as at 30 September 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 of September 30 2021 varies from that of December 31 2020 as the process of liquidation of the Chinese company Gefran Siei Electric, which had not been operational since the beginning of 2009, was completed. It is also different from the scope of consolidation as of 30 September 2020: in addition to the Gefran Siei Electric liquidation already mentioned, on 21 December 2020 the process of winding-up of Ensun S.r.l., a company that had been 50% owned by Gefran S.p.A. and consolidated by the equity method, was concluded.

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

#### Goodwill

The item "Goodwill" amounted to 5,836 thousand Euro as of 30 September 2021, an increase of 144 thousand Euro over 31 December 2020, exclusively attributable to the difference in exchange rates, as described below:

(Euro /000)	31 December 2020	Increases	Decreases	Exchange rate differences	30 September 2021
Gefran France SA	1,310	-	-	-	1,310
Gefran India Private Ltd	36	-	-	1	37
Gefran Inc.	2,392	-	-	143	2,535
Sensormate AG	1,954	-	-	-	1,954
<b>Total</b>	<b>5,692</b>	<b>-</b>	<b>-</b>	<b>144</b>	<b>5,836</b>

The goodwill acquired following business combinations was allocated to specific Cash Generating Units 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	-	2,535	1,954	5,799
	2020	1,310	-	2,392	1,954	5,656
Motion control	2021	-	37	-	-	37
	2020	-	36	-	-	36
Total	2021	1,310	37	2,535	1,954	5,836
	2020	1,310	36	2,392	1,954	5,692

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 Report, 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 30 September 2021 despite the effects of the Covid-19 pandemic.

The economic results achieved as at 30 September 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 9,265 thousand Euro on 30 September 2021. The changes during the period are shown below:

Historical cost	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2021
(Euro /000)						
Development costs	20,299	-	-	385	-	20,684
Intellectual property rights	8,744	172	-	36	34	8,986
Assets in progress and payments on account	3,419	1,584	-	(440)	1	4,564
Other assets	10,667	83	(1,838)	20	35	8,967
Total	43,129	1,839	(1,838)	1	70	43,201

Accumulated depreciation	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2021
(Euro /000)						
Development costs	17,514	790	-	-	-	18,304
Intellectual property rights	7,282	475	-	-	28	7,785
Other assets	9,398	277	(1,838)	-	10	7,847
Total	34,194	1,542	(1,838)	-	38	33,936



Net value	31 December 2020	30 September 2021	Change
(Euro /000)			
Development costs	2,785	2,380	(405)
Intellectual property rights	1,462	1,201	(261)
Assets in progress and payments on account	3,419	4,564	1,145
Other assets	1,269	1,120	(149)
<b>Total</b>	<b>8,935</b>	<b>9,265</b>	<b>330</b>

Below is the table showing changes in the first nine months of 2020:

Historical cost	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2020
(Euro /000)						
Development costs	18,867	32	-	438	-	19,337
Intellectual property rights	7,546	986	-	255	(50)	8,737
Assets in progress and payments on account	2,955	1,488	-	(751)	(3)	3,689
Other assets	10,416	166	(4)	69	(11)	10,636
<b>Total</b>	<b>39,784</b>	<b>2,672</b>	<b>(4)</b>	<b>11</b>	<b>(64)</b>	<b>42,399</b>

Accumulated depreciation	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2020
(Euro /000)						
Development costs	16,346	873	-	1	-	17,220
Intellectual property rights	6,817	366	-	-	(43)	7,140
Other assets	8,980	304	(4)	-	(3)	9,277
<b>Total</b>	<b>32,143</b>	<b>1,543</b>	<b>(4)</b>	<b>1</b>	<b>(46)</b>	<b>33,637</b>

Net value	31 December 2019	30 September 2020	Change
(Euro /000)			
Development costs	2,521	2,117	(404)
Intellectual property rights	729	1,597	868
Assets in progress and payments on account	2,955	3,689	734
Other assets	1,436	1,359	(77)
<b>Total</b>	<b>7,641</b>	<b>8,762</b>	<b>1,121</b>

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

- 729 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);
- 1,530 thousand Euro for component lines for the new range of regulators and solid state relays, GF Project VX, G Cube Performa and G Cube Fit;
- 121 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 and purchase of patents for technologies currently being developed, totalling 369 thousand Euro. This item also includes 4,195 thousand Euro in development costs, which include 500 thousand Euro for the automation components business unit, 818 thousand Euro for the sensors business unit, and 2,877 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 1,839 thousand Euro in the first six months of 2021, include 1,434 thousand Euro linked with capitalisation of internal costs (1,455 thousand Euro in the first half of 2020).

## Property, plant, machinery and tools

This item increased from 41,961 thousand Euro on 31 December 2020 to 42,170 thousand Euro on 30 September 2021, with the following changes:

Historical cost	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2021
(Euro /000)						
Land	5,171	-	-	-	33	5,204
Industrial buildings	44,105	111	-	14	374	44,604
Plant and machinery	46,091	1,307	(4)	353	463	48,210
Industrial and commercial equipment	20,608	155	(75)	29	67	20,784
Other assets	7,395	196	(148)	9	120	7,572
Assets in progress and payments on account	951	1,557	(16)	(510)	14	1,996
<b>Total</b>	<b>124,321</b>	<b>3,326</b>	<b>(243)</b>	<b>(105)</b>	<b>1,071</b>	<b>128,370</b>

Accumulated depreciation	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2021
(Euro /000)						
Industrial buildings	22,047	925	-	-	59	23,031
Plant and machinery	35,122	1,811	(3)	(50)	378	37,258
Industrial and commercial equipment	19,096	507	(75)	-	67	19,595
Other assets	6,095	320	(144)	(54)	99	6,316
<b>Total</b>	<b>82,360</b>	<b>3,563</b>	<b>(222)</b>	<b>(104)</b>	<b>603</b>	<b>86,200</b>

Net value	31 December 2020	30 September 2021	Change
(Euro /000)			
Land	5,171	5,204	33
Industrial buildings	22,058	21,573	(485)
Plant and machinery	10,969	10,952	(17)
Industrial and commercial equipment	1,512	1,189	(323)
Other assets	1,300	1,256	(44)
Assets in progress and payments on account	951	1,996	1,045
<b>Total</b>	<b>41,961</b>	<b>42,170</b>	<b>209</b>

Below is the table of changes in the first nine months of 2020:

Historical cost	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2020
(Euro /000)						
Land	5,222	-	-	-	(25)	5,197
Industrial buildings	42,255	120	-	2,124	(321)	44,178
Plant and machinery	43,514	591	(188)	2,255	(265)	45,907
Industrial and commercial equipment	19,916	254	(27)	201	(30)	20,314
Other assets	7,436	124	(75)	66	(132)	7,419
Assets in progress and payments on account	4,988	351	-	(4,656)	(2)	681
<b>Total</b>	<b>123,331</b>	<b>1,440</b>	<b>(290)</b>	<b>(10)</b>	<b>(775)</b>	<b>123,696</b>

Accumulated depreciation	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2020
(Euro /000)						
Industrial buildings	20,864	970	-	-	(97)	21,737
Plant and machinery	33,285	1,783	(188)	-	(182)	34,698
Industrial and commercial equipment	18,524	498	(26)	-	(23)	18,973
Other assets	5,897	329	(72)	-	(86)	6,068
<b>Total</b>	<b>78,570</b>	<b>3,580</b>	<b>(286)</b>	<b>-</b>	<b>(388)</b>	<b>81,476</b>

Net value	31 December 2019	30 September 2020	Change
(Euro /000)			
Land	5,222	5,224	2
Industrial buildings	21,391	22,765	1,374
Plant and machinery	10,229	11,344	1,115
Industrial and commercial equipment	1,392	1,399	7
Other assets	1,539	1,440	(99)
Assets in progress and payments on account	4,988	947	(4,041)
<b>Total</b>	<b>44,761</b>	<b>43,119</b>	<b>(1,642)</b>

The change in the exchange rate had a positive impact of 468 thousand Euro.

Increases in the historical value of “Property, plant, machinery and equipment”, totalling 3,326 thousand Euro in the first nine months of 2021. The most significant changes were:

- investment of 2,252 thousand Euro in production and laboratory plant and equipment in the Group’s Italian factories and 107 thousand Euro in other Group subsidiaries;
- investment in industrial buildings totalling 580 thousand Euro in the Group’s Italian plants, and 98 thousand Euro in the Group’s other subsidiaries;
- renewal of electronic office machines and IT system equipment, amounting to 143 thousand Euro in the Parent Company and 114 thousand Euro in the Group’s subsidiaries;
- miscellaneous equipment in the Group’s subsidiaries amounting to 32 thousand Euro.

The increases also include 14 thousand Euro due to capitalisation of internal costs (7 thousand Euro in the first nine months 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 of “Usage rights” at 30 September 2021 amounts to 3,006 thousand Euro, and reveals the following changes:

Historical cost	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2021
(Euro /000)						
Real estate	2,676	768	-	-	25	3,469
Vehicles	2,007	418	(23)	-	9	2,411
Machinery and equipment	175	145	-	-	-	320
<b>Total</b>	<b>4,858</b>	<b>1,331</b>	<b>(23)</b>	<b>-</b>	<b>34</b>	<b>6,200</b>

Accumulated depreciation	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2021
(Euro /000)						
Real estate	1,051	429	-	-	18	1,498
Vehicles	1,083	455	(16)	-	6	1,528
Machinery and equipment	119	48	-	-	1	168
<b>Total</b>	<b>2,253</b>	<b>932</b>	<b>(16)</b>	<b>-</b>	<b>25</b>	<b>3,194</b>

Net value	31 December 2020	30 September 2021	Change
(Euro /000)			
Real estate	1,625	1,971	346
Vehicles	924	883	(41)
Machinery and equipment	56	152	96
<b>Total</b>	<b>2,605</b>	<b>3,006</b>	<b>401</b>

Below is the table of changes in the first nine months of 2020:

Historical cost	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2020
(Euro /000)						
Real estate	2,233	397	(51)	-	(23)	2,556
Vehicles	1,801	219	(29)	-	(35)	1,956
Machinery and equipment	138	37	-	-	-	175
<b>Total</b>	<b>4,172</b>	<b>653</b>	<b>(80)</b>	<b>-</b>	<b>(58)</b>	<b>4,687</b>

Accumulated depreciation	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2020
(Euro /000)						
Real estate	522	430	(15)	-	(15)	922
Vehicles	507	468	(20)	-	(14)	941
Machinery and equipment	54	49	-	-	-	103
<b>Total</b>	<b>1,083</b>	<b>947</b>	<b>(35)</b>	<b>-</b>	<b>(29)</b>	<b>1,966</b>

Net value	31 December 2019	30 September 2020	Change
(Euro /000)			
Real estate	1,711	1,703	(8)
Vehicles	1,294	1,120	(174)
Machinery and equipment	84	88	4
<b>Total</b>	<b>3,089</b>	<b>2,911</b>	<b>(178)</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 44 new leasing agreements were signed in the first nine months of 2021, 32 of which are subject to application of IFRS 16. The remaining 12 contracts signed are excluded from the perimeter of application of the new accounting standard, as 9 of them have a duration of less than 12 months and 3 of them represent contracts of modest unitary value.

A total of 31 contracts ended, only 29 of which fell within the perimeter of application of IFRS 16 on the basis of their value and term as specified above; one of these, for vehicle leasing, was terminated in advance of its original expiration date.

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

- real estate, totalling 768 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 418 thousand Euro, representing 20 new vehicle leasing agreements signed by the Group in 2021, as a result of expiry of 15 contracts;
- machinery and tools, totalling 145 thousand Euro, representing 10 new lift truck leasing agreements signed by the Company in 2021, upon expiry of previous agreements.

As of 30 September 2021 this item had decreased by 23 thousand Euro as a result of termination of vehicle rental agreements in advance of their original expiry date.

## Net working capital

"Net working capital" totals 33,067 thousand Euro, as compared to 29,799 thousand Euro on 31 December 2020, and may be broken down as follows:

(Euro /000)	30 September 2021	31 December 2020	Change
Inventories	27,228	20,301	6,927
Trade receivables	34,525	30,059	4,466
Trade payables	(28,686)	(20,561)	(8,125)
Net amount	33,067	29,799	3,268

The value of **inventories** as of 30 September 2021 is 27,228 thousand Euro, up by 6,927 thousand Euro over the figure for 31 December 2020; the change in exchange rates contributes 422 thousand Euro to the increase.

The balance breaks down as follows:



(Euro /000)	30 September 2021	31 December 2020	Change
Raw materials, consumables and supplies	17,502	13,488	4,014
provision for impairment of raw materials	(4,095)	(3,775)	(320)
Work in progress and semi-finished products	9,923	8,201	1,722
provision for impairment of work in progress	(2,115)	(1,635)	(480)
Finished products and goods for resale	7,995	5,820	2,175
provision for impairment of finished products	(1,982)	(1,798)	(184)
<b>Total</b>	<b>27,228</b>	<b>20,301</b>	<b>6,927</b>

The gross value of inventories was 35,420 thousand Euro, an increase of 7,911 thousand Euro over the end of 2020, while the value of the allowance for doubtful accounts amounted to 27,228 thousand Euro, up by 6,927 thousand Euro over the end of the previous year.

The economic impact of the change in inventories, on the other hand, saw a more limited decrease compared to 31 December 2020 of 6,505 thousand Euro, since the average progressive exchange rate for the year is used for the economic recognition of events.

The provision for obsolescence and slow moving inventories was adjusted according to need in the first nine months of 2021 through specific provisions totalling 1,113 thousand Euro (as compared to 1,634 thousand Euro in the first nine months of 2020).

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

(Euro /000)	31 December 2020	Provisions	Uses	Releases	Exchange rate differences	30 September 2021
Provision for impairment of inventory	7,208	1,113	(272)	9	134	8,192

Movements in the provision as of 30 September 2020 appear below:

(Euro /000)	31 December 2019	Provisions	Uses	Releases	Exchange rate differences	30 September 2020
Provision for impairment of inventory	6,081	1,634	(177)	(32)	(133)	7,373

**Trade receivables** amount to 34,525 thousand Euro, as compared to 30,059 thousand Euro on 31 December 2020, up by 4,466 thousand Euro:

(Euro /000)	30 September 2021	31 December 2020	Change
Receivables from customers	36,338	32,011	4,327
Provision for doubtful receivables	(1,813)	(1,952)	139
<b>Net amount</b>	<b>34,525</b>	<b>30,059</b>	<b>4,466</b>

This includes receivables subject to recourse factoring which the Parent Company has transferred to a leading factoring company for a total amount of 9 thousand Euro (44 thousand Euro as of 31 December 2020).

The change is directly related to higher sales revenues recorded in the first nine months 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 of 30 September 2021 represents a prudential estimate of the current risk, and registered the following changes:

(Euro /000)	31 December 2020	Provisions	Uses	Releases	Exchange rate differences	30 September 2021
Provision for doubtful receivables	1,952	35	(88)	(106)	20	1,813

Movements in the provision in 2020 appear below:

(Euro /000)	31 December 2019	Provisions	Uses	Releases	Exchange rate differences	30 September 2020
Provision for doubtful receivables	2,368	106	(28)	(5)	(74)	2,367

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 28,686 thousand Euro, as compared with 20,561 thousand Euro on 31 December 2020. This item breaks down as follows:

(Euro /000)	30 September 2021	31 December 2020	Change
Payables to suppliers	21,619	17,171	4,448
Payables to suppliers for invoices to be received	6,239	2,885	3,354
Advance payments received from customers	828	505	323
Total	28,686	20,561	8,125

Trade payables increased by 8,125 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)	30 September 2021	31 December 2020	Change
Cash and cash equivalents and current financial receivables	40,253	41,943	(1,690)
Other non-current financial investments	78	108	(30)
Non-current financial payables	(20,049)	(27,441)	7,392
Non-current financial payables for IFRS 16 leases	(1,421)	(1,669)	248
Current financial payables	(13,057)	(15,368)	2,311
Current financial payables for IFRS 16 leases	(1,653)	(968)	(685)
Financial liabilities for derivatives	(158)	(328)	170
<b>Total</b>	<b>3,993</b>	<b>(3,723)</b>	<b>7,716</b>

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

(Euro /000)	30 September 2021	31 December 2020	Change
A. Cash on hand	38	27	11
B. Cash in bank deposits	40,215	41,916	(1,701)
<b>D. Cash and cash equivalents ( A ) + ( B )</b>	<b>40,253</b>	<b>41,943</b>	<b>(1,690)</b>
E. Fair value current hedging derivatives	-	-	-
F. Current portion of long-term debt	(11,910)	(11,079)	(831)
G. Other current financial payables	(2,800)	(5,257)	2,457
<b>H. Total current financial payables (F) + (G)</b>	<b>(14,710)</b>	<b>(16,336)</b>	<b>1,626</b>
<b>I. Total current payables (E) + (H)</b>	<b>(14,710)</b>	<b>(16,336)</b>	<b>1,626</b>
<b>J. Net current financial debt (I) + (D)</b>	<b>25,543</b>	<b>25,607</b>	<b>(64)</b>
Non-current financial liabilities for derivatives	(158)	(328)	170
Non-current financial investments for derivatives	-	-	-
K. Fair value non-current hedging derivatives	(158)	(328)	170
L. Non-current financial debt	(21,470)	(29,110)	7,640
M. Other non-current financial investments	78	108	(30)
<b>N. Net non-current financial debt (K) + (L) + (M)</b>	<b>(21,550)</b>	<b>(29,330)</b>	<b>7,780</b>
<b>O. Net financial debt (J) + (N)</b>	<b>3,993</b>	<b>(3,723)</b>	<b>7,716</b>
of which to minorities:	3,993	(3,723)	7,716

Net financial position as at 30 September 2021 is positive by 3,993 thousand Euro, up by 7,716 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 (18,767 thousand Euro), partially mitigated by expenditure on technical investments in the first six months of the year (5,165 thousand Euro), by payment of dividends (3,737 thousand Euro) and by payment of interest, taxes and rental fees (totalling 1,510 thousand Euro).

The balance of **cash and cash equivalents** amounts to 40,253 thousand Euro as of 30 September 2021, as compared to 41,943 thousand Euro on 31 December 2020. This item breaks down as follows:

(Euro /000)	30 September 2021	31 December 2020	Change
Cash in bank deposits	40,215	41,916	(1,701)
Cash	38	27	11
<b>Total</b>	<b>40,253</b>	<b>41,943</b>	<b>(1,690)</b>

The technical forms used as of 30 September 2021 may be broken down as follows:

- 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 30 September 2021 is down by (2,311) thousand Euro since the end of 2020; the balance may be broken down as follows:

(Euro /000)	30 September 2021	31 December 2020	Change
Current portion of debt	11,910	11,079	831
Current overdrafts	1,147	4,286	(3,139)
Factoring	-	3	(3)
<b>Total</b>	<b>13,057</b>	<b>15,368</b>	<b>(2,311)</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 as of 30 September 2021 total 1,147 thousand Euro, as compared to a balance on 31 December 2020 of 4,286 thousand Euro. This amount mainly relates to the Chinese subsidiary Gefran Siei Drives Technology, for advances from Banca Intesa with a 1-year maturity and interest rates ranging from 2.85%-3.2%.

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

Bank (Euro /000)	30 September 2021	31 December 2020	Change
Unicredit	300	1,200	(900)
BNL	250	1,000	(750)
BPER	1,260	2,014	(754)
Mediocredito	2,778	4,444	(1,666)
BNL	3,500	5,000	(1,500)
Unicredit	2,778	3,333	(555)
BNL	3,889	4,667	(778)
Intesa (ex UBI)	1,507	2,628	(1,121)
Intesa (ex UBI)	3,000	3,000	-
SIMEST	480	-	480
SIMEST	307	-	307
Intesa	-	19	(19)
Unicredit S.p.A. - New York Branch	-	136	(136)
<b>Total</b>	<b>20,049</b>	<b>27,441</b>	<b>(7,392)</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 30 September 2021	Of which within 12 months	Of which beyond 12 months	Interest rate	Maturity	Repayment method
<b>entered into by Gefran S.p.A. (IT)</b>								
Unicredit	6,000	14/11/17	1,500	1,200	300	Euribor 3m + 0.90%	30/11/22	quarterly
BNL	5,000	23/11/17	1,250	1,000	250	Euribor 3m + 0.85%	23/11/22	quarterly
BPER	5,000	28/11/18	2,263	1,003	1,260	Euribor 3m + 0.75%	30/11/23	quarterly
Mediocredito	10,000	28/03/19	5,000	2,222	2,778	Euribor 3m + 1.05%	31/12/23	quarterly
BNL	10,000	29/04/19	5,500	2,000	3,500	Euribor 3m + 1%	29/04/24	quarterly
Unicredit	5,000	30/04/20	3,889	1,111	2,778	Euribor 6m + 0.95%	31/12/24	half-yearly
BNL	7,000	29/05/20	5,445	1,556	3,889	Euribor 6m + 1.1%	31/12/24	half-yearly
Intesa (ex UBI)	3,000	24/07/20	3,000	1,493	1,507	Fixed 1%	24/07/23	half-yearly
Intesa (ex UBI)	3,000	24/07/20	3,000	-	3,000	Euribor 6m + 1%	24/07/26	half-yearly
SIMEST	480	09/07/21	480	-	480	Fixed 0.55%	31/12/27	half-yearly
<b>entered into by Gefran Soluzioni S.r.l. (IT)</b>								
SIMEST	307	21/05/21	307	-	307	Fixed 0.55%	31/12/27	half-yearly
<b>entered into by Elettropiemme S.r.l. (IT)</b>								
Intesa	300	29/01/18	38	38	-	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	287	287	-	Libor 3m + 2.50%	29/03/22	quarterly
<b>Total</b>			<b>31,959</b>	<b>11,910</b>	<b>20,049</b>			

During the first nine months of 2021, two new loans were taken out: one by the subsidiary Gefran Solutions Srl for a total of 511 thousand Euro, and another by the Parent Company Gefran SpA for a total of 800 thousand Euro. These loans aim to increase capitalisation and support expansion of international sales by Group companies. A portion, equal to a total of 524 thousand Euro (204 thousand Euro for Gefran Solutions Srl and 320 thousand Euro for Gefran SpA) corresponding to the Integrated Promotion Fund, was disbursed as a non-repayable grant pursuant to the Temporary Framework, while a second portion totalling 787 thousand Euro (307 thousand Euro for Gefran Solutions Srl and 480 thousand Euro for Gefran SpA), corresponds to the 394/81 Fund and has been acknowledged among non-current financial payables.

The loans taken out are to be repaid in 8 six-monthly instalments starting from the end of the two-year pre-amortisation period, and are subject to the “de minimis” rule for a value of 8 thousand Euro.

None of the loans outstanding as of 30 September 2021 have 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 158 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 30 September 2021	Derivative	Fair Value as at 30 September 2021	Long position rate	Short position rate
Unicredit	6,000	14/11/17	1,500	CAP	-	Strike Price 0%	Euribor 3m
BNL	5,000	23/11/17	1,250	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 30 September 2021	Derivative	Fair Value as at 30 September 2021	Long position rate	Short position rate
Intesa	10,000	29/03/19	5,000	IRS	(30)	Fixed -0.00%	Euribor 3m (Floor: -1.05%)
BNL	10,000	29/04/19	5,500	IRS	(38)	Fixed 0.05%	Euribor 3m (Floor: -1.00%)
Unicredit	5,000	24/06/19	2,263	IRS	(10)	Fixed -0.10%	Euribor 3m (Floor: -0.75%)
Unicredit	5,000	30/04/20	3,889	IRS	(30)	Fixed 0.05%	Euribor 6m (Floor: -0.95%)
BNL	7,000	29/05/20	5,445	IRS	(26)	Fixed -0.12%	Euribor 6m (Floor: -1.10%)
Intesa (ex UBI)	3,000	24/07/20	3,000	IRS	(24)	Fixed -0.115%	Euribor 3m
Total financial liabilities for derivatives– Interest rate risk					(158)		

As of 30 September 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 30 September 2021		as at 31 December 2020	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Interest rate risk	-	(158)	-	(328)
Total cash flow hedge	-	(158)	-	(328)

As of 30 September 2021 all derivatives had been 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 38,701 thousand Euro. Overall use of these lines as of 30 September 2021 totalled 1,146 thousand Euro, with a residual available amount of 37,555 thousand Euro.

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

The balance of **financial payables for leasing under IFRS 16 (current and non-current)** as of 30 September 2021 amounts to 3,074 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 1,421 thousand Euro, or non-current liabilities (beyond one year), worth 1,653 thousand Euro.

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

(Euro /000)	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2021
Leasing payables under IFRS 16	2,637	1,353	(926)	-	10	3,074
<b>Total</b>	<b>2,637</b>	<b>1,353</b>	<b>(926)</b>	<b>-</b>	<b>10</b>	<b>3,074</b>

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

(Euro /000)	31 December 2019	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2020
Leasing payables under IFRS 16	3,084	459	(619)	-	(8)	2,916
<b>Total</b>	<b>3,084</b>	<b>459</b>	<b>(619)</b>	<b>-</b>	<b>(8)</b>	<b>2,916</b>

## Current and non-current provisions

The value of “Current and non-current provisions” amounts to 1,035 thousand Euro, 111 thousand Euro higher in the first nine months of 2021, and may be broken down as follows:

(Euro /000)	31 December 2020	Provisions	Uses	Releases	Exchange rate differences	30 September 2021
<b>Gefran S.p.A. risk provisions</b>						
- other provisions	38	449	(30)	-	-	457
<b>Gefran France risk provisions</b>						
- for restructuring	5	-	-	-	-	5
<b>Gefran GmbH risk provisions</b>						
- for restructuring	323	65	(368)	-	-	20
<b>Elettropiemme S.r.l. risk provisions</b>						
- for restructuring	-	18	(18)	-	-	-
- other provisions	553	-	-	-	-	553
<b>Gefran Soluzioni S.r.l. risk provisions</b>						
- for restructuring	5	-	(5)	-	-	-
<b>Total</b>	<b>924</b>	<b>532</b>	<b>(421)</b>	<b>-</b>	<b>-</b>	<b>1,035</b>

It should be noted that in the third quarter of 2021 the Parent Company set aside a provision for risks totalling 449 thousand Euro, against possible losses originating from a legal dispute.

The balance of “Current provisions” was 1,523 thousand Euro as of 30 September 2021, up by 61 thousand Euro compared with 31 December 2020, and may be broken down as follows:

(Euro /000)	31 December 2020	Provisions	Uses	Releases	Exchange rate differences	30 September 2021
FISC	86	(4)	-	-	-	82
Product warranty	1,351	275	(216)	-	6	1,416
Other provisions	25	-	-	-	-	25
<b>Total</b>	<b>1,462</b>	<b>271</b>	<b>(216)</b>	<b>-</b>	<b>6</b>	<b>1,523</b>

The item refers to envisaged charges for repairs on products under warranty, equal to 1,416 thousand Euro, up by 65 thousand Euro since 31 December 2020; the adequacy of the provision was checked at year-end, with a positive outcome.

The item *FISC* primarily represents existing contractual treatments in the German subsidiary Siei Areg.

### Revenues from product sales

Revenues from product sales as of 30 September 2021 amounted to 116,390 thousand Euro, up 25.4% compared to the figure recorded on 30 September 2020, which had been affected by the effects of the Covid-19 pandemic. The following table provides a breakdown of sales and service revenues by business:

(Euro /000)	30 September 2021	30 September 2020	Change	%
Sensors	56,262	41,998	14,264	34.0%
Automation components	28,019	23,907	4,112	17.2%
Motion control	32,109	26,939	5,170	19.2%
<b>Total</b>	<b>116,390</b>	<b>92,844</b>	<b>23,546</b>	<b>25.4%</b>

The amount shown under total revenues includes revenues from services totalling 2,343 thousand Euro (1,978 thousand Euro in the first nine months of 2020); refer to the first part of this Report for comments on the performance of the various businesses and geographical regions.

### Costs of raw materials and accessories

This item amounts to 49,728 thousand Euro, compared with 34,217 thousand Euro at 30 September 2020. They break down as follows:

(Euro /000)	30 September 2021	30 September 2020	Change
Raw materials and accessories	49,728	34,217	15,511
<b>Total</b>	<b>49,728</b>	<b>34,217</b>	<b>15,511</b>

The increase in the item reflects the need for more raw materials, in order to meet the higher production volumes associated with increased sales.

## Service costs

“Service costs” amount to 17,289 thousand Euro, on the whole higher by 3,031 thousand Euro over the figure for 30 September 2020, when these costs amounted to 14,258 thousand Euro. They may be broken down as follows:

(Euro /000)	30 September 2021	30 September 2020	Change
Services	16,628	13,576	3,052
Use of third-party assets	661	682	(21)
Total	17,289	14,258	3,031

Lease fees no longer allocated to the income statement under operating costs due to implementation of the new accounting standard amount to 925 thousand Euro (966 thousand Euro on 30 September 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 661 thousand Euro in costs for use of third-party assets in the first nine months of 2021 (682 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 3,052 thousand Euro in the first nine months 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” amount to 37,735 thousand Euro, an increase over the figure for 30 September 2020 of 3,495 thousand Euro, and may be broken down as follows:

(Euro /000)	30 September 2021	30 September 2020	Change
Salaries and wages	28,751	25,933	2,818
Social security contributions	7,135	6,461	674
Post-employment benefit reserve	1,594	1,622	(28)
Other costs	255	224	31
Total	37,735	34,240	3,495

The change is mainly due to higher costs for wages and salaries, compared to the first nine months of 2020, when cost containment actions, such as reduction of provisions for holidays and M.B.O. bonuses, 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) amounting to 41 thousand Euro (similar to the figure for 30 September 2020).

The item “Other costs”, up by 31 thousand Euro, includes, among other items, restructuring costs resulting from reorganisation of Group companies.

The average number of Group employees in the first nine months of 2021, as compared to the figure for the same period in 2020, is as follows:

	30 September 2021	30 September 2020	Change
Managers	17	18	(1)
Clerical staff	509	523	(14)
Manual workers	256	275	(19)
<b>Total</b>	<b>782</b>	<b>816</b>	<b>(34)</b>

The average number of employees decreased by 34 compared to the first nine months of 2020; the actual number of employees as of 30 September 2021 is 776, down by 11 people from 31 December 2020, as a result of 60 people leaving the company and 49 new appointments in the year 2021, and down over the precise figure for 30 September 2020, when it was 802.

### Depreciation, amortisation and impairment

This item totals 6,037 thousand Euro, as compared to 6,070 thousand Euro in the first nine months of 2020. These items include:

(Euro /000)	30 September 2021	30 September 2020	Change
Intangible assets	1,542	1,543	(1)
Tangible assets	3,563	3,580	(17)
Usage rights	932	947	(15)
<b>Total</b>	<b>6,037</b>	<b>6,070</b>	<b>(33)</b>

Since 1 January 2019, this item includes amortisation of usage rights in accordance with accounting standard IFRS16; its value as of 30 September 2021 totals 932 thousand Euro, compared to 947 thousand Euro on 30 September 2020).

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

(Euro /000)	30 September 2021	30 September 2020	Change
Sensors	2,554	2,596	(42)
Automation components	2,086	1,890	196
Motion control	1,397	1,584	(187)
<b>Total</b>	<b>6,037</b>	<b>6,070</b>	<b>(33)</b>

Provaglio d'Iseo, 11 November 2021

For the Board of Directors

The Chairwoman

**Maria Chiara Franceschetti**

Managing Director

**Marcello Perini**







# Attachments

## a) Consolidated income statement by quarter

(Euro /000)	Q1 2020	Q2 2020	Q3 2020	Q4 2020	TOT 2020	Q1 2021	Q2 2021	Q3 2021	TOT 2021
a Revenues	31,426	31,309	31,186	35,724	129,645	37,407	42,172	37,879	117,458
b Increases for internal work	495	459	508	751	2,213	494	525	429	1,448
c Consumption of materials and products	11,411	11,237	11,585	13,805	48,038	13,250	15,557	14,417	43,224
d Value Added (a+b-c)	20,510	20,531	20,109	22,670	83,820	24,651	27,140	23,891	75,682
e Other operating costs	5,425	4,681	4,869	5,178	20,153	5,673	6,274	5,954	17,901
f Personnel costs	11,858	11,741	10,641	11,878	46,118	12,372	13,133	12,230	37,735
g EBITDA (d-e-f)	3,227	4,109	4,599	5,614	17,549	6,606	7,733	5,707	20,046
h Depreciation, amortisation and impairment	1,997	2,018	2,055	2,081	8,151	2,031	2,013	1,993	6,037
i EBIT (g-h)	1,230	2,091	2,544	3,533	9,398	4,575	5,720	3,714	14,009
l Gains (losses) from financial assets/liabilities	(667)	(439)	(467)	(240)	(1,813)	137	(83)	(369)	(315)
m Gains (losses) from shareholdings valued at equity	2	(3)	2	(3)	(2)	5	1	3	9
n Profit (loss) before tax (i±l±m)	565	1,649	2,079	3,290	7,583	4,717	5,638	3,348	13,703
o Taxes	(486)	(589)	(532)	(1,623)	(3,230)	(1,018)	(1,283)	(817)	(3,118)
p Result from operational activities (n±o)	79	1,060	1,547	1,667	4,353	3,699	4,355	2,531	10,585
q Net income from assets available for sale	-	-	-	-	-	-	-	-	-
p Group net profit (loss) (n±o)	79	1,060	1,547	1,667	4,353	3,699	4,355	2,531	10,585

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

### End-of-period exchange rates

Currency	30 September 2021	31 dicembre 2020
Swiss franc	1.0830	1.0802
Pound sterling	0.8605	0.8990
U.S. dollar	1.1579	1.2271
Brazilian real	6.2631	6.3735
Chinese renminbi	7.4847	8.0225
Indian rupee	86.0766	89.6605
Turkish lira	10.2981	9.1131

## Average exchange rates in the period

Currency	2021	2020	3Q 2021	3Q 2020
Swiss franc	1.0903	1.0703	1.0825	1.0755
Pound sterling	0.8641	0.8892	0.8553	0.9050
U.S. dollar	1.1967	1.1413	1.1788	1.1695
Brazilian real	6.3809	5.8900	6.1593	6.2878
Chinese renminbi	7.7407	7.8708	7.6260	8.0879
Indian rupee	88.0773	84.5795	87.3346	86.9474
Turkish lira	9.6980	8.0436	10.0689	8.4690

## 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	Pleidelsheim	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 Eletroel. 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
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 30 September 2021 accurately represents the figures contained in the Group’s accounting records.

Provaglio d’Iseo, 11 November 2021

The Executive in charge of financial reporting

**Fausta Coffano**