

GEFRAN

BEYOND TECHNOLOGY



GEFRAN GROUP
Interim Financial Report at
31 March 2023



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Corporate Bodies

Board of Directors

Chairwoman	Maria Chiara Franceschetti
Vice Chairman	Andrea Franceschetti
Vice Chairwoman	Giovanna Franceschetti
Chief Executive Officer	Marcello Perini
Director	Alessandra Maraffini (*)
Director	Enrico Zampedri (*)
Director	Cristina Mollis (*)
Director	Giorgio Metta (*)
Director	Luigi Franceschetti

(*) 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 Cappellini
Standing auditor	Luisa Anselmi
Alternate auditor	Stefano Guerreschi
Alternate auditor	Simona Bonomelli

Control and Risks Committee

- Alessandra Maraffini
- Luigi Franceschetti
- Enrico Zampedri

Appointments and Remuneration Committee

- Cristina Mollis
- Giorgio Metta
- Enrico Zampedri

Sustainability Committee

- Giovanna Franceschetti
- Marcello Perini
- Cristina Mollis

External auditor

PricewaterhouseCoopers S.p.A.

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

Key consolidated income statement and statement of financial position figures

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

Group income statement highlights

(Euro '000)	31 March 2023		31 March 2022	
Revenues	36,064	100.0%	35,171	100.0%
EBITDA	8,239	22.8%	8,607	24.5%
EBIT	6,369	17.7%	6,891	19.6%
Profit (loss) before tax	6,270	17.4%	7,136	20.3%
Result from operating activities	3,924	10.9%	5,346	15.2%
Net profit (loss) from assets held for sale and discontinued operations	(31)	-0.1%	(503)	-1.4%
Group net profit (loss)	3,893	10.8%	4,843	13.8%

Group statement of financial position highlights

(Euro '000)	31 March 2023		31 December 2022
Invested capital from operations	68,083		62,695
Invested capital from assets held for sale and discontinued operations	-		3,758
Net working capital	25,206		21,602
Shareholders' equity	93,592		90,723
Net debt relating to operations	25,509		24,270

(Euro '000)	31 March 2023		31 March 2022
Operating cash flow from operations	1,880		1,545
Operating cash flow from assets held for sale and discontinued operations	-		(706)
Investments in operations	2,309		1,129
Investments in assets held for sale and discontinued operations	-		240

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

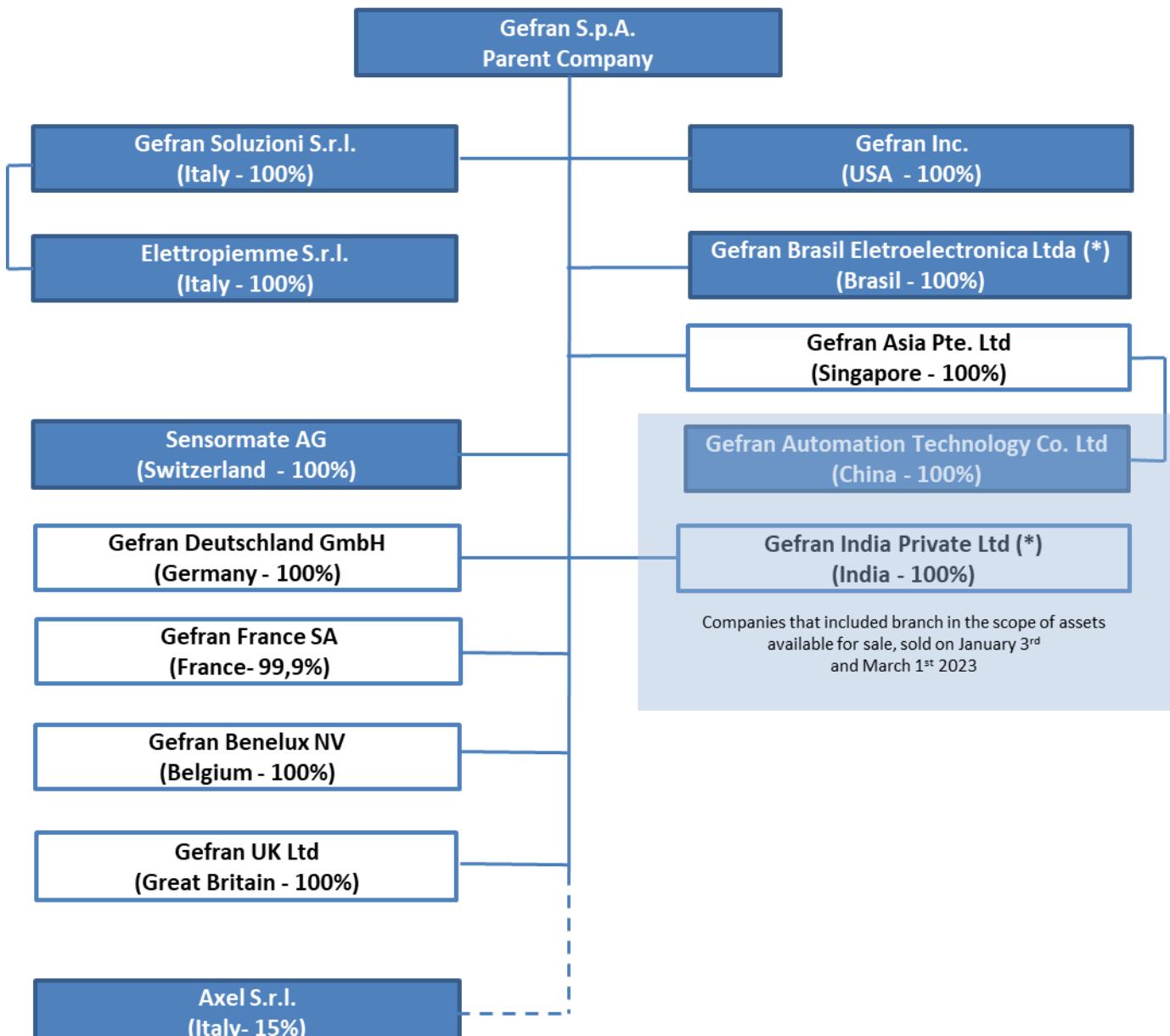
Introduction

This Interim financial report is structured differently from the same as at 31 March 2022 and is in line with the Annual financial report as at 31 December 2022, in light of the sale of the motion control business to the Brazilian Group WEG S.A.

Within the scope of the transaction, defined in the framework agreement signed on August 1st, 2022 and held in several stages until its conclusion in the first quarter of 2023, the subsidiaries Gefran Drives and Motion S.r.l., with registered office in Gerenzano (Italy), Siei Areg GmbH, with registered office in Pleidelsheim (Germany), were included, the shares of which were sold on October 3rd and 4th, 2022 respectively. This also includes the business units relating to the motion control business of Gefran Siei Drives Technology Co. Ltd (now named Gefran Automation Technology Co. Ltd), with registered office in Shanghai (China) and Gefran India Private Ltd, with registered office in Pune (India), subsequently sold, specifically on January 3rd, 2023 and March 1st, 2023.

Consistent with the provisions of IFRS 5 “Non-current assets held for sale and discontinued operations”, the economic results, assets and liabilities of this disposal group have been classified separately, in specific lines of the income statement and the statement of financial position. In line with this principle, the comparative economic and financial data has also been reclassified accordingly. As a consequence, this Report focuses mostly on the performance of continuing operations, while the operational results from the assets held for sale and subsequently discontinued are described in separate paragraphs.

Group Structure



Production units

Commercial units

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

Consolidated financial statements

Statement of profit/(loss)

Earnings per share (Euro)	progress. 31 March	
	2023	2022
Basic earnings per ordinary share	0.27	0.34
Diluted earnings per ordinary share	0.27	0.34

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



(Euro '000)	progress. 31 March	
	2023	2022
NET PROFIT (LOSS) FOR THE PERIOD	3,893	4,843
Items that will not subsequently be reclassified in the statement of profit/(loss) for the period		
- equity investments in other companies	20	(7)
Items that will or could subsequently be reclassified in the statement of profit/(loss) for the period		
- conversion of foreign companies' financial statements	(326)	557
- fair value of cash flow hedging derivatives	(75)	175
Total changes, net of tax effect	(381)	725
Comprehensive result for the period	3,512	5,568
Attributable to:		
Group	3,512	5,568
Third parties	-	-

Statement of financial position

(Euro /000)	31 March 2023	31 December 2022
NON-CURRENT ACTIVITIES		
Goodwill	5,964	6,016
Intangible assets	5,964	6,021
Property, plant, machinery and tools	35,828	35,217
of which related parties:	80	294
Usage rights	3,258	2,707
Shareholdings valued at equity	135	119
Equity investments in other companies	2,023	2,003
Receivables and other non-current assets	278	278
Deferred tax assets	4,003	4,147
Non-current financial investments for derivatives	440	539
Other non-current financial investments	124	28
TOTAL NON-CURRENT ACTIVITIES	58,017	57,075
CURRENT ACTIVITIES		
Inventories	21,154	20,067
Trade receivables	27,410	24,183
of which related parties:	-	3
Other receivables and assets	5,410	3,432
Current tax receivables	786	764
Cash and cash equivalents	44,224	44,114
TOTAL CURRENT ACTIVITIES	98,984	92,560
ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS		
TOTAL ASSETS	157,001	154,264
SHAREHOLDERS' EQUITY		
Share capital	14,400	14,400
Reserves	75,299	66,335
Profit / (Loss) for the year	3,893	9,988
Total Group Shareholders' Equity	93,592	90,723
Shareholders' equity of minority interests	-	-
TOTAL SHAREHOLDERS' EQUITY	93,592	90,723
NON-CURRENT LIABILITIES		
Non-current financial payables	6,457	7,205
Non-current financial payables for IFRS 16 leases	2,273	1,782
Employee benefits	2,288	2,241
Non-current provisions	1,214	554
Deferred tax provisions	973	1,029
TOTAL NON-CURRENT LIABILITIES	13,205	12,811
CURRENT LIABILITIES		
Current financial payables	9,519	10,469
Current financial payables for IFRS 16 leases	1,030	955
Trade payables	23,358	22,648
of which related parties:	148	278
Current provisions	1,335	1,287
Current tax payables	2,700	1,158
Other payables and liabilities	12,262	13,342
TOTAL CURRENT LIABILITIES	50,204	49,859
LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS		
TOTAL LIABILITIES	63,409	63,541
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	157,001	154,264

Consolidated cash flow statement

(Euro /000)	31 March 2023	31 March 2022
(A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	44,114	35,723
B) CASH FLOW GENERATED BY (USED IN) OPERATIONS IN THE PERIOD		
Net profit (loss) for the period	3,893	4,843
Depreciation, amortisation and impairment	1,870	1,716
Provisions (Releases)	1,275	752
Capital (gains) losses on the sale of non-current assets	(3)	-
Net profit (loss) from assets held for sale and discontinued operations	(76)	503
Net result from financial operations	99	(245)
Taxes	2,228	1,845
Change in provisions for risks and future liabilities	(243)	(676)
Change in other assets and liabilities	(3,161)	334
Change in deferred taxes	120	(58)
Change in trade receivables	(3,267)	(4,680)
of which related parties:	3	6
Change in inventories	(1,592)	(2,151)
Change in trade payables	737	(638)
of which related parties:	(130)	(20)
Operating flows from assets and liabilities held for sales	-	(706)
TOTAL	1,880	839
C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES		
Investments in:		
- Property, plant & equipment and intangible assets	(2,309)	(1,129)
of which related parties:	(80)	(10)
- Financial receivables	-	(1)
Disposal of non-current assets	3,449	10
Investments flows from assets and liabilities held for sales	-	(240)
TOTAL	1,140	(1,360)
D) FREE CASH FLOW (B+C)	3,020	(521)
E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES		
New financial payables	-	-
Repayment of financial debts	(1,684)	(2,397)
Increase (decrease) in current financial payables	-	(1,161)
Outgoing cash flow due to IFRS 16	(287)	(285)
Taxes paid	(87)	(97)
Interest paid	(232)	(120)
Interest received	4	9
Sale (purchase) of own shares	(615)	-
Financial flows from assets and liabilities held for sales	-	1,047
TOTAL	(2,901)	(3,004)
F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)	119	(3,525)
G) CASH FLOW FROM OPERATING ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS	-	78
H) Exchange rate translation differences on cash at hand	(9)	14
I) NET CHANGE IN CASH AT HAND (F+G+H)	110	(3,433)
J) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+I)	44,224	32,290

Statement of changes in shareholders' equity

	Share capital	Capital reserves	Consolidation reserve	Other reserves	Retained profit/(loss)	Fair value measurement reserve	Currency translation reserve	Other reserves	Profit/(loss) for the year	Group Total shareholders' equity	Shareholders' equity of minority interests	Total shareholders' equity
(Euro /000)												
Balance at 1 January 2022	14,400	21,926	4,894	10,087	17,039	280	3,885	(665)	13,692	85,538	-	85,538
Destination of profit 2021												
- Other reserves and provisions	-	-	4,487	-	9,205	-	-	-	(13,692)	-	-	-
- Dividends	-	-	-	-	(5,462)	-	-	-	-	(5,462)	-	(5,462)
Income/ (Expenses) recognised at equity	-	-	-	59	-	362	-	278	-	699	-	699
Change in translation reserve	-	-	-	-	-	-	256	-	-	256	-	256
Other changes	-	-	(420)	(303)	-	-	427	-	-	(296)	-	(296)
Profit 2022	-	-	-	-	-	-	-	-	9,988	9,988	-	9,988
Balance at 31 December 2022	14,400	21,926	8,961	9,843	20,782	642	4,568	(387)	9,988	90,723	-	90,723
Destination of profit 2022												
- Other reserves and provisions	-	-	468	-	9,520	-	-	-	(9,988)	-	-	-
- Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Income/ (Expenses) recognised at equity	-	-	-	-	-	(55)	-	-	-	(55)	-	(55)
Change in translation reserve	-	-	-	-	-	-	(326)	-	-	(326)	-	(326)
Other changes	-	-	(28)	(615)	-	-	-	-	-	(643)	-	(643)
Profit 2023	-	-	-	-	-	-	-	-	3,893	3,893	-	3,893
Balance at 31 March 2023	14,400	21,926	9,401	9,228	30,302	587	4,242	(387)	3,893	93,592	-	93,592

Group performance in the first quarter of 2023

With reference to the sale of the motion control business described in the introduction to this Interim financial report, and consistent with the application of IFRS 5 “Non-current assets held for sale and discontinued operations”, the economic results and assets/liabilities associated with the agreement have been reclassified to specific lines of the income statement and statement of financial position. In order to ensure the comparability of data, the related amounts for comparative periods have also been reclassified in the same way.

Consequently, the following paragraphs of this document illustrate and discuss the results of continuing operations. The results of the assets reclassified as “Held for sale and discontinued operations” are described in separate paragraphs.

In view of the agreement described, and with reference to the first quarter of 2022, the revenues and other costs not related to the scope of the sale were allocated to the sensors business.

The income statement for the first quarter of 2023 is shown below, in comparison with the income statement for the same period in the year 2022.

(Euro '000)	1Q 2023	1Q 2022		Diff. 2023-2022
		Total	Total	
a Revenues	36,064	35,171	893	2.5%
b Increases for internal work	445	241	204	84.6%
c Consumption of materials and products	10,415	10,199	216	2.1%
d Added Value (a+b-c)	26,094	25,213	881	3.5%
e Other operating costs	6,080	5,351	729	13.6%
f Personnel costs	11,775	11,255	520	4.6%
g EBITDA (d-e-f)	8,239	8,607	(368)	-4.3%
h Depreciation, amortisation and impairment	1,870	1,716	154	9.0%
i EBIT (g-h)	6,369	6,891	(522)	-7.6%
l Gains (losses) from financial assets/liabilities	(115)	237	(352)	n.s.
m Gains (losses) from shareholdings valued at equity	16	8	8	n.s.
n Profit (loss) before tax (i±l±m)	6,270	7,136	(866)	-12.1%
o Taxes	(2,346)	(1,790)	(556)	-31.1%
p Result from operating activities (n±o)	3,924	5,346	(1,422)	-26.6%
q Net profit (loss) from assets held for sale and discontinued operations	(31)	(503)	472	n.s.
r Group net profit (loss) (p±q)	3,893	4,843	(950)	19.6%

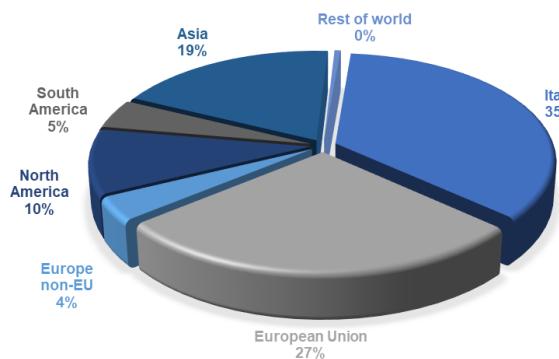
Revenues in the first quarter of 2023 amount to 36,064 thousand Euro, compared to 35,171 thousand Euro in the same period of the previous year, up by 893 thousand Euro (equal to 2.5%) which, net of the positive effect of exchange rate fluctuations, would amount to 824 thousand Euro (or 2.3%).

Order collections in the first quarter of 2023 are lower (-2.9% overall) than in the same period in 2022, due to a downturn in order intake of the automation components business (-7.8%); this was offset by the sensors business which showed a slight increase (+0.8%).

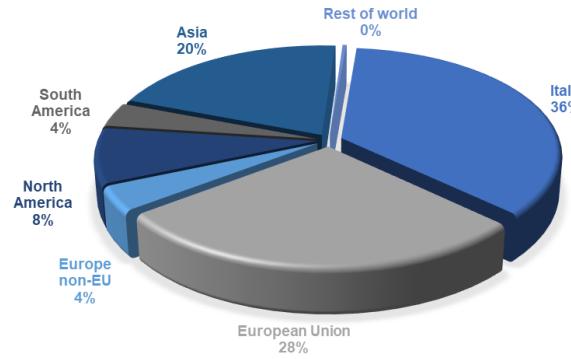
The table below presents a breakdown of revenues in the first quarter by geographical region:

(Euro /000)	1Q 2023		1Q 2022		Diff. 2023-2022	
	Value	%	Value	%	Value	%
Italy	12,725	35.3%	12,516	35.6%	209	1.7%
European Union	9,894	27.4%	9,769	27.8%	125	1.3%
Europe non-EU	1,326	3.7%	1,347	3.8%	(21)	-1.6%
North America	3,586	9.9%	2,990	8.5%	596	19.9%
South America	1,627	4.5%	1,311	3.7%	316	24.1%
Asia	6,722	18.6%	7,124	20.3%	(402)	-5.6%
Rest of the world	184	0.5%	114	0.3%	70	61.4%
Total	36,064	100%	35,171	100%	893	2.5%

Revenues 3Q 2022



Revenues 3Q 2021



The breakdown of revenues for the quarter by **geographical region** shows growth in the main areas served by the Group: +1.7% in Italy, +0.9% overall in Europe and +21.2% in the Americas, with the latter area affected by the positive effect of foreign currency performance, in particular the US dollar and the Brazilian Real (without this effect, growth would have been 15.7%). On the other hand, sales in Asia contracted in the first quarter of 2023, as already observed throughout the 2022 financial year: revenues as at 31 March 2023 were 5.6% lower than on 31 March 2022 (down 3.1% net of exchange rate effects).

The breakdown of revenues for the first quarter by **business area** is presented below in comparison with the same period in the previous year:

(Euro /000)	1Q 2023		1Q 2022		Diff. 2023-2022	
	Value	%	Value	%	Value	%
Sensors	23,777	65.9%	23,321	66.3%	456	2.0%
Automation components	14,407	39.9%	13,823	39.3%	584	4.2%
Eliminations	(2,120)	-5.9%	(1,973)	-5.6%	(147)	7.5%
Total	36,064	100%	35,171	100%	893	2.5%

Revenues were up both in the sensors business (+2%), thanks to the increase in sales volumes in Europe and America, as well as for the automation components segment (+4.2%), which performed well in Italy and America, also thanks to the new and innovative products launched on the market.

Increases for internal work in the first quarter of 2023 amount to 445 thousand Euro, reflecting an increase compared with the same period in the previous year (increase of 204 thousand Euro). This item represents the new product development costs incurred in the period that have been capitalised.

Added value in the quarter amount to 26,094 thousand Euro (25,213 thousand Euro in the same quarter in 2022), corresponding to 72.4% of revenues and slightly better than in the same period in the previous year (+3.5%). The increase in added value, totalling 881 thousand Euro, is a result of increased revenues, increased capitalised internal costs, as well as the improvement in margins achieved.

Other operating costs in the first quarter of 2023 amount to 6,080 thousand Euro, an increase of 729 thousand Euro over the figure for the first quarter of 2022, absorbing 16.9% of revenues (15.2% in the same quarter in the previous year). The increase is linked to the higher consultancy costs incurred in the first quarter of 2023 (of which 105 thousand Euro incurred in the first quarter of 2023 reflects the activities required for the spin-off of the motion control business), as well as for travel and utilities.

Personnel costs in the quarter, equal to 11,775 thousand Euro, is 520 thousand Euro higher than in the same period of the previous year, when they totalled 11,255 thousand Euro. The percentage of revenues is 32.7% (32.0% in the first quarter off 2022).

EBITDA in the first quarter of 2023 is positive at 8,239 thousand Euro (8,607 thousand Euro in the same quarter of 2022), corresponding to 22.8% of revenues (24.5% of revenues in 2022), which is lower than in the same quarter of the previous year by 368 thousand Euro. The increases in operating costs and personnel costs with respect to the same period is not completely offset by the increase in added value, which is mainly generated by higher volumes of sales.

The item **depreciation, amortisation and impairment** amount to 1,870 thousand Euro, compared with 1,716 thousand Euro in the same period in the previous year, an increase of 154 thousand Euro.

EBIT in the first quarter of 2023 is positive at 6,369 thousand Euro (17.7% of revenues), compared with 6,891 thousand Euro in the same period of 2022 (19.6% of revenues), a decrease of 522 thousand Euro. As with EBITDA, this change results from the increase in sales, which has been eroded by the higher operating costs and depreciation charges incurred with respect to the same quarter.

Charges on financial assets/liabilities in the first quarter of 2023 totals 115 thousand Euro (in the first quarter of 2022 net gains of 237 thousand Euro were recorded), including:

- financial income of 151 thousand Euro, including 118 Euro deriving from liquidity management (overall comprising 5 thousand Euro in the first quarter of 2022);
- financial charges linked with the Group's indebtedness of 196 thousand Euro, which was higher than in the first quarter of 2022, when they totalled 88 thousand Euro;
- financial charges for interest, as a prudent provision of 120 thousand Euro, for the assessment notice received from the Italian Revenue Agency following the tax audit carried out in 2019 and 2020 with respect to the Parent Company, relating to the 2016-2017-2018 tax periods;
- exchange losses from foreign currency transactions of 60 thousand Euro, compared with the first quarter of the previous year when they were positive at 328 thousand;
- financial charges on financial debts as a result of application of the new accounting standard IFRS16 totalling 10 thousand Euro, similar to the first quarter of 2021.

Income from investments measured using the equity method reflects the results reported by Axel S.r.l. and amount to 16 thousand Euro. Income in the first quarter of 2022 totalled 8 thousand Euro.

Taxes have a total negative balance of 2,346 thousand Euro in the quarter (as compared to a total negative balance of 1,790 thousand Euro in the first quarter of 2022). The above amounts are analysed below:

- negative current taxes, amounting to 2,228 thousand Euro (1,845 thousand Euro in negative taxes in the first quarter of 2022), include the prudent provision of 570 thousand Euro for the assessment notice received by the Italian Revenue Agency following the tax audit carried out against the Parent Company in relation to the 2016-2017-2018 tax periods;
- deferred tax assets and liabilities, on the whole negative by 118 thousand Euro (positive by 55 thousand Euro in the first quarter of the previous year).

Profit from continuing operations in the first quarter of 2023 is positive at 3,924 thousand Euro, compared with positive 5,346 thousand Euro in the same period of the previous year, down by 1,422 thousand Euro.

The **Net loss of assets held for sale and discontinued** in the first quarter of 2023 represents a loss of 31 thousand Euro. It relates to the operating result of the motion control business units, sold to the WEG Group in the first quarter of 2023 based on the framework agreement signed on 1 August 2022 (negative at 76 thousand Euro). The item also includes an adjustment with respect to the initial estimate (positive at Euro 45 thousand) of the net accounting effects expected on the disposal of the business, already recognised in 2022. In the first quarter of 2022, the result was negative overall, amounting to 503 thousand Euro.

The **Group net profit** in the first quarter of 2023 is positive at 3,893 thousand Euro, compared with a net profit of 4,843 thousand Euro in the same period in the previous year. The loss of 950 thousand Euro is mainly due to a decrease in the Profit from continuing operations (down by 1,422 thousand Euro compared to the same quarter, including the entry in the fund for prudential provisions linked to the assessment received from the Italian Revenue Agency mentioned above), partially offset by an improvement in the net result from assets held for sale and discontinued (472 thousand Euro).

Reclassified consolidated balance sheet at 31 March 2023

The Gefran Group's reclassified consolidated statement of balance sheet and financial position as at 31 March 2023 is presented below:

(Euro '000)	31 March 2023		31 December 2022M3	
	Value	%	Value	%
Intangible assets	11,928	17.5	12,037	18.1
Tangible fixed assets	39,086	57.4	37,924	57.1
Other non-current assets	6,439	9.5	6,547	9.9
Net non-current assets	57,453	84.4	56,508	85.0
Inventories	21,154	31.1	20,067	30.2
Trade receivables	27,410	40.3	24,183	36.4
Trade payables	(23,358)	(34.3)	(22,648)	(34.1)
Other assets/liabilities	(8,766)	(12.9)	(10,304)	(15.5)
Working capital	16,440	24.1	11,298	17.0
Provisions for risks and future liabilities	(2,549)	(3.7)	(1,841)	(2.8)
Deferred tax provisions	(973)	(1.4)	(1,029)	(1.5)
Employee benefits	(2,288)	(3.4)	(2,241)	(3.4)
Invested capital from operations	68,083	100.0	62,695	94.3
Invested capital from assets held for sale and discontinued operations	-	-	3,758	5.7
Net invested capital	68,083	100.0	66,453	100.0
Shareholders' equity	93,592	137.5	90,723	136.5
Non-current financial payables	6,457	9.5	7,205	10.8
Current financial payables	9,519	14.0	10,469	15.8
Financial payables for IFRS 16 leases (current and non-current)	3,303	4.9	2,737	4.1
Financial assets for derivatives (current and non-current)	(440)	(0.6)	(539)	(0.8)
Other non-current financial investments	(124)	(0.2)	(28)	(0.0)
Cash and cash equivalents and current financial receivables	(44,224)	(65.0)	(44,114)	(66.4)
Net debt relating to operations	(25,509)	(37.5)	(24,270)	(36.5)
Total sources of financing	68,083	100.0	66,453	100.0

Net fixed assets as at 31 March 2023 totals 57,453 thousand Euro, as compared with 56,508 thousand Euro as at 31 December 2022. The main changes are indicated below:

- intangible assets register an overall decrease of 109 thousand Euro. This net change includes the capitalisation of development costs (412 thousand Euro), new investment (60 thousand Euro), divestments (44 thousand Euro) as well as decreases due to

depreciation for the period (478 thousand Euro). The change in exchange rates had a negative impact on the item amounting to 59 thousand Euro;

- tangible fixed assets have increased since 31 December 2022 by 1,162 thousand Euro. Additions during the first three months of 2022 (1,837 thousand Euro) were offset by the depreciation charge for the period (1,098 thousand Euro) and by disposals (28 thousand Euro). This item also includes the value of the right-of-use assets recognised in accordance with IFRS 16. The total has increased by 1,071 thousand, following renewals and the signature of new contracts, and decreased by the related depreciation charge of 294 thousand Euro and early terminations of 211 thousand Euro. Lastly, the net negative effect of exchange-rate changes was negative at 136 thousand Euro;
- other fixed assets as at 31 March 2023 total 6,439 thousand Euro (6,547 thousand Euro as at 31 December 2022), a drop of 108 thousand Euro.

Working capital as at 31 March 2023 totals 16,440 thousand Euro, compared to 11,298 thousand Euro as at 31 December 2022, reflecting a total net increase of 5,142 thousand Euro overall. The main changes are indicated below:

- inventories changed from 20,067 thousand Euro on 31 December 2022 to 21,154 thousand Euro on 31 March 2023, a net increase of 1,087 thousand Euro. There was an increase in stocks of raw materials (698 thousand Euro), as well as semi-finished products (443 thousand Euro), while finished products for sale decreased (54 thousand Euro); in general, the increase in inventories is aimed at avoiding production stoppages or delays in the face of possible supply difficulties and ensuring that customer orders planned in the coming months are consistently fulfilled within the required timeframe; exchange rate fluctuations, overall negative in the amount of Euro 57 thousand, partly offset the increase;
- trade receivables total 27,410 thousand Euro, up by 3,227 thousand Euro since 31 December 2022, consistent with the growth in revenues during the first three months of the year. The Group analyses receivables carefully, taking various factors into account (geographical region, business area, solvency of individual customers). These checks have not identified any positions that might jeopardise their collectability;
- trade payables total 23,358 thousand Euro, up by 710 thousand Euro since 31 December 2022. The change reflects the increase in purchasing during the period, comprising both services and the raw materials needed to support the higher volume of sales;
- Other net assets and liabilities as at 31 March 2023 are negative by a total of 8,766 thousand Euro (negative by 10,304 thousand Euro as at 31 December 2022). They include payables to employees and social security institutions, as well as direct and indirect tax receivables and payables.

Provisions for risks and future liabilities total 2,549 thousand Euro after a net increase of 708 thousand Euro since 31 December 2022. This item includes provisions for outstanding legal disputes and various other risks. In addition to the movement in the product warranty provision, which overall led to an increase in the same of Euro 48,000, the change is due to the movement in the risk provision of the Parent Company, relating to the recognition of a prudential provision for the tax settlement procedure still in progress, linked to the tax audit carried out in 2019 and 2020 with respect to the Parent Company. The assessment concerned intragroup transactions (so-called Transfer Price) and its transfers of trademark-related know-how, during the 2016-2017-2018 tax years.

Employee benefits amount to 2,288 thousand Euro, compared to 2,241 thousand Euro as at 31 December 2022. The item comprises the Post-employment Benefits Reserve for employees. At the end of the quarter there are no payables to employees for the signing of Company protection agreements from any competitive activities (so-called "Non-competition strategies"), which, on the contrary, were active as at 31 March 2022.

Shareholders' equity as at 31 March 2023 amounts to 93,592 thousand Euro, up 2,869 thousand Euro over the end of the 2022 financial year. The net profit for the period, amounting to 3,893 thousand Euro, is partially absorbed by the negative effects of changes in the reserves, in particular by changes in the translation reserve of 326 thousand Euro, and the stock reserve at fair value of 55 thousand Euro, and the reserve for own shares held among other reserves of 615 thousand Euro.

The **net financial position** as at 31 March 2023 is positive by 25,509 thousand Euro, up by 1,239 thousand Euro since the end of 2022, when it was overall positive by 24,270 thousand Euro.

The total comprises net short-term cash and cash equivalents of 33,675 thousand Euro and net medium/long-term debt of 8,166 thousand Euro.

This item also includes the negative effect of applying IFRS 16, totalling 3,303 thousand Euro as at 31 March 2023, of which 1,030 thousand Euro classified as current and 2,273 thousand Euro as non-current (overall 2,737 thousand Euro as at 31 December 2022, of which 955 thousand Euro classified as current and 1,782 thousand Euro as non-current).

No new loans were arranged during the first three months of 2023.

The change in net financial position is essentially due to the positive cash flows generated by typical operations (1,880 thousand Euro), the collection linked to the conclusion of the sale of the motion control business, with the sale of the business units of Gefran Automation Technology and Gefran India (3,387 thousand Euro), absorbed by disbursements for technical investments made during the first three months of the year (2,309 thousand Euro), as well as the purchase of treasury shares (615 thousand Euro) and interest, taxes and rental fees (881 thousand Euro).

This item is analysed below:

(Euro /000)	31 March 2023	31 December 2022	Change
Cash and cash equivalents and current financial receivables	44,224	44,114	110
Current financial payables	(9,519)	(10,469)	950
Current financial payables for IFRS 16 leases	(1,030)	(955)	(75)
(Debt)/short-term cash and cash equivalents	33,675	32,690	985
Non-current financial payables	(6,457)	(7,205)	748
Non-current financial payables for IFRS 16 leases	(2,273)	(1,782)	(491)
Non-current financial investments for derivatives	440	539	(99)
Other non-current financial investments	124	28	96
(Debt)/medium-/long-term cash and cash equivalents	(8,166)	(8,420)	254
Net financial position	25,509	24,270	1,239

Note that the "Other non-current financial investments" caption in the "Net financial position" table comprises prepaid financial expenses. Net of this item and for the purposes of Regulation (EU) 2017/1129, the positive net financial position as at 31 March 2023 is positive at 25,385 thousand Euro, while at 31 December 2022 it was positive at 24,242 thousand Euro.

Statement of consolidated cash flows as at 31 March 2023

The Gefran Group's consolidated cash flow statement as at 31 March 2023 shows a positive net change in cash at hand of 110 thousand Euro, compared to a negative change of 3,433 thousand Euro for 31 March 2022. These changes are analysed below:

(Euro /000)	31 March 2023	31 March 2022
A) Cash and cash equivalents at the start of the period	44,114	35,723
B) Cash flow generated by (used in) operations in the period	1,880	839
C) Cash flow generated by (used in) investment activities	1,140	(1,360)
D) Free Cash Flow (B+C)	3,020	(521)
E) Cash flow generated by (used in) financing activities	(2,901)	(3,004)
F) Cash flow from continuing operations (D+E)	119	(3,525)
G) Cash flow from assets held for sale and discontinued operations	0	78
H) Exchange rate translation differences on cash at hand	(9)	14
I) Net change in cash at hand (F+G+H)	110	(3,433)
J) Cash and cash equivalents at the end of the period (A+I)	44,224	32,290

The cash flow generated by operations in the period is positive at 14,325 thousand Euro; specifically, operations during the period to the end of the first quarter of 2023, excluding the effect of provisions, amortisation and depreciation, and financial entries, generated cash of 9,286 thousand Euro (9,414 thousand Euro in the period to the end of the first quarter of 2022), while the net change in other assets and liabilities in the same period absorbed 3,161 thousand Euro (absorption of 334 thousand Euro in the period to the end of the first quarter of 2022) and the management of operating capital generated 4,122 thousand Euro (7,469 thousand Euro in the same period of the previous year). The changes in provisions (risks and future liabilities, deferred taxes) absorbed 123 thousand Euro (676 thousand Euro in the first nine months of 2022).

With regard to investment activities, a positive cash flow of 1,140 thousand Euro overall was generated in the first quarter of 2023, as a result of technical investments of 2,309 thousand Euro, offset by the collection of 3,387 thousand Euro linked to the conclusion of the sale of the motion control business, which took place through the sale of the Gefran Automation Technology and Gefran India business units; in the first quarter of 2022, investment activities had eroded financial resources by 1,360 thousand Euro, mainly for technical investments in continuing operations.

Free cash flow (operating cash flow net of investment activities) is positive at 3,020 thousand Euro in total, compared with a negative flow of 521 thousand Euro in the period ended 31 March 2022.

Financing activities absorbed resources totalling 2,901 thousand Euro, of which 1,684 thousand Euro for the repayment of non-current financial liabilities and 615 thousand Euro to the purchase of own shares.

In the first three quarters of 2022 the same absorbed overall resources of 3,004 thousand Euro, including 2,397 thousand Euro linked to the repayment of non-current financial payables and 1,161 thousand Euro due to the reduction in current financial payables generated vis-à-vis companies included in the scope of assets held for sale.

Economic performance of the Group's scope for sale as at 31 March 2023

Pursuant to IFRS 5, the comparative reclassified income statement as at 31 March 2023 of the assets reclassified as "Held for sale" is presented below: In particular, the activities recorded in the first quarter of 2023 relate to the operations of the company's motion control business unit sold to WEG on March 1st, 2023, in January and February. This also includes the effects of the sale of the assets (storage, other assets and employees) of the motion control business unit within the Chinese subsidiary Gefran Automation Technology (China), sold on January 3rd, 2023.

Otherwise, in the first quarter of 2022, in addition to the operations of the above business units, the results of the subsidiaries Gefran Drives and Motion S.r.l. and Siei Areg GmbH, which were sold to the WEG Group on October 3rd and 4th, 2022 respectively, are included.

(Euro /000)	31 March 2023	31 March 2022	Diff. 2023-2022	
	Total	Total	Value	%
a Revenues	2,422	10,761	(8,339)	-77.5%
b Increases for internal work	-	144	(144)	-100.0%
c Consumption of materials and products	2,412	6,395	(3,983)	-62.3%
d Added Value (a+b-c)	10	4,510	(4,500)	-99.8%
e Other operating costs	-	1,747	(1,747)	-100.0%
f Personnel costs	85	2,734	(2,649)	-96.9%
g EBITDA (d-e-f)	(75)	29	(104)	n.s.
h Depreciation, amortisation and impairment	1	435	(434)	-99.8%
i EBIT (g-h)	(76)	(406)	330	81.3%
l Gains (losses) from financial assets/liabilities	-	(60)	60	-100.0%
m Impairment of assets held for sale and discontinued operations	45	-	45	n.s.
n Profit (loss) before tax (i±l±m)	(31)	(466)	435	93.3%
o Taxes	-	(37)	37	100.0%
p Group net profit (loss) (p±q)	(31)	(503)	472	93.8%

Revenues in the period ended 31 March 2023 amount to 2,422 thousand Euro, compared to 10,761 thousand Euro in the same period of the previous year, down by 8,339 thousand Euro (77.5%).

Increases for internal work as at 31 March 2023 are zero, while as of 31 March 2022 they amounted to 144 thousand Euro. This item represents the new product development costs incurred in the period that have been capitalised.

Added value as at 31 March 2023 amounts to 10 thousand Euro, while amounting to 4,510 thousand Euro (41.9% of revenues) as at 31 March 2022.

Other operating costs in the first quarter of 2023 are zero, while they amounted to 1,747 thousand Euro in the first quarter of the previous year.

Personnel costs in the first three months of 2023 amount to 85 thousand Euro (3.5% of revenues), compared with 2,734 thousand Euro in the same period of the previous year (25.4% of revenues).

Gross Operating Margin (EBITDA) as at 31 March 2023 is negative by 75 thousand Euro (positive by 29 thousand Euro as at 31 March 2022) and corresponds to -3.1% of revenues (0.3% of revenues in 2022).

EBIT for the period ended 31 March 2023 amounts to negative 76 thousand Euro (-3.1% of revenues), compared with a negative EBIT of 406 thousand Euro in the same period of 2022 (-3.8% of revenues).

Charges on financial assets/liabilities recorded in the first quarter of 2023 are zero, while in the same quarter of the previous year they amounted to 60 thousand Euro.

In the first quarter of 2023, the **write-down of assets held for sale** reflects the adjustment from the initial estimate (positive by 45 thousand Euro) of the net accounting effects expected from the disposal of the business, already recognised in the second half of 2022.

The **net profit (loss) of assets held for sale** as at 31 March 2023 is negative by 31 thousand Euro. A net loss of 503 thousand Euro was reported for the period to 31 March 2022.

Investments

Gross technical investments made by the Group during the first three months of 2023 total 2,309 thousand Euro (1,129 thousand Euro in the first quarter of 2022) and relate to:

- production and laboratory plant and equipment in the Group's Italian plants totalling 675 thousand Euro (including 377 thousand Euro for production lines in the sensors business unit, 298 thousand Euro in the components business unit), as well as 143 thousand Euro in the Group's foreign companies (as at 31 March 2022 the Group had invested 662 thousand Euro in Italy and 6 thousand Euro in its foreign subsidiaries);
- adaptation of the industrial buildings totalling 763 thousand Euro for the Group's Italian plants and 124 thousand Euro in the buildings of foreign subsidiaries (as at 31 March 2022 52 thousand Euro had been invested, in Italy);
- renewal of electronic office machines and IT equipment, amounting to 99 thousand Euro at the Parent Company and 18 thousand Euro at the Group's subsidiaries (in the period to 31 September 2022 94 thousand Euro and 60 thousand Euro respectively);
- miscellaneous equipment in the Group's subsidiaries amounting to 16 thousand Euro;
- capitalisation of costs incurred in the period for new product development, totalling 412 thousand Euro (377 thousand Euro in the first nine months of 2022);
- investments in intangible assets amounting of 60 thousand Euro, mainly relating to management software licences and SAP ERP development (other intangible assets totalling 118 thousand Euro were recognised in the first nine months of 2022).

The investments carried out by the Group in continuing operations alone are summarised below by type and geographical region:

(Euro /000)	31 March 2023	31 March 2022
Intangible assets	472	345
Tangible assets	1,837	784
Total	2,309	1,129

(Euro /000)	31 March 2023		31 March 2022	
	intangible	tangible assets	intangible	tangible assets
Italy	467	1,545	345	745
European Union	4	83	-	11
Europe non-EU	-	23	-	-
North America	-	-	-	11
South America	1	130	-	6
Asia	-	56	-	11
Total	472	1,837	345	784

Results by business area

The following sections comment on the performance of the individual continuing 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 principally pertain to Gefran S.p.A., are fully allocated to the businesses, where possible, and quantified according to actual use; they are otherwise divided according to economic-technical criteria.

Sensors

Summary results

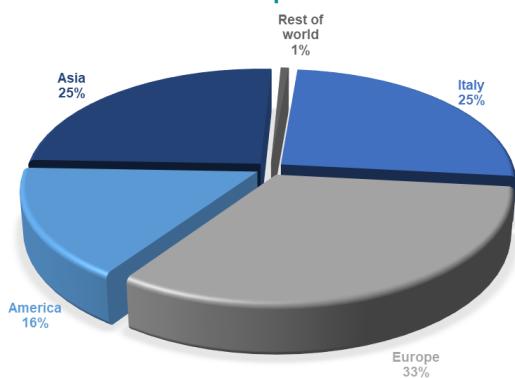
The table below shows the key economic figures:

(Euro /000)	31 March 2023	31 March 2022	Diff. 2023 - 2022	
			Value	%
Revenues	23,777	23,321	456	2.0%
EBITDA	6,615	6,821	(206)	-3.0%
% of revenues	27.8%	29.2%		
EBIT	5,528	5,820	(292)	-5.0%
% of revenues	23.2%	25.0%		

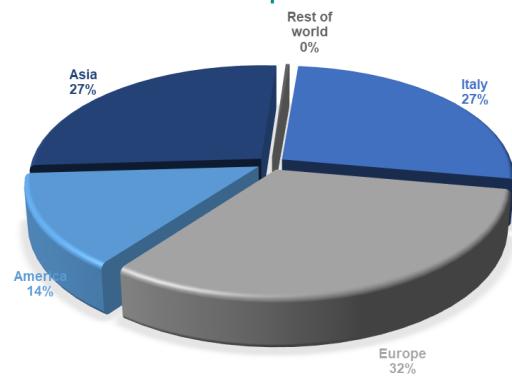
The revenues of the sensors business are analysed by geographical region below:

(Euro /000)	31 March 2023		31 March 2022		Diff. 2023 - 2022	
	Value	%	Value	%	Value	%
Italy	6,013	25.3%	6,164	26.4%	(151)	-2.4%
Europe	7,828	32.9%	7,562	32.4%	266	3.5%
America	3,797	16.0%	3,220	13.8%	577	17.9%
Asia	5,991	25.2%	6,308	27.0%	(317)	-5.0%
Rest of the world	148	0.6%	67	0.3%	81	120.9%
Total	23,777	100%	23,321	100%	456	2.0%

Revenues Sensors up to 31 March 2023



Revenues Sensors up to 31 March 2022



Business performance

The revenues of the business unit during the period ended 31 March 2023 amount to 23,777 thousand Euro, which was more than in the period ended 31 March 31 March 2022, when they amounted to 23,321 thousand Euro. This 2.0% increase includes the effect of exchange-rate differences (positive at 32 thousand Euro), without which growth of 1.8% would have been reported.

The good performance was achieved thanks to the development of new products and the application of new technologies to existing ranges, helping to expand the product range and enabling a high level of service to be maintained. Despite the general economic uncertainty and the emergence of potentially adverse events, the trend of steady growth in business revenues continues in the first quarter of 2023, although to a more limited degree than in 2021 and 2022.

The revenues generated in Europe (+3.5%) and the Americas (a total of +17.9%) were also higher than the first quarter of 2022, benefiting from the performance of the Brazilian real and US dollar currencies (excluding this effect, growth of 12.5% would have been reported). However, business revenues from customers residing in Asia (-5%) and Italy (-2.4%) decreased.

Orders received in the first three months of 2023, amounting to a total of 22,605 thousand Euro, rose compared to the figure for the same period of 2022 (+0.8%), albeit to a more limited degree than in previous periods. The same trend has been observed with reference to the backlog as at 31 March 2023, which is higher than the figure as at 31 March 2022 (+0.6%), but down from the figure at the end of the previous year (-3.7%).

EBITDA for the period ended 31 March 2023 amounts to 6,615 thousand Euro (27.8% of the business unit's revenues), down by 206 thousand Euro compared with the period ended 31 March 2022, when it was 6,821 thousand Euro (29.2% of revenues). The change in EBITDA is due to the growth in sales volumes, affected by higher operating costs, in particular personnel costs and other operating costs.

EBIT for the first quarter of 2023 amounts to 5,528 thousand Euro, equal to 23.2% of revenues, compared with 5,820 thousand Euro in the same period in the previous year (25.0% of revenues), a decrease of 292 thousand Euro. The change in the figure for the first quarter of 2023 compared to the same period in the previous year is mainly due to the same trends as the gross operating margin (EBITDA).

Investments

Investments in the first quarter of 2023 total 1,492 thousand Euro, including 184 thousand Euro in investments in intangible assets, 181 thousand Euro of which was for research and development in new products. The remainder was for the purchase of software programmes and licences.

Increases in "Tangible assets" total 1,308 thousand Euro, including 1,136 thousand Euro in the Parent Company, primarily due to the purchase of production equipment for increasing the capacity and efficiency of its production, as well as the renovation of one of the buildings dedicated to the activities of the business. Investment by Group subsidiaries totalled 172 thousand Euro, primarily reflecting the purchase of equipment and the renovation of buildings in the subsidiaries Gefran Brasil, Gefran Inc and Gefran Asia.

Automation components

Summary results

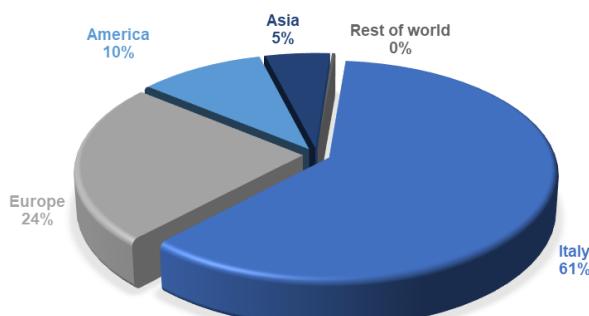
The table below shows the key economic figures:

(Euro /000)	31 March 2023	31 March 2022	Diff. 2023 - 2022	
			Value	%
Revenues	14,407	13,823	584	4.2%
EBITDA	1,624	1,786	(162)	-9.1%
% of revenues	11.3%	12.9%		
EBIT	841	1,071	(230)	-21.5%
% of revenues	5.8%	7.7%		

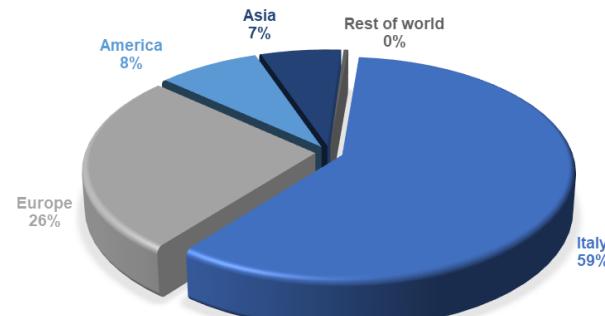
The revenues of the automation components business are analysed by geographical region below:

(Euro /000)	31 March 2023		31 March 2022		Diff. 2023 - 2022	
	Value	%	Value	%	Value	%
Italy	8,747	60.7%	8,189	59.2%	558	6.8%
Europe	3,426	23.8%	3,597	26.0%	(171)	-4.8%
America	1,455	10.1%	1,113	8.1%	342	30.7%
Asia	743	5.2%	877	6.3%	(134)	-15.3%
Rest of the world	36	0.2%	47	0.3%	(11)	-23.4%
Total	14,407	100%	13,823	100%	584	4.2%

Revenues Automation Components
up to 31 March 2023



Revenues Automation Components
up to 31 March 2022



Business performance

The revenues of the business unit in the period to 31 March 2023 amount to 14,407 thousand Euro, up by 4.2% compared with those for the period ended 31 March 2022. The activities carried out by the technical area for the development of new product families (such as the new SSR static units), and the implementation of more modern functions applied to existing products (in the area of connectivity, and diagnostics, for example, or the reduction of energy consumption and of the maintenance operations necessary in the event of machine downtime), helped to keep the business competitive and have enabled continuous revenue increases over the years. The post-pandemic growth trend, observed since the last quarter of 2020, was also confirmed in the first quarter of 2023. This was supported, among other things, by the business's ability to effectively cope with the critical issues facing supply chains, thanks to the in-depth knowledge of the product and the synergy activity carried out by the various business areas.

In the analysis of revenues by geographical area, there was a significant increase compared to the first quarter of 2022 in Italy (+6.8%) and in the Americas (+30.7%, which, excluding the positive effect of currency trends was reduced to +25.2%). Both Europe (-4.8%) and Asia (-15.3%) contracted.

Orders received in the first three months of 2023 amount to 12,968 thousand Euro and is overall less than the figure for the same period in the previous year (-7.8%), in particular for smaller orders of the product ranges solutions and programmable automation. The backlog as at 31 March 2023 is lower than as at 31 March 2022 (-5.1%) but up compared to the end of 2022 (+4.9%).

EBITDA for the period ended 31 March 2023 is positive at 1,624 thousand Euro (equal to 11.3% of revenues), down by 162 thousand Euro against the figure reported as at 31 March 2022, of 1,786 thousand Euro 12.9% of revenues). The sales growth recorded in the first three months of the year and the higher added value achieved were absorbed by the additional operating costs recorded during the period.

EBIT in the first quarter of 2023 is positive at 841 thousand Euro (5.8% of revenues). By comparison, EBIT in the period to 31 March 2022 positive at 1,071 thousand Euro (7.7% of revenues). The total decrease of 230 thousand Euro reflects the dynamics described above: greater sales volume and added value, as offset by higher ordinary operating costs.

Investments

Investments in the first three months of 2023 totals 817 thousand Euro. Investments in intangible assets amounts to 288 thousand Euro, of which 231 thousand Euro reflects capitalisation of the cost of developing the new range of static units and new programmable automation products. The remainder was for the purchase of software programmes and licences.

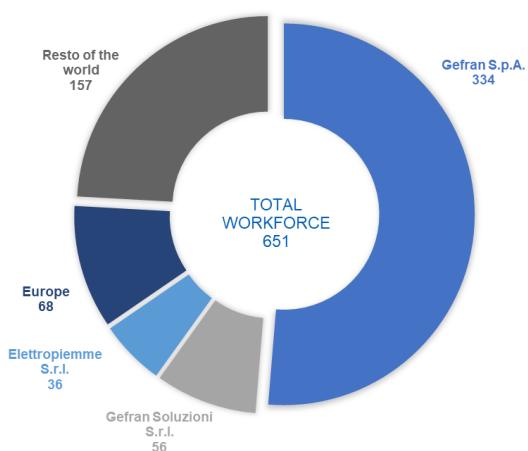
Investments in tangible fixed assets amount to 529 thousand Euro, including 401 thousand Euro invested in Italy for new machinery to enhance both production capacity and the efficiency needed for new products, and to renew electronic office machines and IT equipment. The remaining Euro 128 thousand mainly relate to investments by the Brazilian subsidiary in laboratory and production equipment, for the production lines of the local business.

Human resources

Workforce

The Group's workforce as at 31 March 2023 totals 651 persons, up by 5 since the end of 2022, and by 28 since 31 March 2022 (with regard to personnel employed in the activities of continuing operations only). The change was marked by a Group turnover rate of 5.7% in the first quarter of the year.

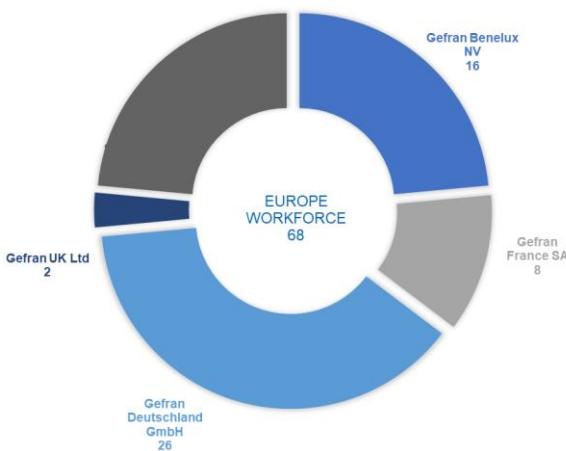
Workforce up to 31 March 2023



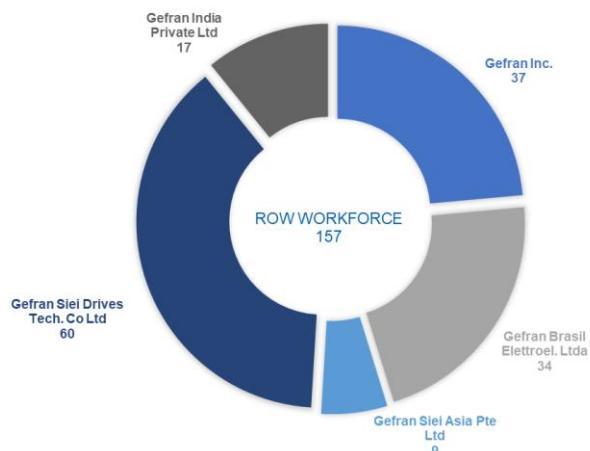
The changes during the first three months of 2023 are analysed below:

- 21 people joined the Group in total, all employees;
- 16 employees left the Group, including 5 manual workers, 10 clerical staff and 1 executive.

Europe Workforce up to 31 March 2023



Rest of the World Workforce up to 31 March 2023



Significant events in the first quarter of 2023

- On January 3rd, 2023, as part of the framework agreement signed by the Group on August 1st, 2022 for the sale of the entire motion control business, the sale of the motion control business unit of Gefran Siei Drives Technology (Shanghai) Co Ltd (now called Gefran Automation Technology (Shanghai) Co. Ltd), a subsidiary of Gefran Siei Asia Pte Ltd (now called Gefran Asia Pte. Ltd), in turn a subsidiary of Gefran S.p.A., WEG (Changzhou) Automation Equipment Co Ltd, a Chinese subsidiary of the WEG Group, became effective.
- On February 9th, 2023, the Board of Directors of Gefran S.p.A. examined the preliminary consolidated results at 31 December 2022.
- On March 1st, 2023, under the framework agreement signed by the Group on August 1st, 2022 for the sale of the entire motion control business, the last phase of the operation realised with the sale of the motion control business unit of Gefran India Private Limited, a subsidiary of Gefran S.p.A., to WEG Industries (India) Private Limited, the Indian subsidiary of the WEG group, became effective.

On the same date, the companies Gefran Siei Asia Pte. Ltd and Gefran Siei Drives Technology Co. Ltd adopted new names, Gefran Asia Pte Ltd and Gefran Automation Technology (Shanghai) Co. Ltd respectively.

- On March 9th, 2023, the Board of Directors of Gefran S.p.A. unanimously approved the separate financial statements as at 31 December 2022, the consolidated financial statements and the consolidated non-financial statement.

The Board of Directors also resolved to propose to the Shareholders' Meeting the distribution of a dividend of 0.40 Euro per share in circulation (not including own shares) by drawing on the net profit for the year, with allocation of the residual amount to retained earnings.

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

Significant events following the close of the first quarter of 2023

- On April 17th, 2023 Gefran S.p.A. was very sad to announce the sudden passing of the Honorary Chairman and founder of the Company, Mr Ennio Franceschetti, which occurred on the just passed night. Since 2018 Ennio Franceschetti had been acting as Honorary Chairman. Although certain specific powers have been conferred on this office, all the operational powers necessary for the general management of the Company are held by the Chairman and the Chief Executive Officer. Mr Ennio Franceschetti did not have direct shareholdings in the Company.

- On April 21st, 2023, the Ordinary Shareholders' Meeting of Gefran S.p.A. resolved to:
 - o Approve the 2022 financial statements and distribute an ordinary dividend, gross of withholding taxes, of 0.40 Euro per eligible share (ex-dividend date May 8th, 2023, record date May 9th, 2023 and payment date May 10th, 2023). The remainder of the annual profit was allocated to retained earnings reserve.
 - o Appoint the Board of Directors for the three-year period 2023-2025, by setting the number of its members at 9, in line with the previous three-year period. Maria Chiara Franceschetti, Andrea Franceschetti, Giovanna Franceschetti, Marcello Perini, Alessandra Maraffini, Enrico Zampedri, Cristina Mollis and Giorgio Metta were appointed to the majority list while Luigi Franceschetti was appointed to the minority list. The newly-established Board will remain in office until the approval of the financial statements as at 31 December 2025.
 - o Authorise the Board of Directors to purchase 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 that approved the Group's 2023 Remuneration Policy and also expressed a favourable opinion on its 2022 Remuneration Report.

Following the Shareholders' Meeting, the new Board of Directors met and appointed Maria Chiara Franceschetti as Chair thereof, Andrea Franceschetti and Giovanna Franceschetti as Vice-Chairs and Marcello Perini as Managing Director. Marcello Perini was also appointed Chief Executive Officer pursuant to the Corporate Governance Code. At the meeting, the independence requirements of the newly appointed Board were also checked: non-executive directors Alessandra Maraffini, Cristina Mollis, Enrico Zampedri and Giorgio Metta were in possession of the independence requirements; Lead Independent Director is Cristina Mollis.

- On May 4th, 2023 the tax assessment process was completed for the 2016 tax period following the notification of the relevant assessment notice by the Italian Revenue Agency on December 5th, 2022. In light of the new elements, a specific provision for risks has been recorded, including the amount (interest and portion of taxes) contained in the tax assessment for the 2016 tax period, and a forecast of the amount for 2017 and 2018 tax periods based on the same content and principles defined in the act relating to 2016.

Outlook

2023 opens with a downward forecast compared to 2022: according to the International Monetary Fund, global growth should go from +3.4% growth in 2022 to +2.8% in 2023 and rebound to +3% in 2024. The slowdown in the "advanced" economies should be more pronounced: from 2.7% in 2022, it should fall to +1.3% in 2023. In an alternative, plausible scenario with further stress in the financial sector, global growth will fall to around 2.5% in 2023, where growth in advanced economies will fall below 1%.

The global economy appears to experience uncertainty: in the first few months of the year, the global economy and international trade continued to struggle, as a result of lingering geopolitical uncertainties and persistently high inflation in the major developed economies. However, the effects of the pandemic and the Russian-Ukraine conflict on the one hand are expected to gradually recover from the effects of the pandemic and the Russian-Ukraine conflict, as we are seeing in China, after the reopening of its economy. Disruptions in the supply chain are being resolved, as are the dislocations in the energy markets caused by the war. At the same time, the tightening of monetary policies by most central banks should start to show results. On the inflation front, the IMF fell from 8.7% globally to 7% in 2023, on the back of falling commodity prices. However, underlying (core) inflation is likely to decline more slowly. In most cases, inflation is unlikely to return to target before 2025.

With regard to the Eurozone, compared to +3.5% in 2022, GDP is projected to grow by 0.8% in 2023 and 1.4% in 2024.

Within Italy, growth is estimated at 0.7% in 2023, but the latest projections suggest a growth of 0.8% in 2024, making it more contained than in the Eurozone.

The first quarter of 2023 reflects how the weak global economy has affected the company's businesses.

The percentage increases in sales volumes recorded in 2021 and 2022 influenced by, among other things, the post-covid recovery in economies and the need for higher product inventories to cope with discontinuities in supply chains, experienced a fall.

During the early months of 2023, the global economic slowdown further limited the consumption of products already in the warehouses of the Group's customers, delaying incoming orders intended to replenish inventories.

Order visibility is significantly reduced compared to previous years.

It is therefore reasonable to assume that these factors combined with increased business costs resulting from inflation, rising rates and the full return to normality after the pandemic-related restrictions, will enable less growth than in 2022 in percentage terms.

As a consequence, the second quarter of 2023 is expected to see revenues growing compared to the same period in the previous year, confirming in percentage terms what was achieved in the first quarter. Moreover, margins are expected to remain positive, albeit lower than in the second quarter of 2022, owing to the increased operating costs related to what has been described above and the need to support the business's commercial and technological development.

Possible impact of the conflict in Ukraine

The geopolitical crisis dictated by the escalating tensions between Russia and Ukraine and leading to the current conflict has progressively involved the international community, leading NATO countries to introduce sanctions against the invading country.

Gefran, by supporting the international community in demanding peace, remains committed to supporting the economic sanctions applied by the European Union and, in accordance with them, has stated that is not undertaking any new activities or signing any new contracts involving Russian and Belarusian customers or suppliers. Noting that the Group does not own strategic assets in the territories directly involved in the conflict and that sales in these regions, held until early 2022, can be considered limited, no direct impacts are currently estimated.

This global uncertainty further fuelled the general rise in inflation in the course of the 2022 financial year, as reflected in higher raw material costs, particularly for energy commodities, as Russia is one of the world's leading energy suppliers. With regard to energy supplies, and the possible repercussions on the gas supply of European countries, it is confirmed that the productive activities of the Group do not require the consumption of gas. All the methane gas purchased is used to heat working environments. Even so, possible rationing or supply interruptions could require the Group to reorganise certain activities, in order to guarantee the continuity of production.

As regards the increase in raw material prices, the Group maintains a high level of attention and control over procurement costs. Although these effects were calmed during 2022 through a more careful and efficient management of the supply chain and logistics and production processes, as well as through the involvement of the R&D departments in re-engineering activities, possible impacts on the Group's economic results cannot be excluded, depending on how the global scenario evolves. They are currently estimated as non-significant, despite being difficult to predict.

Group risks and possible impact of the evolution of the Russia-Ukraine conflict

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

Analysis of risk factors, through assessment of their impact and the preparation of mitigation/containment plans, is a pre-requisite for the creation of value in the organisation. The ability to monitor and respond to risk correctly helps the Company to address corporate and strategic choices with confidence, as well as to prevent adverse consequences for the corporate and business targets set at Group level.

The principal risks with a potential impact resulting from the Russia-Ukraine conflict are listed below:

Risks associated with the general economic conditions and market trends

Uncertainties on the global economic front: weakness in the global economy and international trade, associated with continued geopolitical uncertainty and persistent high inflation in the major advanced economies, contrasting with relatively significant recoveries, lead international institutions to confirm the outlook of a global GDP slowdown for this year, albeit less marked than expected in autumn 2022.

The International Monetary Fund published new projections of 2.8% growth in 2023, before recovering to 3% in 2024. Global inflation is expected to fall from 8.7% in 2022 to 7% in 2023 on the back of falling commodity prices and consumer goods.

These projections, although accurate, remain purely indicative given the context of high uncertainty. While signs of recovery are under way, such as the reopening of the economy in China, the continued Russian-Ukraine conflict continues to be a source of instability for European economies.

It is to be noted that the Group has no strategic assets in the territories currently involved in the hostilities and business activities to these regions are limited. Although the situation has changed, in the light of current assessments Gefran does not consider that any direct impact on its activities and consequently on its ability to generate income should result from the hostilities that have arisen, in addition to what has already been absorbed in connection with generalised increases in the procurement costs of raw materials, gas and electricity.

Country risk

A significant portion of the Group's production and sales activities is carried out outside the European Union, particularly in Asia, the US, Brazil and Switzerland. The Group is exposed to risks relating to the global scale of its operations, including those relating to:

- exposure to local economic and political conditions;
- the implementation of policies restricting imports and/or exports;
- operating in multiple tax regimes;

- the introduction of policies limiting or restricting foreign investment and/or trade;
- possible disruptions in the supply chain.

Unfavourable political and/or economic developments in the countries in which the Group operates could adversely affect - the extent of which would vary by country - the Group's prospects, operations and economic and financial results.

The risk is mitigated by the fact that the production sites where there are certain productions and, therefore, not easily interchangeable with productions of other countries are situated in the USA and Switzerland, where the country risk is significantly reduced.

In the light of political developments linked to the Russian-Ukraine conflict, Gefran has formally expressed its desire to terminate business relations with customers residing in Russia and Belarus. Noting that the Group does not possess strategic assets in those regions and that the volume of business affected is modest (with reference to 2021, only 0.6% of the Group's revenues are generated in the countries currently involved in the conflict), this decision has not significantly affected the ability of the Group to generate revenues.

Although the scenario is evolving, given current considerations, Gefran does not believe that the hostilities will have a significant direct impact on its activities and, consequently, on its ability to generate income.

Risks associated with fluctuations in commodity prices

Since production by the Group mainly involves mechanical, electronic and assembly processes, the exposure to energy price fluctuations is limited.

The Group is exposed to changes in basic commodity prices (e.g. metals) to a small extent, as the product cost component represented by these materials is quite limited.

On the other hand, the Group purchases electronic and electromechanical components for the production of finished products. These materials are exposed to significant price changes that could adversely affect the Group's economic results, impacting the overall cost of the product, although it is currently fairly contained.

The outbreak and the continuation of the Russia-Ukraine war, which is still under way at the date of this publication, have led to higher energy commodity prices, with an impact on inflation and price pressures. The international institutions expect a slowdown in the global economic cycle during 2022. To date, the Group is able to contain these effects, through a more careful and efficient management of the supply chain, logistical and production processes within the organisation and the supervision of product development and engineering activities. Therefore, they are now estimated to be insignificant, despite being difficult to predict.

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 an integral part of the customer's product design, being incorporated into their end products and having a significant influence on their 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. The solvency of all customers is monitored regularly and any risks are periodically covered by appropriate provisions. Despite these precautions, under current market

conditions, it is possible that some customers may be unable to generate sufficient cash flow or access sufficient sources of funding, resulting in payment delays or failure to honour their obligations.

The current Russia-Ukraine conflict could lead to an indirect insolvency risk for Gefran, as the Group's customers could in turn have customers located in the conflict areas, preventing them from fulfilling their commitments. The Group has intervened, implementing procedures to minimise these impacts, which are estimated to be insignificant to date. Receivables are adjusted to their estimated realisable value by the allowance for doubtful accounts, which is determined pursuant to IFRS 9 with reference to the expected credit losses on each position, taking account of past experience in each business area and geographical region.

The Group has developed this assessment based on the best available information on past events, current economic conditions and future forecasts. In this regard, the analyses carried out use a risk matrix that considers several elements, such as the geographical area, the sector of origin and the degree of solvency of individual clients.

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

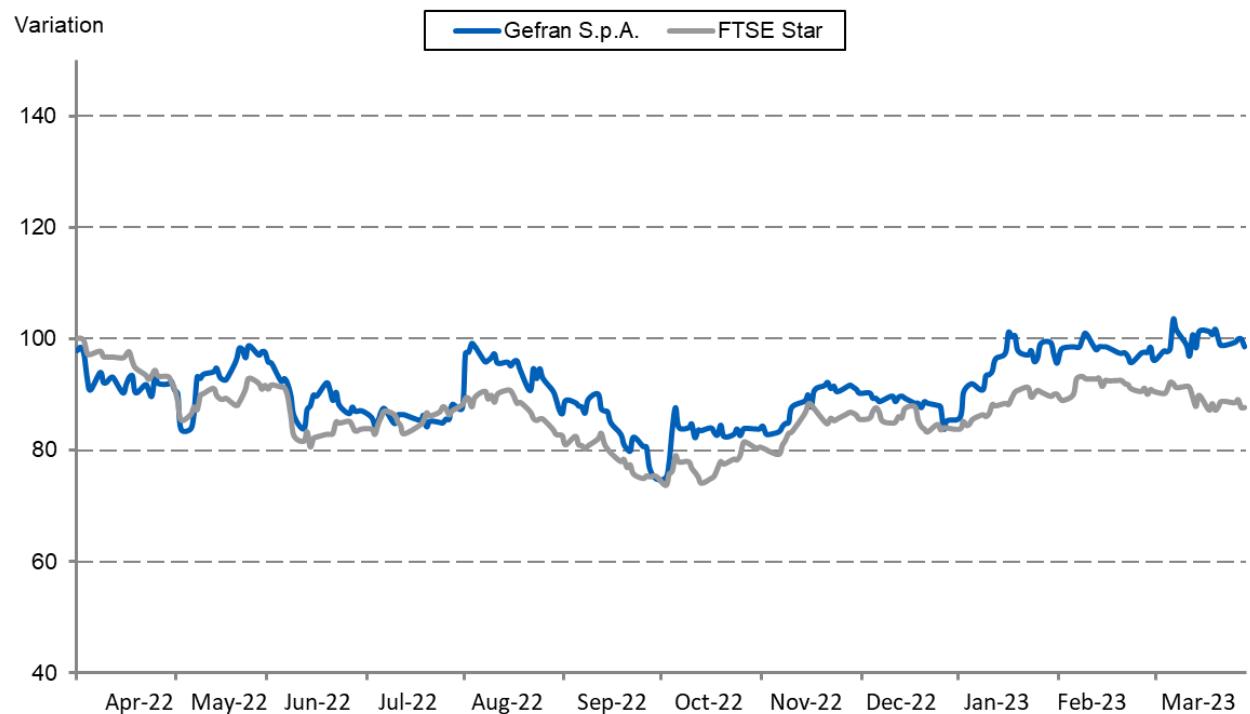
Own shares and stock performance

As at 31 December 2022, Gefran S.p.A. held 52,273 shares, equal to 0.37% of the total, with an average book value of 7.3993 Euro per share and a total value of 394 thousand Euro.

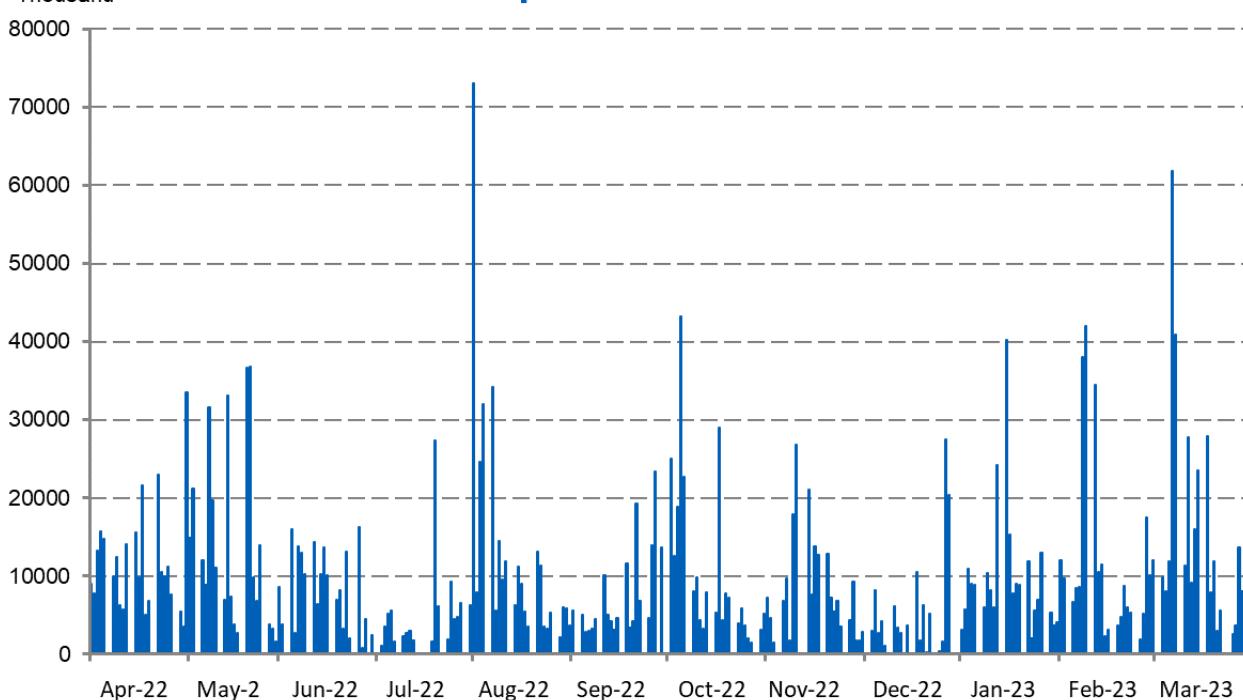
During the first three months of 2023, trading took place, resulting in a total purchase of 62,874 own shares, with an average value of 9.7862 Euro and a total value of 615 thousand Euro. As a result of this activity, as at 31 March 2023, Gefran S.p.A. held 116,147 shares, equal to 0.81% of the total, at a book price of 8.6914 Euro per share and a total value of 1,09 thousand Euro.

The performance of the stock and volumes traded in the last 12 months are summarised below:

Gefran S.p.A. stock performance



Gefran S.p.A. Volume Performance



Dealings with related parties

On November 12th, 2010, the Board of Directors of Gefran S.p.A. approved the “Internal Procedure for Transactions with Related Parties”, in application of Consob resolution no. 17221 dated March 12th, 2010. The procedure in question was subsequently updated by the Board of Directors, on June 24th, 2021, to implement the new provisions of EU Directive 2017/828 (so-called “Shareholders’ Rights II”), which was transposed into Italian law by Decree 49/2019, with regard to the primary legislation, and by Consob Resolution no. 21624 of December 10th, 2020, with regard to the secondary regulations.

This document is published in the section “Investor Relations/Governance/Statuto e procedure” of the Company’s website, available at <https://www.gefran.it/governance/statuto-e-procedure/>.

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.

It 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.

With regard to Group companies’ dealings with related parties, in accordance with IAS 24 we provide below information for the first quarter of 2023 and 2022.

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 have not been any atypical or unusual transactions.

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

(Euro /000)	Marfran S.r.l.	Total
Revenue from product sales		
2022	50	50
2023	-	-

(Euro /000)	Climat S.r.l.	Total
Service costs		
2022	(42)	(42)
2023	(41)	(41)

(Euro /000)	Climat S.r.l.	Marfran S.r.l.	Total
Property, plant, machinery and tools			
2022	294	-	294
2023	80	-	80
Trade receivables			
2022	-	3	3
2023	-	-	-
Trade payables			
2022	278	-	278
2023	148	-	148

Transactions with related parties of an amount below 50 thousand Euro are not reported since, as per internal regulations, this amount has been identified as the threshold for identifying significant transactions.

With regard to dealings with subsidiaries, the Parent Company Gefran S.p.A. provided technical, administrative and management services as well as royalties to the Group's operating subsidiaries amounting to approximately 734 thousand Euro, governed by specific contracts (1,081 thousand Euro as at 31 March 2022, of which 274 thousand Euro in relation to the subsidiaries Gefran Drives and Motion S.r.l. and Siei Areg GmbH, included in the scope of sale of the motion control business).

Gefran S.p.A. provides a Group cash pooling service, including through the use of a "Zero Balance" Cash Pooling service, which involves all 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 of other Group companies, as well as executives with strategic responsibilities, identified in the General Manager of Gefran S.p.A., as well as in the Chief Financial Officer, Chief People & Organization Officer and Group Chief Technology Officer.

Disclosure simplification

On October 1st 2012, the Board of Directors of Gefran S.p.A. resolved to make the election for simplified disclosure envisaged in 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 domiciled in Italy, with registered office at Via Sebina 74, Provaglio d'Iseo (BS).

This Interim financial report of the Gefran Group for the quarter ending at 31 March 2023 were approved by the Board of Directors on May 11th, 2023, which authorised their publication.

The Company has prepared this document in accordance with the international accounting standards (IFRS), issued by the IASB and recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19th, 2002, and in particular IAS 34 - Interim Financial Reporting.

The same accounting policies adopted to prepare the Annual financial report as at 31 December 2022 were also used to prepare this Interim financial report. The Interim financial report for the period ending on 31 March 2023 does not include all the disclosures required in the Annual financial report and should be read in conjunction with the Annual financial report as at 31 December 2022, prepared in accordance with the IFRS.

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

The Interim financial report for the period ending on 31 March 2023 is consolidated based on the economic and financial statements of Gefran S.p.A. and its subsidiaries, covering the first three months of 2023, 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 report is 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 measurement criteria

The valuation criteria adopted for the preparation of this Interim financial report as at 31 March 2023 are consistent with the accounting standards adopted for the preparation of the Annual financial report as at 31 December 2022.

In line with the requirements of document no. 2 of February 6th, 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. Consolidated

interim financial statements were prepared using the general historical cost criterion, as amended as required for evaluating certain financial instruments.

With reference to Consob Communication 0092543 dated December 3rd, 2015, it is noted that the Report on operations follows the ESMA guidelines (ESMA/2015/1415) for the disclosures needed to ensure the comparability, reliability and understandability of the Alternative Performance Indicators.

3. Change in the scope of consolidation

The scope of consolidation as at 31 March 2023 differs from 31 March 2022, since the liquidation of the Turkish company Gefran Middle East Ltd Sti, which has not been operational since February 2021, was completed in the fourth quarter of 2022. Also in the fourth quarter of 2022, the first phase of the sale of the motion control business to the Brazilian group WEG was started: on October 3rd and 4th, 2022, the shares of Gefran Drives and Motion S.r.l. (IT) and Siei Areg GmbH (DE), both controlled by Gefran S.p.A., were sold.

In addition, the subsequent phases of the sale of the business were completed in the first quarter 2023. With effect on January 3rd, 2023, Gefran Siei Asia Pte. Ltd, a subsidiary of Gefran S.p.A., which was named Gefran Asia Pte on March 1st, 2023 Ltd, sold to WEG (Changzhou) Automation Equipment Co Ltd, the Chinese subsidiary of the WEG group, the business unit relating to the motion control business of its subsidiary Gefran Siei Drives Technology Co. Ltd (as of March 1st, called Gefran Automation Technology Co. Ltd). Finally, on March 1st, 2023, the sale of the motion control business unit of Gefran India Private Limited, a subsidiary of Gefran S.p.A., to WEG Industries (India) Private Limited, the Indian subsidiary of the WEG group, became effective.

4. Disposal groups held for sale pursuant to IFRS 5

On August 1st, 2022, the Board of Directors of Gefran S.p.A., the Parent Company, resolved to sign a framework agreement for the disposal of the motion control business to the Brazilian WEG Group for a total of Euro 23 million. This business comprises the design, production and sale of products and solutions governing the speed and control of AC and DC motors, inverters, armature converters and servo drives. These products, which guarantee maximum performance in terms of system precision and dynamics are used in a variety of applications such as lift control, cranes, metal rolling lines and the processing of paper, plastics, glass and metals.

The scope of the transaction consists of the subsidiaries Gefran Drives and Motion S.r.l., with registered office in Gerenzano (Italy), Siei Areg GmbH, with registered office in Pleidelsheim (Germany), and the company branches relating to the motion control business of the subsidiaries Gefran Siei Drives Technology Co. Ltd (now called Gefran Automation Technology Co. Ltd), with registered office in Shanghai (China) and Gefran India Private Ltd, with registered office in Pune, India.

The sale was finalised in several stages: the first, completed in the fourth quarter of 2022, saw WEG being sold the equity investments in Gefran Drives and Motion S.r.l. and Siei Areg GmbH, respectively on October 3rd and 4th, 2022. Subsequently, the business units of the business divested by Gefran Siei Drives Technology Co. Ltd (effective as of January 3rd, 2023) were sold by Gefran India Private Ltd. (on March 1st, 2023).

The final consideration, settled in cash, has been determined using the calculation mechanisms normally used for transactions of this type.

The transaction comes as the Group focuses its evolutionary strategy aimed at strengthening the strategic sectors: sensors and automation components in which Gefran has supported its main investments in recent years and aims to accelerate a major growth process both organically and through external lines.

Following the transaction described above, in this Interim financial report, the discontinued operations are presented in the statements as "Held for sale and discontinued", consistent with the requirements of IFRS 5 "Non-current assets held for sale and discontinued operations". The income statement results and amounts relating to the scope defined have been reclassified and, in order to ensure the comparability of the data, the figures for the year ended 31 March 2022 have been systematically restated with respect to the published figures. It should be noted that the transactions between continuing and held for sale and discontinued operations were not eliminated, in order to better represent their performance as if they were standalone.

The statement of profit/(loss) for the period to 31 March 2022 is presented below, both as originally published and as restated to show the effects of applying IFRS 5:

(Euro '000)	Original Group PL at 31 March 2022	Effect of eliminations	IFRS 5 adoption companies and branches available for sale and discontinued operations	Restated Group PL at 31 March 2022
Revenue from product sales	45,115	352	(10,721)	34,746
Other revenues and income	186	279	(40)	425
Increases for internal work	385	-	(144)	241
TOTAL REVENUES	45,686	631	(10,905)	35,412
Change in inventories	3,674	-	(2,093)	1,581
Costs for raw materials and accessories	(19,921)	(347)	8,488	(11,780)
Service costs	(6,484)	(284)	1,655	(5,113)
Miscellaneous management costs	(224)	-	38	(186)
Other operating income	2	-	(1)	1
Personnel costs	(13,989)	-	2,734	(11,255)
Impairment/reversal of trade and other receivables	(108)	-	55	(53)
Amortisation and impairment of intangible assets	(571)	-	140	(431)
Depreciation and impairment of tangible assets	(1,267)	-	259	(1,008)
Depreciation/amortisation total usage rights	(313)	-	36	(277)
EBIT	6,485	-	406	6,891
Gains from financial assets	682	-	(7)	675
Losses from financial liabilities	(505)	-	67	(438)
(Losses) gains from shareholdings valued at equity	8	-	-	8
PROFIT (LOSS) BEFORE TAX	6,670	-	466	7,136
Current taxes	(1,854)	-	9	(1,845)
Deferred tax assets and liabilities	27	-	28	55
TOTAL TAXES	(1,827)	-	37	(1,790)
NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUOUS OPERATING ACTIVITIES	4,843	-	503	5,346
Net profit (loss) from assets held for sale and discontinued operations	-	-	(503)	(503)
NET PROFIT (LOSS) FOR THE PERIOD	4,843	-	-	4,843
Attributable to:				
Group	4,843	-	-	4,843
Third parties	-	-	-	-

For a better understanding of the economic information of assets classified as "Held for sale and discontinued", please refer to the section "Economic breakdown of the Group's scope for sale as at 31 March 2023".

5. Notes commenting on the most significant changes in items in the consolidated financial statements

Property, plant, machinery and tools

This item increased from 35,217 thousand Euro on 31 December 2022 to 35,828 thousand Euro on 31 March 2023 and shows the following changes:

Historical cost	31 December 2022	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2023
(Euro /000)						
Land	3,846	-	-	-	(12)	3,834
Industrial buildings	34,643	47	-	63	(112)	34,641
Plant and machinery	38,148	155	(36)	580	(24)	38,823
Industrial and commercial equipment	16,636	121	(3)	303	1	17,058
Other assets	6,498	105	(75)	64	(26)	6,566
Assets in progress and payments on account	2,027	1,409	-	(783)	(6)	2,647
Total	101,798	1,837	(114)	227	(179)	103,569

Accumulated depreciation	31 December 2022	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2023
(Euro /000)						
Industrial buildings	17,662	236	-	-	(16)	17,882
Plant and machinery	28,441	585	(28)	166	(19)	29,145
Industrial and commercial equipment	15,350	159	-	13	(2)	15,520
Other assets	5,128	118	(58)	27	(21)	5,194
Total	66,581	1,098	(86)	206	(58)	67,741

Net value	31 December 2022	31 March 2023	Change
(Euro /000)			
Land	3,846	3,834	(12)
Industrial buildings	16,981	16,759	(222)
Plant and machinery	9,707	9,678	(29)
Industrial and commercial equipment	1,286	1,538	252
Other assets	1,370	1,372	2
Assets in progress and payments on account	2,027	2,647	620
Total	35,217	35,828	611

Changes relating to the first three months of 2022 are shown below:

Historical cost	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2022
(Euro /000)						
Land	3,809	-	-	-	12	3,821
Industrial buildings	34,156	10	-	3	194	34,363
Plant and machinery	35,782	(1)	29	592	127	36,529
Industrial and commercial equipment	17,250	41	-	109	29	17,429
Other assets	6,032	40	(25)	39	66	6,152
Assets in progress and payments on account	1,740	636	(4)	(739)	4	1,637
Total	98,769	726	-	4	432	99,931

Net value	31 December 2020	31 March 2022	Change
(Euro /000)			
Land	3,809	3,821	12
Industrial buildings	17,358	17,273	(85)
Plant and machinery	9,299	9,427	128
Industrial and commercial equipment	1,139	1,151	12
Other assets	1,205	1,199	(6)
Assets in progress and payments on account	1,740	1,636	(104)
Total	34,550	34,507	(43)

The change in the exchange rate had a negative impact of 121 thousand Euro.

The increases in the historical value of “Property, plant, machinery and tools” amounted to a total of 1,837 thousand Euro in the first quarter of 2023. The most significant changes related to:

- investment of 675 thousand Euro in production and laboratory plant and equipment at the Group's Italian plants and 143 thousand Euro at other Group subsidiaries;
- adaptation of the industrial buildings of the Group's Italian factories in the amount of 763 thousand Euro, and those abroad in the amount of 124 thousand Euro;
- renewal of electronic office machines and IT equipment amounting to 99 thousand Euro by the Parent Company and to 18 thousand Euro by Group subsidiaries;
- miscellaneous equipment at Group subsidiaries amounting to 16 thousand Euro.

Increases also include 33 thousand Euro for capitalisation of internal costs (8 thousand Euro in the first three months of 2022).

Net working capital

“Net working capital” totals 25,206 thousand Euro, compared with 21,602 thousand Euro as at 31 December 2022, and is analysed below:

(Euro /000)	31 March 2023	31 December 2022	Change
Inventories	21,154	20,067	1,087
Trade receivables	27,410	24,183	3,227
Trade payables	(23,358)	(22,648)	(710)
Net amount	25,206	21,602	3,604

The value of **inventories** as at 31 March 2023 is 21,154 thousand Euro, up by 1,087 thousand Euro compared to 31 December 2022, where the fall in exchange rates offsets the increase of 57 thousand Euro. On the other hand, the economic impact of the change in inventories sees a smaller change compared to 31 December 2022, worth 1,146 thousand Euro, as the economic evaluation of events is carried out using the progressive average exchange rate for the year and in the first quarter of 2023 the effect of the exit of Gefran India's stock dedicated to the drives business, included in the sale of the business unit to the WEG group, was reversed.

The balance is analysed as follows:

(Euro /000)	31 March 2023	31 December 2022	Change
Raw materials, consumables and supplies	10,985	10,267	718
<i>provision for impairment of raw materials</i>	(1,500)	(1,480)	(20)
Work in progress and semi-finished products	9,195	8,558	637
<i>provision for impairment of work in progress</i>	(2,564)	(2,370)	(194)
Finished products and goods for resale	7,076	6,955	121
<i>provision for impairment of finished products</i>	(2,038)	(1,863)	(175)
Total	21,154	20,067	1,087

The gross value of inventories is 27,256 thousand Euro overall, up by 1,476 thousand Euro since the end of 2022.

In the first three months of 2023 the provision for obsolescence and slow-moving inventories was adjusted according to need, through specific provisions of 463 thousand Euro (as compared to 315 thousand Euro in the first three months of 2022).

The changes in the provision in the first quarter of 2023 are shown below:

(Euro /000)	31 December 2022	Provisions	Uses	Releases	Change scope of consolidation	Exchange rate differences	31 March 2023
Provision for impairment of inventory	5,713	463	(60)	(11)	-	(3)	6,102

By contrast, the changes in the provision as at 31 March 2022 are as follows:

(Euro /000)	31 December 2020	Provisions	Uses	Releases	Change scope of consolidation	Exchange rate differences	31 March 2022
Provision for impairment of inventory	4,617	315	(19)	-	-	38	4,951

Trade receivables amount to 27,410 thousand Euro, compared to 24,183 thousand Euro as at 31 December 2022, up by 3,227 thousand Euro:

(Euro /000)	31 March 2023	31 December 2022	Change
Receivables from customers	28,634	25,283	3,351
Provision for doubtful receivables	(1,224)	(1,100)	(124)
Net amount	27,410	24,183	3,227

The change is directly related to the increased sales revenues recorded in the first three months of 2023, compared to the last quarter of the previous year.

Receivables are adjusted to their estimated realisable value by the allowance for doubtful accounts, which is determined by analysing individual debtor positions and considering past experience in each business area and geographical region, as required by IFRS 9. The provision as at 31 March 2023 represents an estimate of the current risk and reported the following changes:

(Euro /000)	31 December 2022	Provisions	Uses	Releases	Change scope of consolidation	Other changes	Exchange rate differences	31 March 2023
Provision for doubtful receivables	1,100	13	(3)	(21)	(1)	135	1	1,224

On the other hand, the changes in the provision as at 31 March 2022 are as follows:

(Euro /000)	31 December 2020	Provisions	Uses	Releases	Change scope of consolidation	Other changes	Exchange rate differences	31 March 2022
Provision for doubtful receivables	1,200	58	(54)	-	-	-	20	1,224

Uses of the allowance include the coverage of losses on receivables that are no longer recoverable. The Group monitors the receivables most at risk and also initiates appropriate legal action. The carrying amount of trade receivables is deemed to approximate their fair value.

There is no significant concentration of sales to individual customers: this phenomenon involves less than 10% of Group revenues.

Trade payables total 23,358 thousand Euro, compared to 22,648 thousand Euro as at 31 December 2022. This item is analysed below:

(Euro /000)	31 March 2023	31 December 2022	Change
Payables to suppliers	18,826	18,093	733
Payables to suppliers for invoices to be received	3,498	3,505	(7)
Advance payments received from customers	1,034	1,050	(16)
Total	23,358	22,648	710

Trade payables have up by 710 thousand Euro since 31 December 2022. The increase is related to the higher purchases during the period, both of raw materials, which were necessary to meet the growth in sales volumes, and service costs.

Net financial position

The net financial position is analysed in the following table:

(Euro /000)	31 March 2023	31 December 2022	Change
Cash and cash equivalents and current financial receivables	44,224	44,114	110
Financial investments for derivatives	440	539	(99)
Other non-current financial investments	124	28	96
Non-current financial payables	(6,457)	(7,205)	748
Non-current financial payables for IFRS 16 leases	(2,273)	(1,782)	(491)
Current financial payables	(9,519)	(10,469)	950
Current financial payables for IFRS 16 leases	(1,030)	(955)	(75)
Total	25,509	24,270	1,239

The net financial position is analysed by maturity below:

(Euro /000)	31 March 2023	31 December 2022	Change
A. Cash on hand	26	24	2
B. Cash in bank deposits	44,198	44,090	108
C. Securities held for trading	-	-	-
D. Cash and cash equivalents (A) + (B)	44,224	44,114	110
Current financial liabilities for derivatives	-	-	-
Current financial investments for derivatives	-	-	-
E. Fair value current hedging derivatives	-	-	-
F. Current portion of long-term debt	(8,342)	(9,277)	935
G. Other current financial receivables and payables	(2,207)	(2,147)	(60)
H. Total current financial payables (F) + (G)	(10,549)	(11,424)	875
I. Total current payables (E) + (H)	(10,549)	(11,424)	875
J. Net current financial debt (I) + (D)	33,675	32,690	985
Non-current financial liabilities for derivatives	-	-	-
Non-current financial investments for derivatives	440	539	(99)
K. Fair value non-current hedging derivatives	440	539	(99)
L. Non-current financial debt	(8,730)	(8,987)	257
M. Other non-current financial investments	124	28	96
N. Net non-current financial debt (K) + (L) + (M)	(8,166)	(8,420)	254
O. Net financial debt (J) + (N)	25,509	24,270	1,239
of which to minorities:	25,509	24,270	1,239

The net financial position as at 31 March 2023 is positive at 25,509 thousand Euro, down by 1,239 thousand Euro compared to the end of 2022, when it was overall positive by 24,270 thousand Euro.

The change in net financial position is essentially due to the positive cash flows generated by typical operations (1,880 thousand Euro), the collection linked to the conclusion of the sale of the motion control business, with the sale of the business units of Gefran Automation Technology and Gefran India (3,387 thousand Euro), absorbed by disbursements for technical investments made during the first three months of the year (2,309 thousand Euro), as well as the purchase of treasury shares (615 thousand Euro) and interest, taxes and rental fees (overall 881 thousand Euro).

The balance of **cash and cash equivalents** amounts to 44,224 thousand Euro as at 31 March 2023 44,114 thousand Euro as at 31 December 2022. This item is analysed below:

(Euro /000)	31 March 2023	31 December 2022	Change
Cash in bank deposits	44,198	44,090	108
Cash	26	24	2
Total	44,224	44,114	110

The technical forms used for the use of the available assets as at 31 March 2023 are as follows:

- maturities: 10,000 thousand Euro deposited with Unicredit and repayable on 14 August 2023, 5,000 thousand Euro deposited with BNL and repayable on 14 May 2023, the remainder payable on demand;
- counterparty risk: deposits are made with leading credit institutions or rated ones;
- country risk: deposits are made in the countries in which Group companies have their registered offices.

Current financial payables as at 31 March 2023 decreased by 950 thousand Euro compared to the end of 2022; the balance breaks down as follows:

(Euro /000)	31 March 2023	31 December 2022	Change
Current portion of debt	8,342	9,277	(935)
Current overdrafts	1,149	1,167	(18)
Other payables	28	25	3
Total	9,519	10,469	(950)

Bank liabilities as at 31 March 2023 amount to 1,149 thousand Euro, compared with a balance as at 31 December 2022 of Euro 1,167 thousand Euro. The amount mainly comprises 1-year loans stipulated with Banca Intesa by the Chinese subsidiary Gefran Automation Technology, for a total of 1,148 thousand Euro, with an interest rate of 5.09% in the first three months of 2022.

Non-current financial payables are analysed as follows:

Bank (Euro /000)	31 March 2023	31 December 2022	Change
BPET	-	-	-
Mediocredito	-	-	-
BNL	500	1,000	(500)
Unicredit	1,111	1,110	1
BNL	1,555	1,556	(1)
Intesa (ex UBI)	-	-	-
Intesa (ex UBI)	2,504	2,752	(248)
SIMEST	480	480	-
SIMEST	307	307	-
Total	6,457	7,205	(748)

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

Bank (Euro '000)	Amount disbursed	Signing date	Balance at 31 March 2023	Of which within 12 months	Of which beyond 12 months	Interest rate	Maturity	Repayment method
Entered into by Gefran S.p.A. (IT)								
BPER	5,000	28/11/18	757	757	-	Euribor 3m + 0.75%	30/11/23	quarterly
Mediocredito	10,000	28/03/19	1,666	1,666	-	Euribor 3m + 1.05%	31/12/23	quarterly
BNL	10,000	29/04/19	2,500	2,000	500	Euribor 3m + 1%	29/04/24	quarterly
Unicredit	5,000	30/04/20	2,222	1,111	1,111	Euribor 6m + 0.95%	31/12/24	half-yearly
BNL	7,000	29/05/20	3,111	1,556	1,555	Euribor 6m + 1.1%	31/12/24	half-yearly
Intesa (ex UBI)	3,000	24/07/20	756	756	-	Fixed 1%	24/07/23	half-yearly
Intesa (ex UBI)	3,000	24/07/20	3,000	496	2,504	Euribor 6m + 1%	24/07/26	half-yearly
SIMEST	480	09/07/21	480	-	480	Fixed 0.55%	31/12/27	half-yearly
Entered into by Gefran Soluzioni S.r.l. (IT)								
SIMEST	307	21/05/21	307	-	307	Fixed 0.55%	31/12/27	half-yearly
Total			14.799	8.342	6.457			

No new loans were arranged during 2023.

It is to be noted that none of the loans outstanding as at 31 March 2023 have clauses that entail compliance with covenants.

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

Financial investments for derivatives total 440 thousand Euro, reflecting the positive fair value of the IRS contracts arranged by the Parent Company to hedge the interest-rate risk on floating-rate loans, which would crystallise on an increase in Euribor. The following analysis of hedges shows their fair value:

Bank (Euro /000)	Notional principal	Signing date	Notional as at 31 March 2023	Derivative	Fair Value as at 31 March 2023	Long position rate	Short position rate
Intesa	10,000	29/03/19	1,666	IRS	27	Fixed -0.00%	Euribor 3m (Floor: -1.05%)
BNL	10,000	29/04/19	2,500	IRS	46	Fixed 0.05%	Euribor 3m (Floor: -1.00%)
Unicredit	5,000	24/06/19	757	IRS	10	Fixed -0.10%	Euribor 3m (Floor: -0.75%)
Unicredit	5,000	30/04/20	2,222	IRS	69	Fixed 0.05%	Euribor 6m (Floor: -0.95%)
BNL	7,000	29/05/20	3,111	IRS	103	Fixed -0.12%	Euribor 6m (Floor: -1.10%)
Intesa (ex UBI)	3,000	24/07/20	3,000	IRS	185	Fixed -0.115%	Euribor 3m
Total financial assets for derivatives – Interest rate risk					440		

As at 31 March 2023 there are no derivatives signed to hedge exchange rate risk.

All the contracts described above are recognised at their fair value:

(Euro /000)	as at 31 March 2023		as at 31 December 2022	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Interest rate risk	440	-	539	-
Total cash flow hedge	440	-	539	-

As at 31 March 2023, all derivatives were tested for effectiveness, with positive results.

In order to support its operations, the Group has various credit lines available from banks and other financial institutions, mainly in the form of invoice factoring credit lines, cash flexibility and mixed credit lines totalling 37,033 thousand Euro. As at 31 March 2023 the overall use of these lines amounted to 1,148 thousand Euro, with a residual available amount of 35,885 thousand Euro.

No fees are due if these lines are not used.

The balance of financial payables for leasing under IFRS 16 (current and non-current) as at 31 March 2023 amounts to 3,303 thousand Euro, following the accounting standard IFRS 16, applied by the Group as of 1 January 2019, which sees the recognition of financial debts corresponding to the value of the right of use recorded under non-current assets. Financial payables for IFRS 16 leases are classified on the basis of their maturity as either current payables (due within one year), amounting to 1,030 thousand Euro, or non-current payables (due beyond one year), amounting to 2,273 thousand Euro.

The table below shows the changes in the item in the first quarter of 2023:

(Euro /000)	31 December 2022	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2023
<hr/>						
Leasing payables under IFRS 16	2,737	1,068	(486)	-	(16)	3,303
Total	2,737	1,068	(486)	-	(16)	3,303

The table below shows the changes in the item in the first quarter of 2022:

(Euro /000)	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2022
<hr/>						
Leasing payables under IFRS 16	2,761	260	(290)	-	10	2,741
Total	2,761	260	(290)	-	10	2,741

Revenues from product sales

“Revenues from product sales” totalled 35,538 thousand Euro as at 31 March 2023, up 2.3% compared to the figure as at 31 March 2022, amounting to 34,746 thousand Euro. In the first three months of 2023, the upward trend in sales volumes, which had already been seen in the fourth quarter of 2020 and characterised the financial years 2021 and 2022, continued.

Revenues from sales and services are analysed by sector of activity in the following table:

(Euro /000)	31 March 2023	31 March 2022	Change	%
<hr/>				
Sensors	23,386	22,879	507	2.2%
Automation components	12,152	11,867	285	2.4%
Total	35,538	34,746	792	2.3%

The amount of total revenues includes revenues from the provision of services totalling 534 thousand Euro (688 thousand Euro as at 31 March 2022); as regards comments on the performance of the various sectors and geographical areas, we refer to the paragraph “Consolidation of the Group in the first quarter of 2023”.

Service costs

“Service costs” amount to 6,031 thousand Euro, an overall increase of 918 thousand Euro compared to the figure of 31 March 2022, when it amounted to 5,113 thousand Euro. They are analysed below:

(Euro /000)	31 March 2023	31 March 2022	Change
Services	5,787	4,959	828
Use of third-party assets	244	154	90
Total	6,031	5,113	918

Fees, which with the implementation of IFRS 16 are no longer charged to the income statement under operating costs, amount to 287 thousand Euro (equal to 285 thousand Euro as at 31 March 2022). Contracts that were excluded from the adoption of IFRS 16 based on the provisions of the principle itself, for which leasing fees are still recognised in the income statement, registered on 31 March 2023 costs for use of third-party assets in the amount of 244 thousand Euro (equal to 154 thousand Euro in the same period 2022).

With reference to the item “Services”, other than the leasing fees described above, the item saw an increase of 828 thousand Euro in the first quarter of 2023 compared to the same period in the previous year; in particular, consultancy costs increased (of which 105 thousand Euro incurred in the first quarter of 2023 derives from activities necessary for the spin-off of the motion control business), as well as for travel and utilities.

Personnel costs

“Personnel costs” amount to 11,775 thousand Euro, with an increase against the value as at 31 March 2022 of 520 thousand Euro, and break down as follows:

(Euro /000)	31 March 2023	31 March 2022	Change
Salaries and wages	8,982	8,669	313
Social security contributions	2,271	2,021	250
Post-employment benefit reserve	454	485	(31)
Other costs	68	80	(12)
Total	11,775	11,255	520

The change mainly relates to the higher cost of wages and salaries, compared with what was sustained in the first three months of 2022, reflecting the growth in the Group’s workforce: as at 31 March 2022, there were 623 employees in the Group’s continuing operations, and 651 as at 31 March 2023.

Social security contributions include costs for the defined contribution plans of management (Previndai pension plan) totalling 16 thousand Euro (14 thousand Euro reported at 31 March 2022).

Other costs, down by 12 thousand Euro, include, among other items, restructuring costs resulting from the reorganisation of Group companies, as well as sales commissions recognised to employees.

The average number of Group employees in the first quarter of 2023, compared with the figure for the same period in 2022, relating only to continuing operations, was also up by 30:

	31 March 2023	31 March 2022	Change
Managers	15	12	3
Clerical staff	422	408	14
Manual workers	212	199	13
Total	649	619	30

Provaglio d'Iseo, May 11th, 2023

For the Board of Directors

The Chairwoman

Maria Chiara Franceschetti

Chief Executive Officer

Marcello Perini





Attachments



a) Consolidated income statement by quarter

(Euro /000)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	TOT 2022	Q1 2023
a Revenues	35,171	34,137	32,241	32,878	134,427	36,064
b Increases for internal work	241	270	173	223	907	445
c Consumption of materials and products	10,199	10,094	9,019	10,646	39,958	10,415
d Value Added (a+b-c)	25,213	24,313	23,395	22,455	95,376	26,094
e Other operating costs	5,351	5,903	6,318	5,973	23,545	6,080
f Personnel costs	11,255	11,617	11,483	12,840	47,195	11,775
g EBITDA (d-e-f)	8,607	6,793	5,594	3,642	24,636	8,239
h Depreciation, amortisation and impairment	1,716	1,763	1,796	1,847	7,122	1,870
i EBIT (g-h)	6,891	5,030	3,798	1,795	17,514	6,369
l Gains (losses) from financial assets/liabilities	237	249	413	(801)	98	(115)
m Gains (losses) from shareholdings valued at equity	8	5	7	4	24	16
n Profit (loss) before tax (i±l±m)	7,136	5,284	4,218	998	17,636	6,270
o Taxes	(1,790)	(1,403)	(1,418)	427	(4,184)	(2,346)
p Result from operational activities (n±o)	5,346	3,881	2,800	1,425	13,452	3,924
q Net income from assets available for sale and discontinued operations	(503)	(3,893)	365	567	(3,464)	(31)
p Group net profit (loss) (p±q)	4,843	(12)	3,165	1,992	9,988	3,893

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

End-of-period exchange rates

Currency	31 March 2023	31 December 2022
Swiss franc	0.9968	0.9847
Pound sterling	0.8792	0.8869
U.S. dollar	1.0875	1.0666
Brazilian real	5.5158	5.6386
Chinese renminbi	7.4763	7.3582
Indian rupee	89.3995	88.1710

Average exchange rates in the period

Currency	31 March 2023	31 March 2022	1Q 2023	1Q 2022
Swiss franc	0.9925	1.0369	0.9925	1.0369
Pound sterling	0.8832	0.8364	0.8832	0.8364
U.S. dollar	1.0730	1.1225	1.0730	1.1225
Brazilian real	5.5739	5.8820	5.5739	5.8820
Chinese renminbi	7.3408	7.1265	7.3408	7.1265
Indian rupee	88.2535	84.4173	88.2535	84.4173

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
Gefran France SA	Saint-Priest	France	EUR	800,000	Gefran S.p.A.	99.99
Gefran Benelux NV	Geel	Belgium	EUR	344,000	Gefran S.p.A.	100.00
Gefran Inc.	North Andover	United States	USD	1,900,070	Gefran S.p.A.	100.00
Gefran Brasil Elettroel. Ltda	San Paolo	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 Asia Pte Ltd	Singapore	Singapore	EUR	3,359,369	Gefran S.p.A.	100.00
Gefran Automation Technology (Shanghai) 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 Soluzioni S.r.l.	Provaglio d'Iseo	Italy	EUR	100,000	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.	15.00

e) List of other affiliates

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.	16.56
Woojin Plaiimm Co Ltd	Seoul	South Korea	WON	3,200,000,000	Gefran S.p.A.	2.00

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")**

The undersigned **Paolo Beccaria**, Executive in charge of financial reporting of Gefran S.p.A, hereby declares, pursuant to article 154-bis, paragraph 2, of the TUF (Consolidated Finance Act), that the accounting information contained in this Interim financial report as at 31 March 2023 accurately represents the details contained in the documentary evidence, accounts and records.

Provaglio d'Iseo, May 11th, 2023

Executive in charge of financial reporting
Paolo Beccaria

