

# GEFRAN

BEYOND TECHNOLOGY



## GEFRAN GROUP

**Interim Financial Statements  
at 30 September 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 Ceppellini
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)	30 September 2023		30 September 2022		3Q 2023		3Q 2022	
Revenues	101,226	100.0%	101,549	100.0%	29,738	100.0%	32,241	100.0%
EBITDA	19,677	19.4%	20,994	20.7%	4,479	15.1%	5,594	17.4%
EBIT	14,055	13.9%	15,719	15.5%	2,597	8.7%	3,798	11.8%
Profit (loss) before tax	14,022	13.9%	16,638	16.4%	2,713	9.1%	4,218	13.1%
Result from operating activities	9,733	9.6%	12,027	11.8%	2,110	7.1%	2,800	8.7%
Net profit (loss) from assets held for sale and discontinued operations	(207)	-0.2%	(4,031)	-4.0%	3	0.0%	365	1.1%
Group net profit (loss)	9,526	9.4%	7,996	7.9%	2,113	7.1%	3,165	9.8%

## Group statement of financial position highlights

(Euro /000)	30 September 2023	31 December 2022
Invested capital from operations	70,648	62,695
Invested capital from assets held for sale and discontinued operations	-	3,758
Net working capital	25,046	21,602
Shareholders' equity	93,017	90,723
Net debt relating to operations	22,369	24,270

(Euro /000)	30 September 2023	30 September 2022
Operating cash flow from operations	13,898	17,851
Operating cash flow from assets held for sale and discontinued operations	-	(3,526)
Investments in operations	8,202	3,689
Investments in assets held for sale and discontinued operations	-	646

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



# Introduction

These Interim financial statements are structured in line with the Annual financial report as at 31 December 2022 and with the Half-yearly financial report as at 30 June 2023, in light of the sale of the motion control business to the Brazilian Group WEG S.A.

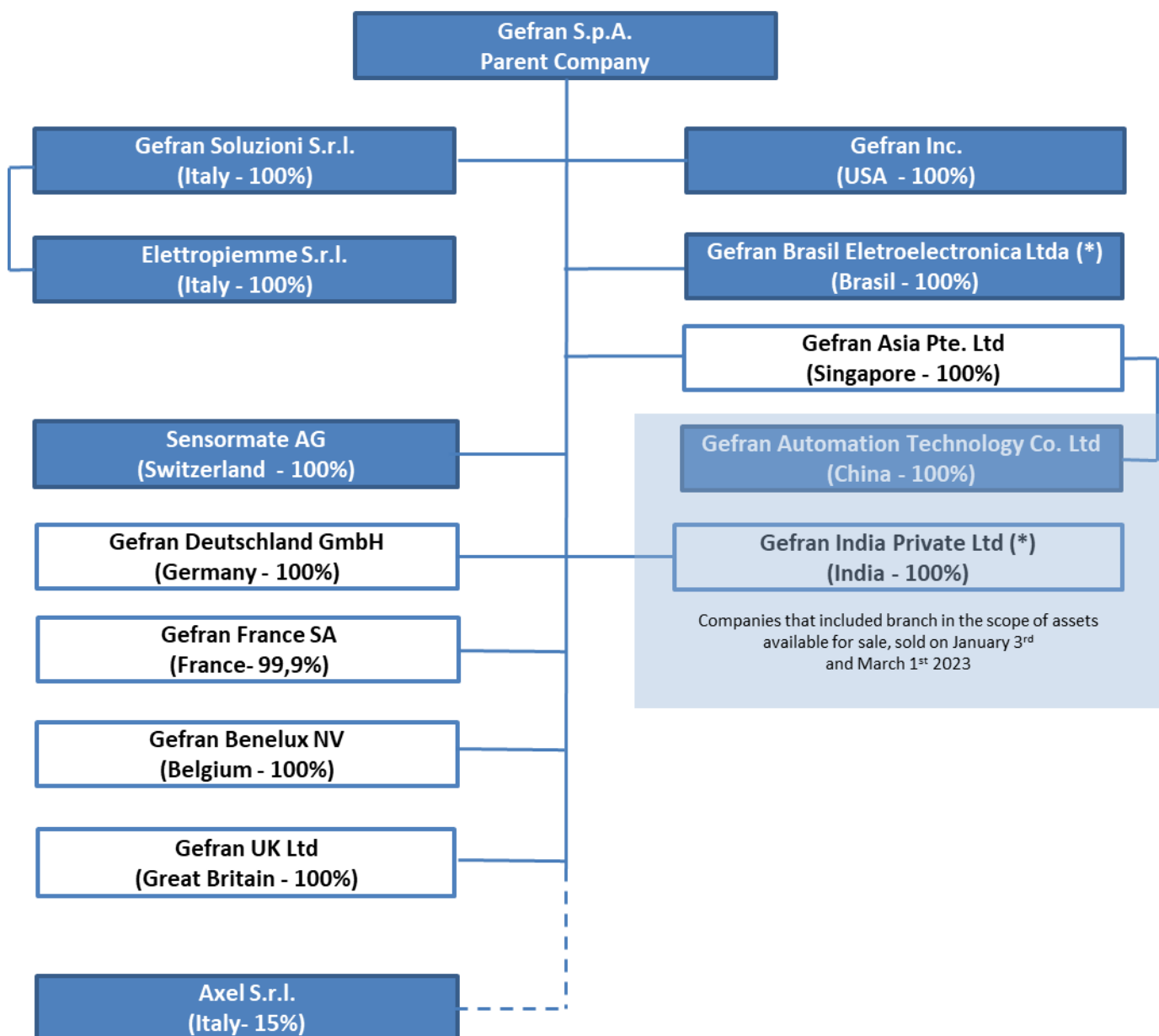
The scope of the transaction, defined through the framework agreement signed on August 1<sup>st</sup>, 2022 and carried out in several stages until its conclusion in the first quarter of 2023, included the subsidiaries Gefran Drives and Motion S.r.l., with registered office in Gerenzano (Italy), Siei Areg GmbH, with registered office in Pleidelsheim (Germany), whose shares were sold on October 3<sup>rd</sup> and 4<sup>th</sup>, 2022, respectively. The operation also included the business units relating to the motion control business of 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), subsequently sold, specifically on January 3<sup>rd</sup>, 2023 and March 1<sup>st</sup>, 2023.

Consistent with the provisions of IFRS 5 “Non-current assets held for sale and discontinued operations”, the economic results, as well as the assets and liabilities of this disposal group have been classified separately, in specific lines of the income statement and the statement of financial position.

This Report therefore focuses 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



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

# Consolidated financial statements

## Statement of profit/(loss)

(Euro /000)	progress. 30 September	
	2023	2022
Revenue from product sales	99,875	100,000
of which related parties:	-	99
Other revenues and income	1,351	1,549
Increases for internal work	1,808	684
<b>TOTAL REVENUES</b>	<b>103,034</b>	<b>102,233</b>
Change in inventories	(372)	5,577
Costs for raw materials and accessories	(30,597)	(34,889)
of which related parties:	(431)	-
Service costs	(16,820)	(16,979)
of which related parties:	(221)	(209)
Miscellaneous management costs	(736)	(516)
Other operating income	255	13
Personnel costs	(35,145)	(34,355)
of which related parties:	(58)	(52)
Impairment/reversal of trade and other receivables	58	(90)
Amortisation and impairment of intangible assets	(1,334)	(1,334)
Depreciation and impairment of tangible assets	(3,417)	(3,102)
Depreciation/amortisation total usage rights	(871)	(839)
<b>EBIT</b>	<b>14,055</b>	<b>15,719</b>
Gains from financial assets	1,720	5,326
Losses from financial liabilities	(1,771)	(4,427)
(Losses) gains from shareholdings valued at equity	18	20
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>14,022</b>	<b>16,638</b>
Current taxes	(4,099)	(4,823)
Deferred tax assets and liabilities	(190)	212
<b>TOTAL TAXES</b>	<b>(4,289)</b>	<b>(4,611)</b>
<b>NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUOUS OPERATING ACTIVITIES</b>	<b>9,733</b>	<b>12,027</b>
Net profit (loss) from assets held for sale and discontinued operations	(207)	(4,031)
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>9,526</b>	<b>7,996</b>
Attributable to:		
Group	9,526	7,996
Third parties	-	-

Earnings per share (Euro)	progress. 30 September	
	2023	2022
Basic earnings per ordinary share	0.67	0.56
Diluted earnings per ordinary share	0.67	0.56

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

(Euro /000)	progress. 30 September	
	2023	2022
<b>NET PROFIT (LOSS) FOR THE PERIOD</b>	<b>9,526</b>	<b>7,996</b>
Items that will not subsequently be reclassified in the statement of profit/(loss) for the period		
- revaluation of employee benefits: IAS 19		
- overall tax effect		
- equity investments in other companies	(35)	(102)
Items that will or could subsequently be reclassified in the statement of profit/(loss) for the period		
- conversion of foreign companies' financial statements	(354)	2,026
- corrections of errors from previous years		
- fair value of cash flow hedging derivatives	(181)	461
- other movements in the consolidation reserve		
<b>Total changes, net of tax effect</b>	<b>(570)</b>	<b>2,385</b>
<b>Comprehensive result for the period</b>	<b>8,956</b>	<b>10,381</b>
Attributable to:		
Group	8,956	10,381
Third parties	-	-

## Statement of financial position

(Euro /000)	30 September 2023	31 December 2022
<b>NON-CURRENT ACTIVITIES</b>		
Goodwill	6,035	6,016
Intangible assets	6,176	6,021
Property, plant, machinery and tools	38,273	35,217
of which related parties:	201	294
Usage rights	3,773	2,707
Shareholdings valued at equity	138	119
Equity investments in other companies	1,967	2,003
Receivables and other non-current assets	260	278
Deferred tax assets	3,917	4,147
Non-current financial investments for derivatives	301	539
Other non-current financial investments	114	28
<b>TOTAL NON-CURRENT ACTIVITIES</b>	<b>60,954</b>	<b>57,075</b>
<b>CURRENT ACTIVITIES</b>		
Inventories	19,632	20,067
Trade receivables	24,591	24,183
of which related parties:	-	3
Other receivables and assets	4,315	3,432
Current tax receivables	662	764
Cash and cash equivalents	48,862	44,114
<b>TOTAL CURRENT ACTIVITIES</b>	<b>98,062</b>	<b>92,560</b>
<b>ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>4,629</b>
<b>TOTAL ASSETS</b>	<b>159,016</b>	<b>154,264</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	14,400	14,400
Reserves	69,091	66,335
Profit / (Loss) for the year	9,526	9,988
Total Group Shareholders' Equity	93,017	90,723
Shareholders' equity of minority interests	-	-
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>93,017</b>	<b>90,723</b>
<b>NON-CURRENT LIABILITIES</b>		
Non-current financial payables	15,302	7,205
Non-current financial payables for IFRS 16 leases	2,771	1,782
Employee benefits	2,105	2,241
Non-current provisions	932	554
Deferred tax provisions	972	1,029
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>22,082</b>	<b>12,811</b>
<b>CURRENT LIABILITIES</b>		
Current financial payables	7,766	10,469
Current financial payables for IFRS 16 leases	1,069	955
Trade payables	19,177	22,648
of which related parties:	284	556
Current provisions	1,269	1,287
Current tax payables	1,826	1,158
Other payables and liabilities	12,810	13,342
<b>TOTAL CURRENT LIABILITIES</b>	<b>43,917</b>	<b>49,859</b>
<b>LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>871</b>
<b>TOTAL LIABILITIES</b>	<b>65,999</b>	<b>63,541</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>159,016</b>	<b>154,264</b>

## Consolidated cash flow statement

(Euro /000)	30 September 2023	30 September 2022
<b>(A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD</b>	<b>44,114</b>	<b>35,497</b>
<b>B) CASH FLOW GENERATED BY (USED IN) OPERATIONS IN THE PERIOD</b>		
Net profit (loss) for the period	9,526	7,996
Depreciation, amortisation and impairment	5,622	5,275
Provisions (Releases)	2,458	1,731
Capital (gains) losses on the sale of non-current assets	16	15
Net profit (loss) from assets held for sale and discontinued operations	(62)	4,031
Net result from financial operations	33	(919)
Taxes	4,099	4,823
Change in provisions for risks and future liabilities	(805)	(857)
Change in other assets and liabilities	(1,661)	2,001
Change in deferred taxes	191	(212)
Change in trade receivables	(417)	253
	of which related parties:	3 52
Change in inventories	(1,164)	(6,471)
Change in trade payables	(3,938)	185
	of which related parties:	(272) (9)
Operating flows from assets and liabilities held for sales	-	(3,526)
<b>TOTAL</b>	<b>13,898</b>	<b>14,325</b>
<b>C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES</b>		
Investments in:		
- Property, plant & equipment and intangible assets	(8,202)	(3,689)
	of which related parties:	(201) (123)
- Financial receivables	18	(5)
Disposal of non-current assets	2,747	22
Investments flows from assets and liabilities held for sales	-	(646)
<b>TOTAL</b>	<b>(5,437)</b>	<b>(4,319)</b>
<b>D) FREE CASH FLOW (B+C)</b>	<b>8,461</b>	<b>10,006</b>
<b>E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES</b>		
New financial payables	13,000	-
Repayment of financial debts	(6,389)	(8,190)
Increase (decrease) in current financial payables	(1,126)	(4,904)
Outgoing cash flow due to IFRS 16	(901)	(868)
Taxes paid	(1,759)	(4,305)
Interest paid	(575)	(161)
Interest received	263	311
Sale (purchase) of own shares	(921)	-
Change in equity reserves	-	(1)
Dividends paid	(5,713)	(5,462)
Financial flows from assets and liabilities held for sales	-	4,797
<b>TOTAL</b>	<b>(4,121)</b>	<b>(18,783)</b>
<b>F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)</b>	<b>4,340</b>	<b>(8,777)</b>
<b>G) CASH FLOW FROM OPERATING ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>(625)</b>
H) Exchange rate translation differences on cash at hand	408	(5)
<b>I) NET CHANGE IN CASH AT HAND (F+G+H)</b>	<b>4,748</b>	<b>(9,407)</b>
<b>J) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+I)</b>	<b>48,862</b>	<b>26,090</b>

## Statement of changes in shareholders' equity

### Overall EC reserves

(Euro /000)	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
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	-	-	-	-	(5,713)	-	-	-	-	(5,713)	-	(5,713)
Income/ (Expenses) recognised at equity	-	-	-	-	-	(216)	-	-	-	(216)	-	(216)
Change in translation reserve	-	-	-	-	-	-	(354)	-	-	(354)	-	(354)
Other changes	-	-	(27)	(922)	-	-	-	-	-	(949)	-	(949)
Profit 30 September 2023	-	-	-	-	-	-	-	-	9,526	9,526	-	9,526
Balance at 30 September 2023	14,400	21,926	9,402	8,921	24,589	426	4,214	(387)	9,526	93,017	-	93,017

## Group performance

With reference to the sale of the motion control business described in the introduction to these Interim financial statements, 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.

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” are described in separate paragraphs.

### Consolidated income statement of the quarter

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

(Euro /000)	3Q 2023	3Q 2022	Var. 2023-2022	
	Total	Total	Value	%
a Revenues	29,738	32,241	(2,503)	-7.8%
b Increases for internal work	648	173	475	274.6%
c Consumption of materials and products	9,368	9,019	349	3.9%
<b>d Added Value (a+b-c)</b>	<b>21,018</b>	<b>23,395</b>	<b>(2,377)</b>	<b>-10.2%</b>
e Other operating costs	5,408	6,318	(910)	-14.4%
f Personnel costs	11,131	11,483	(352)	-3.1%
<b>g EBITDA (d-e-f)</b>	<b>4,479</b>	<b>5,594</b>	<b>(1,115)</b>	<b>-19.9%</b>
h Depreciation, amortisation and impairment	1,882	1,796	86	4.8%
<b>i EBIT (g-h)</b>	<b>2,597</b>	<b>3,798</b>	<b>(1,201)</b>	<b>-31.6%</b>
l Gains (losses) from financial assets/liabilities	110	413	(303)	-73.4%
m Gains (losses) from shareholdings valued at equity	6	7	(1)	n.s.
<b>n Profit (loss) before tax (i+l+m)</b>	<b>2,713</b>	<b>4,218</b>	<b>(1,505)</b>	<b>-35.7%</b>
o Taxes	(603)	(1,418)	815	57.5%
<b>p Result from operating activities (n+o)</b>	<b>2,110</b>	<b>2,800</b>	<b>(690)</b>	<b>-24.6%</b>
q Net profit (loss) from assets held for sale and discontinued operations	3	365	(362)	-99.2%
<b>r Group net profit (loss) (p+q)</b>	<b>2,113</b>	<b>3,165</b>	<b>(1,052)</b>	<b>-33.2%</b>

**Revenues** in the third quarter of 2023 amount to 29,738 thousand Euro, compared to 32,241 thousand Euro in the same period of the previous year, down by 2,503 thousand Euro (equal to 7.8%), which would be 2,071 thousand Euro (equal to 6.4%) net of the negative effect of exchange-rate changes.

It should also be noted that Gefran Group revenues for the third quarter of 2022 included 535 thousand Euro associated with billing for services, governed by specific contracts, to companies leaving the Group due to the sale of the motion control business to the WEG Group (285 thousand Euro) and with residual sales of motion control products not restated, as they relate to companies excluded from the scope of the sale of the business (250 thousand Euro). In the third quarter of 2023 these revenues amounted to 124 thousand Euro (all for product sales). Without these effects, revenues in the third quarter of 2023 would therefore be 2,095 thousand Euro lower than in the same period in the previous year.

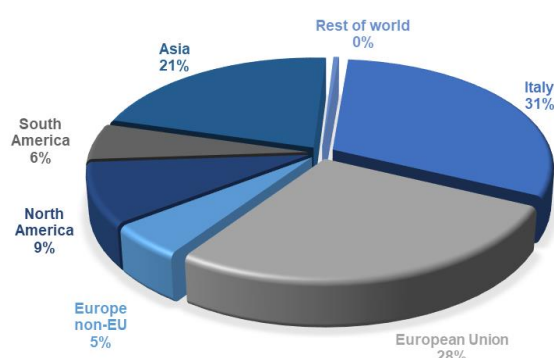


Order intake in the third quarter of 2023 is lower (4.8% overall) than in the same period in 2022, with a downturn in orders for both the automation components business (-9.6%) and the sensors business (-2%).

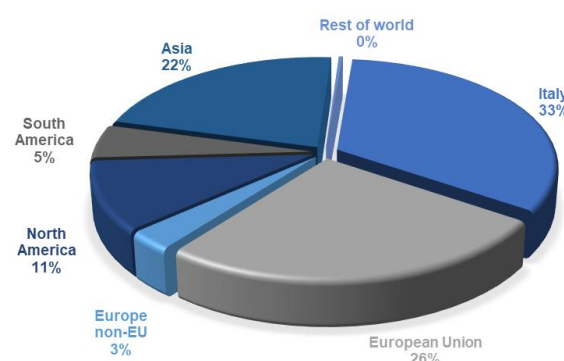
The table below presents a breakdown of revenues in the third quarter by geographical region:

(Euro /000)	3Q 2023		3Q 2022		Var. 2023-2022	
	Value	%	Value	%	Value	%
Italy	9,129	30.7%	10,648	33.0%	(1,519)	-14.3%
European Union	8,175	27.5%	8,423	26.1%	(248)	-2.9%
Europe non-EU	1,506	5.1%	961	3.0%	545	56.7%
North America	2,759	9.3%	3,410	10.6%	(651)	-19.1%
South America	1,653	5.6%	1,647	5.1%	6	0.4%
Asia	6,386	21.5%	7,050	21.9%	(664)	-9.4%
Rest of the world	130	0.4%	102	0.3%	28	27.5%
<b>Total</b>	<b>29,738</b>	<b>100%</b>	<b>32,241</b>	<b>100%</b>	<b>(2,503)</b>	<b>-7.8%</b>

Revenues 3Q 2023



Revenues 3Q 2022



The breakdown of revenues for the quarter by **geographical area**, and the comparison with the same quarter of the previous year, shows a general decrease in sales volumes in the main areas served by the Group, and in particular in Italy (-14.3%), America (a total of -12.8%, down to -12% net of the exchange rate effect) and Asia (-9.4%, down to -3.7%, not considering the denied contribution of foreign currency trends). The only area served where growth is recorded is Europe (overall it is up by 3.2%).

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

(Euro /000)	3Q 2023		3Q 2022		Var. 2023-2022	
	Value	%	Value	%	Value	%
Sensors	19,065	64.1%	22,057	68.4%	(2,992)	-13.6%
Automation components	12,377	41.6%	12,187	37.8%	190	1.6%
Eliminations	(1,704)	-5.7%	(2,003)	-6.2%	299	-14.9%
<b>Total</b>	<b>29,738</b>	<b>100%</b>	<b>32,241</b>	<b>100%</b>	<b>(2,503)</b>	<b>-7.8%</b>

Revenues were up in the components business (+1.6%), thanks to the increase in sales volumes in Europe, only partially affected by the decrease noted in Italy. Sales in the quarter were down in relation to products in the sensors business, compared with the same in the previous year (-13.6%), where the decrease – spread across all geographical areas – was most significant in Italy (-26.2%), an area affected by the reduced goods and services invoiced to companies leaving the Gefran Group.

**Increases for internal work** in the third quarter of 2023 amounted to 648 thousand Euro, down by 475 thousand Euro compared with the same period in the previous year. This item represents the new product development costs incurred in the period that have been capitalised.

**Added value** in the quarter amounted to 21,018 thousand Euro (23,395 thousand Euro in the same quarter in 2022), corresponding to 70.7% of revenues and slightly lower than in the same period of the previous year (-1.9%). The decrease in added value in the quarter compared with the same period of the previous year, totalling 2,377 thousand Euro, reflects the lower revenues recorded and lower percentage margins achieved (partly as a result of the reduced goods and services invoiced to companies leaving the Gefran Group), and is only partially offset by an increase in capitalisation.

**Other operating costs** in the third quarter of 2023 amount to 5,408 thousand Euro, a decrease of 910 thousand Euro over the figure for the third quarter of 2022, absorbing 18.2% of revenues (19.6% down from the previous quarter).

**Personnel costs** in the quarter, equal to 11,131 thousand Euro, showed an decrease equal to 352 thousand Euro compared to the same period in the previous year, when this item amounted to 11,483 thousand Euro. They absorbed 37.4% of revenues (35.6% in the third quarter of 2022).

**EBITDA** in the third quarter of 2023 is positive at 4,479 thousand Euro (5,594 thousand Euro in the same quarter of 2022), corresponding to 15.1% of revenues (17.4% of revenues in 2022), which is lower than in the same quarter of the previous year by 1,115 thousand Euro. Contributing to the decrease in EBITDA was the effect of lower residual revenues from services and drive products that were not restated. Without this impact, the decrease in EBITDA would amount to 648 thousand Euro. Lower sales volumes and lower added value are only partially offset by lower operating and labour costs, thus leading to a deterioration in the EBITDA, which nevertheless remains largely positive.

The item **depreciation, amortisation and impairment** amounts to 1,882 thousand Euro, compared with 1,796 thousand Euro in the same period in the previous year, an increase of 86 thousand Euro.

**EBIT** in the third quarter of 2023 is positive at 2,597 thousand Euro (8.7% of revenues), compared with 3,798 thousand Euro in the same period of 2022 (11.8% of revenues), a decrease of 1,201 thousand Euro. As with EBITDA, the change is the result of the same dynamics as with EBITDA.

**Income from financial assets/liabilities** in the third quarter of 2023 amounted to 110 thousand Euro (in the third quarter of 2022 net charges of 413 thousand Euro were recorded), including:

- financial income of 139 thousand Euro (13 thousand Euro in the third quarter of 2022);
- financial charges linked with the Group's indebtedness of 42 thousand Euro, which was lower than in the third quarter of 2022, when they totalled 73 thousand Euro;
- exchange gains on foreign currency transactions of 38 thousand Euro, compared with 481 thousand Euro in the third quarter of the previous year; this difference reflects, in particular, the effect of the change in the exchange rate of the Euro against the Swiss franc;
- financial charges on financial debts as a result of application of the new accounting standard IFRS16 totalling 27 thousand Euro (8 thousand Euro third quarter of 2022).

**Gains (losses) from shareholdings valued at equity** reflect the results reported by Axel S.r.l. and amounted to 6 thousand Euro. Income in the third quarter of 2022 totalled 7 thousand Euro.

**Taxes** charged during the quarter amounted to 603 thousand Euro (compared with a charge of 1,418 thousand Euro in the third quarter of 2022). The above amounts are analysed below:

- current tax charge of 606 thousand Euro (charge of 1,411 thousand Euro in the third quarter of 2022);
- deferred tax assets and liabilities, on the whole positive by 3 thousand Euro (negative by 7 thousand Euro in the third quarter of the previous year). It should also be noted that, as described in the section entitled "Consolidation principles and measurement criteria" in the Specific explanatory notes to the accounts, the amendment "Deferred tax related to assets and liabilities arising from a single transaction", issued by the IASB on 7 May 2021 and relating to IAS 12 "Income Taxes", was applied with effect from January 1<sup>st</sup>, 2023. Deferred asset and liability effects on leasing transactions were therefore recognised during the quarter.

**Profit from continuing operations** in the third quarter of 2023 is positive at 2,110 thousand Euro, compared with positive 2,800 thousand Euro in the same period of the previous year, down by 690 thousand Euro.

**Group net profit** in the third quarter of 2023 is positive by 2,113 thousand Euro, compared with positive 3,165 thousand Euro in the same period of the previous year, down by 1,052 thousand Euro. The change was mainly due to the performance of the Profit from continuing operations (down 690 thousand Euro) and the Net result from assets held for sale and discontinued (down 362 thousand Euro).

### **Progressive Consolidated Income Statement**

The Group's results as at 30 September 2023 are shown below, compared with those reported as at 30 September 2022.

(Euro /000)	30 September 2023	30 September 2022	Var. 2023-2022	
	Total	Total	Value	%
a Revenues	101,226	101,549	(323)	-0.3%
b Increases for internal work	1,808	684	1,124	164.3%
c Consumption of materials and products	30,969	29,312	1,657	5.7%
<b>d Added Value (a+b-c)</b>	<b>72,065</b>	<b>72,921</b>	<b>(856)</b>	<b>-1.2%</b>
e Other operating costs	17,243	17,572	(329)	-1.9%
f Personnel costs	35,145	34,355	790	2.3%
<b>g EBITDA (d-e-f)</b>	<b>19,677</b>	<b>20,994</b>	<b>(1,317)</b>	<b>-6.3%</b>
h Depreciation, amortisation and impairment	5,622	5,275	347	6.6%
<b>i EBIT (g-h)</b>	<b>14,055</b>	<b>15,719</b>	<b>(1,664)</b>	<b>-10.6%</b>
l Gains (losses) from financial assets/liabilities	(51)	899	(950)	-105.7%
m Gains (losses) from shareholdings valued at equity	18	20	(2)	-10.0%
<b>n Profit (loss) before tax (i±l±m)</b>	<b>14,022</b>	<b>16,638</b>	<b>(2,616)</b>	<b>-15.7%</b>
o Taxes	(4,289)	(4,611)	322	7.0%
<b>p Result from operating activities (n±o)</b>	<b>9,733</b>	<b>12,027</b>	<b>(2,294)</b>	<b>-19.1%</b>
q Net profit (loss) from assets held for sale and discontinued operations	(207)	(4,031)	3,824	94.9%
<b>p Group net profit (loss) (p±q)</b>	<b>9,526</b>	<b>7,996</b>	<b>1,530</b>	<b>19.1%</b>

**Revenues** as at 30 September 2023 amount to 101,226 thousand Euro, compared to 101,549 thousand Euro in the same period of the previous year, down by 323 thousand Euro (0.3%). Excluding the negative effect of the exchange rate change, amounting to 1,374 thousand Euro, revenues would instead show growth than on 30 September 2022 (1%).

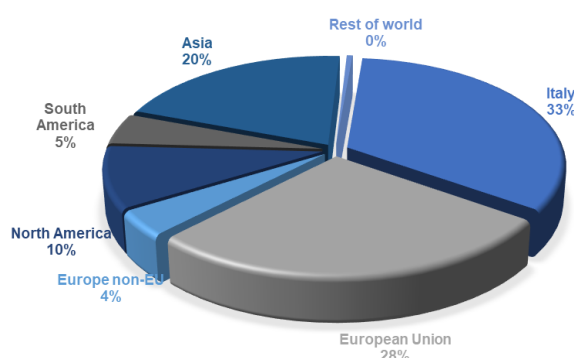
It should also be noted that Gefran Group revenues for 30 September 2022 included 1,465 thousand Euro associated with billing for services, governed by specific contracts, to companies leaving the Group due to the sale of the motion control business to the WEG Group (837 thousand Euro) and with residual sales of motion control products not restated, as they relate to companies excluded from the scope of the sale of the business (628 thousand Euro). As at 30 September 2023 these revenues totalled 725 thousand Euro (of which 161 thousand Euro for services and 564 thousand Euro for product sales). Without these effects, revenues as at 30 September 2023 would therefore be 417 thousand Euro higher than in the same period in the previous year.

Analysing order intake in the first half of 2023 compared to the same period in 2022 a contraction of 11.1% was recorded. It covers both lines of business: most markedly in sensors (-13.2%), while being more moderate in automation components (-5.9%). The decline is also reflected in the order book, which was down both on 30 September 2022 (-29.9%) and on the closing value of 2022 (-23.1%)

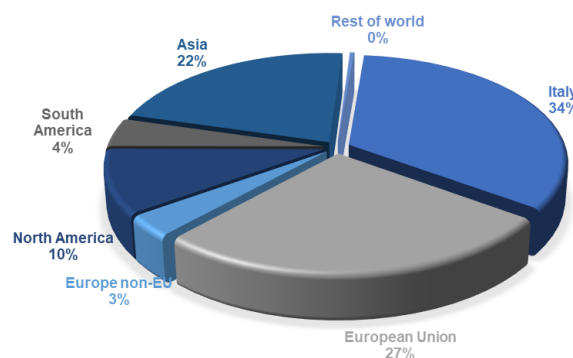
The following table shows the breakdown of revenues by geographical area for the current year at the end of the third quarter:

(Euro /000)	30 September 2023		30 September 2022		Var. 2023-2022	
	Value	%	Value	%	Value	%
Italy	33,749	33.3%	34,102	33.6%	(353)	-1.0%
European Union	27,959	27.6%	27,275	26.9%	684	2.5%
Europe non-EU	4,016	4.0%	3,390	3.3%	626	18.5%
North America	9,677	9.6%	10,051	9.9%	(374)	-3.7%
South America	4,857	4.8%	4,470	4.4%	387	8.7%
Asia	20,474	20.2%	21,890	21.6%	(1,416)	-6.5%
Rest of the world	494	0.5%	371	0.4%	123	33.2%
<b>Total</b>	<b>101,226</b>	<b>100%</b>	<b>101,549</b>	<b>100%</b>	<b>(323)</b>	<b>-0.3%</b>

Revenues up to 30 September 2023



Revenues up to 30 September 2022



The breakdown of revenues by **geographical area** shows growth in some of the main areas served by the Group, and particularly in Europe (+4.3% overall). However, revenues generated by the national market fell (for Italy, there was a 1% decline), but especially revenues from the Asia area (-6.5%), where the effect of trends in Rupee and Renminbi foreign currencies was affected (net of the exchange rate effect, the decrease would be 0.6%).

The breakdown of revenues in the period to 30 September 2023 by **business area** is presented below in comparison with the same period in the previous year:

(Euro /000)	30 September 2023		30 September 2022		Var. 2023-2022	
	Value	%	Value	%	Value	%
Sensors	66,464	65.7%	67,943	66.9%	(1,479)	-2.2%
Automation components	40,655	40.2%	39,451	38.8%	1,204	3.1%
Eliminations	(5,893)	-5.8%	(5,845)	-5.8%	(48)	0.8%
<b>Total</b>	<b>101,226</b>	<b>100%</b>	<b>101,549</b>	<b>100%</b>	<b>(323)</b>	<b>-0.3%</b>

Revenues from the automation components business continued to grow by 3.1% as at 30 September 2023 compared with the same period in the previous year, partly due to the residual revenues associated with sales of motion control products and generated by companies not included in the scope of the sale of the business. On the other hand, revenues from the sensors business declined by 2.2%, where the decrease was partly due to the Asia area and partly the Italian market, as well as reduced goods and services invoiced to companies leaving the Gefran Group.

**Increases for internal work** during the period to 30 September 2023 amounted to 1,808 thousand Euro, up by 1,124 thousand Euro compared with the period ended 30 September 2022. This item represents the new product development costs incurred in the period that have been capitalised.

**Added value** in the period ended 30 September 2023 amounted to 72,065 thousand Euro (72,921 thousand Euro reported as at 30 September 2022), corresponding to 71.2% of revenues, absorbing below 0.6% compared to the same period of the previous year. The decrease in added value, totalling 856 thousand Euro, is due to the lower added value generated by residual sales of motion control products and services and not restated. The decrease was also due to the decrease in average margins and higher provisions for inventory write-downs due to the obsolescence of products, offset by higher capitalisations in the first nine months of the current year compared to the same period in the previous year.

**Other operating costs** recognised at the end of the third quarter of the year amount to 17,243 thousand Euro with, in absolute terms, a decrease of 329 thousand Euro compared with the first nine months of 2022, absorbing 17.0% of revenues (17.3% in the same period of 2022). The decrease is due to lower costs for external work and consultancy, while costs for travel, advertising and trade fairs are on the increase.

**Personnel costs** in the first nine months of 2023 amount to 35,145 thousand Euro, compared with 34,355 thousand Euro in the same period of the previous year, up by 790 thousand Euro linked to the growth in the workforce (average number of employees in the first nine months of 2023 is 649, up by 18 persons compared to the figure for the same period in the previous year). They absorbed 34.7% of revenues (33.8% in the third quarter of 2022).

**EBITDA** in the period ended 30 September 2023 is positive by 19,677 thousand Euro (20,994 thousand Euro reported as at 30 September 2022), corresponding to 19.4% of revenues (20.7% of revenues in 2022), which was lower than in the same period of the previous year by 1,317 thousand Euro, to which the decrease in revenue generated by residual sales of services and drive products contributes. Without this effect, the decrease in EBITDA would be 412 thousand Euro smaller, mainly due to the increase in personnel costs compared to the previous period.

**Depreciation, amortisation and impairment** amount to 5,622 thousand Euro, compared with 5,275 thousand Euro in the same period of the previous year, reflecting an increase of 347 thousand Euro, linked to the investment plan implemented.

**EBIT** in the period ended 30 September 2023 is positive by 14,055 thousand Euro (13.9% of revenues), compared with 15,719 thousand Euro in the same period of 2022 (15.5% of revenues), a decrease of 1,664 thousand Euro. As with EBITDA, this change results from the decrease in added value, which has been further eroded by the higher operating costs (particularly personnel costs) and depreciation charges incurred with respect to the same period.

**Financial asset/liability charges** recognised in the current year at the end of the third quarter amounted to 51 thousand Euro (as at 30 September 2022, 899 thousand Euro in income was recognised) and included:

- financial income of 424 thousand Euro, including 380 Euro deriving from liquidity management (up by 364 thousand Euro compared with the figure for 30 September 2022);
- financial charges lined to the Group's indebtedness of 184 thousand Euro (down compared with the 2022 figure of 63 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 106 thousand Euro, compared with 30 September of the previous year when they were positive at 1,135 thousand; The change is primarily a result of the exchange rates in effect between the Euro and the Chinese Renminbi and the Brazilian Real;
- financial charges on financial debts as a result of application of the new accounting standard IFRS16 totalling 67 thousand Euro (24 thousand Euro in the first nine months of 2022).

**Gains (losses) from shareholdings valued at equity** amounted to 18 thousand Euro, aligned with the figure for the same period in the previous year, when they amounted to 20 thousand Euro; they relate to the results achieved by the subsidiary Axel S.r.l.

In the first nine months of 2023, the **taxes** charged totalled 4,289 thousand Euro (total charge of 4,611 thousand Euro in the comparative period of 2022). The above amounts are analysed below:

- Negative current taxes, equal to 4,099 thousand Euro (negative by 4,823 thousand Euro as at 30 September 2022); include the provision of 570 thousand Euro relating to the assessment notice received from the Revenue Agency following the tax audit carried out against the Parent Company and referring to the 2016-2017-2018 tax periods, used in part for the taxes recognized in the second quarter (258 thousand Euro) and referring to the settlement, with acceptance deed, of the findings relating to the 2016 tax period;
- deferred tax assets and liabilities, on the whole negative for the amount of 190 thousand Euro (positive for the amount of 212 thousand Euro as at 30 September 2022). It should be noted that, as described in the section entitled "Consolidation principles and measurement criteria" in the Specific explanatory notes to the accounts, the amendment "Deferred tax related to assets and liabilities arising from a single transaction", issued by the IASB on May 7<sup>th</sup>, 2021 and relating to IAS 12 "Income Taxes", was applied with effect from January 1<sup>st</sup>, 2023. Deferred asset and liability effects on leasing transactions were therefore recognised during the quarter.

The **Profit from continuing operations** in the period to 30 September 2023 is positive by 9,733 thousand Euro (9.6% of revenues), as compared to a still positive result of 12,027 thousand Euro in the first half of the same period in the previous year (11.8% of revenues), down by 2,294 thousand Euro. Net of the effects recognised by the fall in revenues generated by residual sales of services and motion control products, the Profit from continuing operations as at 30 September 2023 would be 9,353 thousand Euro, compared with 10,742 thousand Euro in the same period in the previous year and a smaller decrease of 1,389 thousand Euro.

The **Net results of assets held for sale and discontinued** as at 30 September 2023 are negative at 207 thousand Euro, compared with the still negative 4,031 thousand Euro in the same period of the previous year, up by 3,824 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 August 1<sup>st</sup>, 2022 (negative at 65 thousand Euro). The item also includes an adjustment with respect to the initial estimate (negative at 142 thousand Euro) of the net accounting effects expected on the disposal of the business, already recognised in 2022. In the first nine months of 2022, in addition to the operating results of the divested business (negative by 159 thousand Euro) the expected effects of the divestment of the business were noted (estimated negative by 3,872 thousand Euro).

Group **Net profit** as at 30 September 2023 is positive by 9,526 thousand Euro (9.4% of revenues) and may be compared with a positive result of 7,996 thousand Euro in the same period of the previous year (7.9% of revenues), up by 1,530 thousand Euro. The increase is mainly due to a decrease in the Profit from continuing operations (down by 2,294 thousand Euro compared to comparative figures, including the entry in the fund for prudential provisions linked to the assessment received from the Italian Revenue Agency mentioned above), which is more than offset by an improvement in the Net result from assets held for sale and discontinued (3,824 thousand Euro).



# Reclassified consolidated statement of financial position as at 30 September 2023

The Gefran Group's reclassified consolidated statement of financial position as at 30 September 2023 is presented below:

(Euro /000)	30 September 2023		31 December 2022	
	Value	%	Value	%
Intangible assets	12,211	17.3	12,037	18.1
Tangible fixed assets	42,046	59.5	37,924	57.1
Other non-current assets	6,282	8.9	6,547	9.9
<b>Net non-current assets</b>	<b>60,539</b>	<b>85.7</b>	<b>56,508</b>	<b>85.0</b>
Inventories	19,632	27.8	20,067	30.2
Trade receivables	24,591	34.8	24,183	36.4
Trade payables	(19,177)	(27.1)	(22,648)	(34.1)
Other assets/liabilities	(9,659)	(13.7)	(10,304)	(15.5)
<b>Working capital</b>	<b>15,387</b>	<b>21.8</b>	<b>11,298</b>	<b>17.0</b>
Provisions for risks and future liabilities	(2,201)	(3.1)	(1,841)	(2.8)
Deferred tax provisions	(972)	(1.4)	(1,029)	(1.5)
Employee benefits	(2,105)	(3.0)	(2,241)	(3.4)
<b>Invested capital from operations</b>	<b>70,648</b>	<b>100.0</b>	<b>62,695</b>	<b>94.3</b>
Invested capital from assets held for sale and discontinued operations	-	-	3,758	5.7
<b>Net invested capital</b>	<b>70,648</b>	<b>100.0</b>	<b>66,453</b>	<b>100.0</b>
<b>Shareholders' equity</b>	<b>93,017</b>	<b>131.7</b>	<b>90,723</b>	<b>136.5</b>
Non-current financial payables	15,302	21.7	7,205	10.8
Current financial payables	7,766	11.0	10,469	15.8
Financial payables for IFRS 16 leases (current and non-current)	3,840	5.4	2,737	4.1
Financial assets for derivatives (current and non-current)	(301)	(0.4)	(539)	(0.8)
Other non-current financial investments	(114)	(0.2)	(28)	(0.0)
Cash and cash equivalents and current financial receivables	(48,862)	(69.2)	(44,114)	(66.4)
<b>Net debt relating to operations</b>	<b>(22,369)</b>	<b>(31.7)</b>	<b>(24,270)</b>	<b>(36.5)</b>
<b>Total sources of financing</b>	<b>70,648</b>	<b>100.0</b>	<b>66,453</b>	<b>100.0</b>

**Net non-current assets** as at 30 September 2023 total 60,539 thousand Euro, compared with 56,508 thousand Euro at 31 December 2022. The main changes are indicated below:

- intangible assets have increased overall by 174 thousand Euro. This net change includes the capitalisation of development costs (1,320 thousand Euro) and new investment (232 thousand Euro), as well as the amortisation charge for the period (1,334 thousand Euro). The change in exchange rates had a negative impact on the item amounting to 19 thousand Euro overall;
- Trade payables have increased by 4,122 thousand Euro since 31 December 2022. Additions during the first nine months of 2023 (6,650 thousand Euro) were offset by the depreciation charge for the period (3,417 thousand Euro) and by disposals (126 thousand Euro). In addition, the item includes the value of the right to use assets recognised in accordance with IFRS16, which increased by 2,127 thousand Euro in the first nine months of 2023 following the renewal or signing of new contracts and is offset by depreciation and amortisation totalling 871 thousand Euro and decreases due to advance termination of contracts totalling 213 thousand Euro. Lastly, the net negative effect of exchange-rate changes was negative at 48 thousand Euro overall;
- other non-current assets as at 30 September 2023 amount to 6,282 thousand Euro (6,547 thousand Euro at 31 December 2022), down by 265 thousand Euro.

**Working capital** as at 30 September 2023 totals 15,387 thousand Euro, compared to 11,298 thousand Euro at 31 December 2022, reflecting a net increase of 4,089 thousand Euro. The main changes are indicated below:

- inventories rose from 20,067 thousand Euro at 31 December 2022 to 19,632 thousand Euro as at 30 September 2023, reflecting a net decrease of 435 thousand Euro. There was an increase in inventories of raw materials (636 thousand Euro), while semi-finished products (353 thousand Euro) and finished products for sale (718 thousand Euro) decreased; the change in exchange rates, which was negative overall by 34 thousand Euro, partially contributed to the increase;
- trade receivables total 24,591 thousand Euro, up by 408 thousand Euro since 31 December 2022. 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 19,177 thousand Euro, down by 3,471 thousand Euro since 31 December 2022;
- other net liabilities as at 30 September 2023 total 9,659 thousand Euro (10,304 thousand Euro 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 2,201 thousand Euro after an overall increase of 360 thousand Euro since the figure for 2022. This item includes provisions for outstanding legal disputes and various other risks. The change is attributable, in addition to the changes in the product warranty provision, which overall led to an increase in the same of 18 thousand Euro, mainly to the changes in non-current provisions, and in particular the risk provision of the Parent Company. Specifically, it relates to the recognition of a prudential provision in respect of the tax assessment procedure still in progress and linked to the tax audit carried out in 2019 and 2020. 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 2,105 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 third quarter of 2023, as well as at 31 December 2022, there are no payables to employees for the signing of Company protection agreements from any competitive activities (so-called no-competition agreements).

**Shareholders' equity** as at 30 September 2023 amounts to 93,017 thousand Euro, up by 2,294 thousand Euro since the end of 2022. The net profit for the period, amounting to 9,526 thousand Euro, is partially absorbed by the distribution of dividends in the amount of 5,713 thousand Euro, as well as by the negative effects of changes in the reserves, in particular by changes in the translation reserve of 354 thousand Euro, the stock reserve at fair value of 216 thousand Euro, and the reserve for own shares held among other reserves of 921 thousand Euro.

The **net financial position** as at 30 September 2023 is positive by 22,369 thousand Euro, having deteriorated by 1,901 thousand Euro since the end of 2022, when it was overall positive by 24,270 thousand Euro.

Net financial debt comprises net short-term cash and cash equivalents of 40,027 thousand Euro and net medium/long-term debt of 17,658 thousand Euro.

During 2023, specifically in the third quarter, the Parent Company Gefran S.p.A. signed a medium-/long-term loan agreement with Crédit Agricole for a total of 13 million Euro, at a variable rate (3-month Euribor) with a spread of 0.88%. The loan in question has been accounted for using the "amortised cost" method and requires compliance with covenants, in particular the ratio of net financial debt (NFP) to EBITDA  $< 3.25x$ . For further details, please refer to the section "Net financial position" in the "Specific explanatory notes to the accounts" in this Report.

It should also be noted that on October 27<sup>th</sup>, 2023, the Parent Company Gefran S.p.A. took out an additional loan with BNL totalling 10 million Euro, with a duration of 72 months, at a variable rate (3-month Euribor) and with a spread of 0.93%. The loan in question has been accounted for using the "amortised cost" method and does not require compliance with covenants.

This item also includes the negative effect of applying IFRS 16, totalling 3,840 thousand Euro as at 30 September 2023, of which 1,069 thousand Euro classified as current and 2,771 thousand Euro as non-current (2,737 thousand Euro at 31 December 2022, of which 955 thousand Euro classified as current and 1,782 thousand Euro as non-current).

In general, the change in net financial position is essentially due to the positive cash flows generated by typical operations (13,898 thousand Euro), the net 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 (3,672 thousand Euro), absorbed by disbursements for technical investments made during the first nine months of the year (8,202 thousand Euro), as well as the purchase of treasury shares (921 thousand Euro), the payment of dividends (5,713 thousand Euro) and interest, taxes and rental fees (overall 3,174 thousand Euro).

This item is analysed below:

(Euro /000)	30 September 2023	31 December 2022	Change
Cash and cash equivalents and current financial receivables	48,862	44,114	4,748
Current financial payables	(7,766)	(10,469)	2,703
Current financial payables for IFRS 16 leases	(1,069)	(955)	(114)
<b>(Debt)/short-term cash and cash equivalents</b>	<b>40,027</b>	<b>32,690</b>	<b>7,337</b>
Non-current financial payables	(15,302)	(7,205)	(8,097)
Non-current financial payables for IFRS 16 leases	(2,771)	(1,782)	(989)
Non-current financial investments for derivatives	301	539	(238)
Other non-current financial investments	114	28	86
<b>(Debt)/medium-/long-term cash and cash equivalents</b>	<b>(17,658)</b>	<b>(8,420)</b>	<b>(9,238)</b>
<b>Net financial position</b>	<b>22,369</b>	<b>24,270</b>	<b>(1,901)</b>

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 30 September 2023 is 22,255 thousand Euro, while at 31 December 2022 it was 24,242 thousand Euro.

## Consolidated cash flow statement for the period ended 30 September 2023

The **consolidated cash flow statement** of the Gefran Group for the period ended 30 September 2023 reports a net increase in cash at hand of 4,748 thousand Euro, compared to the net reduction of 10,315 thousand Euro during the period ended 30 September 2022. These changes are analysed below:

(Euro /000)	30 September 2023	30 September 2022
<b>A) Cash and cash equivalents at the start of the period</b>	<b>44,114</b>	<b>35,497</b>
B) Cash flow generated by (used in) operations in the period	13,898	14,325
C) Cash flow generated by (used in) investment activities	(5,437)	(4,319)
<b>D) Free Cash Flow (B+C)</b>	<b>8,461</b>	<b>10,006</b>
E) Cash flow generated by (used in) financing activities	(4,121)	(18,783)
<b>F) Cash flow from continuing operations (D+E)</b>	<b>4,340</b>	<b>(8,777)</b>
G) Cash flow from assets held for sale and discontinued operations	0	(625)
H) Exchange rate translation differences on cash at hand	408	(5)
<b>I) Net change in cash at hand (F+G+H)</b>	<b>4,748</b>	<b>(9,407)</b>
<b>J) Cash and cash equivalents at the end of the period (A+I)</b>	<b>48,862</b>	<b>26,090</b>

The cash flow generated by operations in the period is positive at 13,898 thousand Euro; specifically, operations during the year at the end of the third quarter of 2023, excluding the effect of provisions, amortisation and depreciation, and financial entries, generated cash of 21,692 thousand Euro (22,952 thousand Euro as at 30 September 2022), while the net change in other assets and liabilities in the same period absorbed 1,661 thousand Euro (as at 30 September 2022 this had brought in resources of 2,001 thousand Euro) and the management of operating capital generated 5,519 thousand Euro (6,033 thousand Euro in the same period of the previous year).

The financial resources absorbed by technical investments amount to 8,202 thousand Euro (3,689 thousand Euro in the first nine months of 2022), while the sale of the drives business units which were completed in the first quarter of 2023 generated a positive net cash flow (2,747 thousand Euro).

Free cash flow (operating cash flow excluding investment) was positive by 8,461 thousand Euro, as compared with a negative figure of 10,006 thousand Euro as at 30 September 2022.

Financing activities absorbed 4,121 thousand Euro, including 6,389 thousand Euro for the repayment of non-current financial payables, 1,166 thousand Euro to clear current financial payables, 5,713 thousand Euro for the payment of dividends, 1,759 thousand Euro for the payment of direct taxes and 921 thousand Euro for the payment of treasury shares. Financial outflows are offset by the cash received to open a new loan of 13,000 thousand Euro, described in the section “Net financial position” in the “Specific explanatory notes to the accounts” in this Report.

In the first nine months of 2022, financing activities had absorbed cash for a total of 18,783 thousand Euro, including 8,190 thousand Euro for the repayment of non-current financial payables, 4,305 thousand Euro for the payment of direct taxes and 5,462 thousand Euro for the payment of dividends.

## **Economic and financial performance of the assets held for sale as at 30 September 2023**

Pursuant to IFRS 5, the comparative reclassified income statement as at 30 September 2023 of the assets reclassified as “Held for sale and discontinued” is presented below: Specifically, the assets recognised in the current year at the end of the third quarter related to the January and February operations of the motion control business unit of the subsidiary Gefran India, which was sold to WEG on March 1<sup>st</sup>, 2023. 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 3<sup>rd</sup>, 2023.

Conversely, with reference to the first nine months of 2022, in addition to the operations of the aforementioned 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 3<sup>rd</sup> and 4<sup>th</sup>, 2022, respectively, are included.

(Euro /000)	30 September 2023	30 September 2022	Var. 2023-2022	
	Total	Total	Value	%
a Revenues	2,349	34,896	(32,547)	-93.3%
b Increases for internal work	-	436	(436)	-100.0%
c Consumption of materials and products	2,331	20,660	(18,329)	-88.7%
<b>d Added Value (a+b-c)</b>	<b>18</b>	<b>14,672</b>	<b>(14,654)</b>	<b>-99.9%</b>
e Other operating costs	-	4,955	(4,955)	-100.0%
f Personnel costs	82	7,873	(7,791)	-99.0%
<b>g EBITDA (d-e-f)</b>	<b>(64)</b>	<b>1,844</b>	<b>(1,908)</b>	<b>-103.5%</b>
h Depreciation, amortisation and impairment	1	1,290	(1,289)	-99.9%
<b>i EBIT (g-h)</b>	<b>(65)</b>	<b>554</b>	<b>(619)</b>	<b>-111.7%</b>
l Gains (losses) from financial assets/liabilities	3	(588)	591	100.5%
m Impairment of assets held for sale and discontinued operations	(145)	(3,944)	3,799	96.3%
<b>n Profit (loss) before tax (i±l±m)</b>	<b>(207)</b>	<b>(3,978)</b>	<b>3,771</b>	<b>94.8%</b>
o Taxes	-	(53)	53	100.0%
<b>p Group net profit (loss) (p±q)</b>	<b>(207)</b>	<b>(4,031)</b>	<b>3,824</b>	<b>94.9%</b>

**Revenues** as at 30 September 2023 amount to 2,349 thousand Euro, compared to 34,896 thousand Euro in the same period of the previous year, down by 32,547 thousand Euro (93.3%).

**Increases for internal work** as at 30 September 2023 are zero, while as of 30 September 2022 they amounted to 436 thousand Euro. This item represents the new product development costs incurred in the period that have been capitalised.

**Added value** as at 30 September 2023 amounts to 18 thousand Euro, while amounting to 14,672 thousand Euro (42% of revenues) as at 30 September 2022.

**Other operating costs** as at 30 September 2023 are zero, while they amounted to 4,955 thousand Euro in the first nine months of the previous year.

**Personnel costs** in the first nine months of 2023 amount to 82 thousand Euro (3.5% of revenues), compared with 7,873 thousand Euro in the same period of the previous year (22.6% of revenues).

**Gross Operating Margin** (EBITDA) as at 30 September 2023 is negative by 64 thousand Euro (positive by 1,844 thousand Euro as at 30 September 2022) and corresponds to -2.7% of revenues (5.3% of revenues in 2022).

**EBIT** in the period ended 30 September 2023 was negative and amounted to 65 thousand Euro (-2.8% of revenues), compared with a positive EBIT of 554 thousand Euro in the same period of 2022 (1.6% of revenues).

**Income from financial assets/liabilities** recognised in 2023 amounted to 3 thousand Euro, while as at 30 September 2022 charges totalled 588 thousand Euro.

As at 30 September 2023, the **write-down of assets held for sale** reflects the adjustment from the initial estimate (negative by 145 thousand Euro) of the net accounting effects expected from the disposal of the business, already recognised in 2022 (when as at 30 September 2022 they were estimated to be negative by 3,944 thousand Euro).

The **Net loss from assets held for sale** in the period to 30 September 2023 was 207 thousand Euro. An overall net loss of 4,031 thousand Euro was reported for the period to 30 September 2022.



# Investments

Gross technical investments made by the Group during the first nine months of 2023 totalled 8,202 thousand Euro (3,689 thousand Euro in the first nine months of 2022) and related to:

- production and laboratory plant and equipment in the Group's Italian factories for 2,978 thousand Euro (of which 1,608 thousand Euro dedicated to the production lines of the sensor business, 1,370 thousand Euro for those of the automation components business), including 955 thousand Euro for the construction of a photovoltaic plant dedicated to energy production, aimed at covering about one third of requirements of the Provaglio di Iseo plant in Via Sebina; 246 thousand Euro invested in the Group's foreign companies (as at 30 September 2022, 2,049 thousand Euro invested in Italy and 68 thousand Euro in the Group's foreign subsidiaries);
- adaptation of the industrial buildings totalling 2,444 thousand Euro for the Group's Italian plants and 546 thousand Euro in the buildings of foreign subsidiaries (as at 30 September 2022 261 thousand Euro had been invested, in Italy);
- renewal of electronic office machines and IT equipment, amounting to 359 thousand Euro at the Parent Company and 54 thousand Euro at the Group's subsidiaries (in the period to 30 September 2022 144 thousand Euro and 180 thousand Euro respectively);
- miscellaneous equipment in the Group's subsidiaries amounting to 23 thousand Euro;
- capitalisation of costs incurred in the period for new product development, totalling 1,320 thousand Euro (1,042 thousand Euro in the first nine months of 2022);
- investments in intangible assets amounting of 232 thousand Euro, mainly relating to management software licences and SAP ERP development (other intangible assets totalling 458 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)	30 September 2023	30 September 2022
Intangible assets	1,552	1,082
Tangible assets	6,650	2,607
<b>Total</b>	<b>8,202</b>	<b>3,689</b>

(Euro /000)	30 September 2023		30 September 2022	
	intangible	tangible assets	intangible	tangible assets
Italy	1,544	5,796	1,066	2,313
European Union	5	107	5	39
Europe non-EU	-	24	7	12
North America	-	159	-	21
South America	1	200	4	82
Asia	2	364	-	140
<b>Total</b>	<b>1,552</b>	<b>6,650</b>	<b>1,082</b>	<b>2,607</b>



## 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

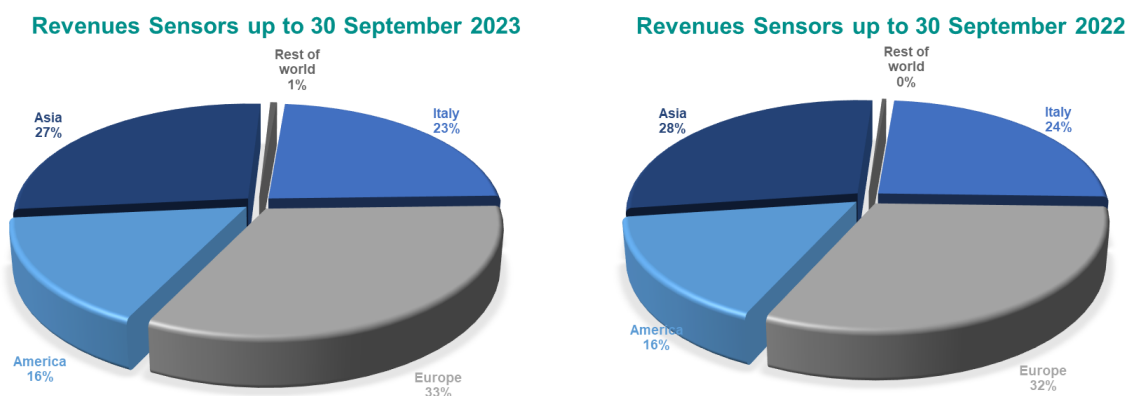
### Summary results

The table below shows the key economic figures:

(Euro /000)	30 September 2023	30 September 2022	Var. 2023 - 2022		3Q 2023	3Q 2022	Var. 2023 - 2022	
			Value	%			Value	%
Revenues	66,464	67,943	(1,479)	-2.2%	19,065	22,057	(2,992)	-13.6%
EBITDA	16,278	17,278	(1,000)	-5.8%	3,754	4,825	(1,071)	-22.2%
% of revenues	24.5%	25.4%			19.7%	21.9%		
EBIT	13,055	14,188	(1,133)	-8.0%	2,684	3,778	(1,094)	-29.0%
% of revenues	19.6%	20.9%			14.1%	17.1%		

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

(Euro /000)	30 September 2023		30 September 2022		Var. 2023 - 2022	
	Value	%	Value	%	Value	%
Italy	15,410	23.2%	16,338	24.0%	(928)	-5.7%
Europe	21,775	32.8%	21,345	31.4%	430	2.0%
America	10,716	16.1%	10,856	16.0%	(140)	-1.3%
Asia	18,225	27.4%	19,188	28.2%	(963)	-5.0%
Rest of the world	338	0.5%	216	0.3%	122	56.5%
<b>Total</b>	<b>66,464</b>	<b>100%</b>	<b>67,943</b>	<b>100%</b>	<b>(1,479)</b>	<b>-2.2%</b>



## Business performance

The revenues of the business unit during the period ended 30 September 2023 amounted to 66,464 thousand Euro, which was less than in the period ended 30 September 2022, when they amounted to 67,943 thousand Euro. This 2.2% decrease includes the effect of exchange-rate differences (negative by 1,205 thousand Euro), without which growth of -0.4% would have been more limited. It should be noted that business revenues are further adversely affected by the decrease in residual revenues related to motion control products and services not restated, as they are excluded from the scope of the sale of the business. As at 30 September 2023, this portion, allocated to the sensors business, amounted to 161 thousand Euro, while as at 30 September 2022 it amounted to 1,465 thousand Euro. Without this, revenues from the sensors business at the end of the third quarter of 2023 would be 175 thousand Euro lower than the figure for the same period in the previous year.

Contrary to previous periods, where the trend was one of constant growth from 2021 to the end of the first quarter of 2023, as a result of new products being developed and new technologies being applied to existing ranges, which served to expand the product range and maintain a high level of service, the third quarter of the financial year saw a fall in revenues, which reflected the emergence of a generalised slowdown. In the third quarter of 2023 revenues amounted to 19,065 thousand Euro, down 13.6% over the same period in 2022, when they came to 22,057 thousand Euro.

This also emerges from an analysis of new orders, which for the first three quarters of 2023 totalled 58,810 thousand Euro and was down compared to the same period of 2022 (-13.2%). The same trend has been observed with reference to the backlog as at 30 September 2023, which is lower than the figure as at 30 September 2022 (-36.8%), as also for the figure at the end of the previous year (-33.1%).

Analysing business revenues by geographical area, it is noted that the decrease is widespread in the main geographical areas reached by the business, and in particular in Italy (-5.7%), the Americas (overall -1.3%) and Asia, where business revenues remain below levels seen observed the first nine months of 2022 (-5%), due to the way foreign currencies performed against the Euro. Excluding the impact of currency translations, the Asia area would also show growth (+0.9%). Revenues generated by the Europe area increased (+2%).

The gross operating margin (EBITDA) as at 30 September 2023 was 16,278 thousand Euro (24.5% of business revenues), a decrease of 1,000 thousand Euro compared to 30 September 2022, which affected the decrease in residual revenues related to motion control services and products not restated, as they were excluded from the scope of the sale of the business, and the related added value generated. Excluding this effect, the change in EBITDA in the first nine months of 2023 would see an increase over the figure for the same period in the previous year, and in particular by 124 thousand Euro.

EBIT for the first nine months of 2023 amounts to 13,055 thousand Euro, equal to 19.6% of revenues, compared with 14,188 thousand Euro in the same period of the previous year (20.9% of revenues), a decrease of 1,133 thousand Euro. The change compared to the same period in the previous year is mainly due to the same trends as the gross operating margin (EBITDA), as well as the increase in depreciation allocated to the business.

Comparing the figures by quarter, EBIT in the third quarter of 2023 amounted to 2,684 thousand Euro (14.1% of revenues), compared with 3,778 thousand Euro (17.1% of revenues) in the same quarter of 2022.

## Investments

Investments in the first nine months of 2023 amounted to 4,707 thousand Euro, including 633 thousand Euro invested in intangible assets, of which 549 thousand Euro from capitalising the cost of developing new products. The remainder was for the purchase of software programmes and licences.

Increases in tangible fixed assets amount to 4,074 thousand Euro, including 3,451 thousand Euro invested by the Parent Company, primarily for the renovation of one of the buildings dedicated to the activities of the business, and for the purchase of production equipment to increase the capacity and efficiency of production. Investment by Group subsidiaries totalled 623 thousand Euro, primarily reflecting the purchase of equipment and the renovation of buildings in the subsidiaries Gefran GmbH, Gefran Inc, Gefran India and Gefran Automation Technology.

# Automation components

## Summary results

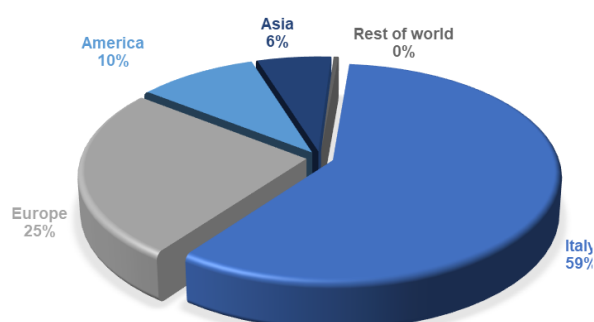
The table below shows the key economic figures:

(Euro /000)	30 September 2023	30 September 2022	Var. 2023 - 2022		3Q 2023	3Q 2022	Var. 2023 - 2022	
			Value	%			Value	%
Revenues	40,655	39,451	1,204	3.1%	12,377	12,187	190	1.6%
EBITDA	3,399	3,716	(317)	-8.5%	725	769	(44)	-5.7%
% of revenues	8.4%	9.4%			5.9%	6.3%		
EBIT	1,000	1,531	(531)	-34.7%	(87)	20	(107)	-535.0%
% of revenues	2.5%	3.9%			-0.7%	0.2%		

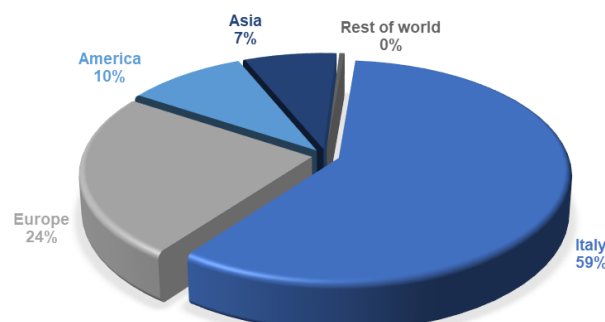
The revenues of the automation components business are analysed by geographical region below:

(Euro /000)	30 September 2023		30 September 2022		Var. 2023 - 2022	
	Value	%	Value	%	Value	%
Italy	23,915	58.8%	23,229	58.9%	686	3.0%
Europe	10,274	25.3%	9,440	23.9%	834	8.8%
America	3,901	9.6%	3,749	9.5%	152	4.1%
Asia	2,409	5.9%	2,878	7.3%	(469)	-16.3%
Rest of the world	156	0.4%	155	0.4%	1	0.6%
<b>Total</b>	<b>40,655</b>	<b>100%</b>	<b>39,451</b>	<b>100%</b>	<b>1,204</b>	<b>3.1%</b>

**Revenues Automation Components  
up to 30 September 2023**



**Revenues Automation Components  
up to 30 September 2022**



## Business performance

The revenues of the business unit in the period to 30 September 2023 amounted to 40,655 thousand Euro, up by 3.1% compared with those for the period ended 30 September 2022. The residual revenues generated by sales of motion control products by companies not included in the scope of the sale of the business, amounting to 564 thousand Euro, contributed to the growth. Even after the effect described above, the post-pandemic growth trend, observed since the last quarter of 2020, was also confirmed in the first nine months 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, the increase compared to the first nine months of 2022 is seen in Italy (+3%), Europe (+8.8%) and the Americas (+4.1%). Revenues generated in Asia decreased (-16.3%), only partially affected by the impact of currency translations determined by the performance of the Rupee and Renminbi currencies against the Euro (excluding this there would be a 11.5% decline).

The orders received during the first nine months of 2023 amounted to 34,471 thousand Euro, and were overall lower than in the first half of the previous year (-7.4%). The same trend can be observed by analysing the backlog as at 30 September 2023, down from the value recorded as at 30 September 2022 (-16.9%), as well as the closing value of 2022 (-2.3%).

Turning to the second quarter of 2023, revenues amounted to 12,377 thousand Euro, up by 1.6% compared with the same period in 2022 when they totalled 12,187 thousand Euro.

EBITDA for the period ended 30 September 2023 rises to 3,399 thousand Euro (equal to 8.4% of revenues), which was an deterioration of 317 thousand Euro over the figure reported as at 30 September 2022 of 3,716 thousand Euro (9.4% of revenues). The sales growth recorded in the first nine months of the year and the higher added value achieved were absorbed by the additional operating costs recorded during the period, therefore personnel costs for strengthening the structure and other operating costs.

EBIT for the year under way at the end of the third quarter 2023 is positive and amounts to 1,000 thousand Euro. This may be compared with a positive EBIT of 2022 positive thousand Euro in the first nine months of 1,531. The total decrease of 531 thousand Euro reflects the dynamics described above: greater sales volume and added value, as offset by higher ordinary operating costs, as well as increased depreciation/amortisation recorded.

Comparing the figures by quarter, gross EBIT in the fourth quarter of 2023 is negative by 87 thousand Euro (-0.7% of revenues); whereas the figure for the fourth quarter of 2022 was positive by 20 thousand Euro (+0.2% of revenues).

## Investments

Investments in the first nine months of 2023 amounted to 3,495 thousand Euro. Investments in intangible assets amounts to 919 thousand Euro, of which 771 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.

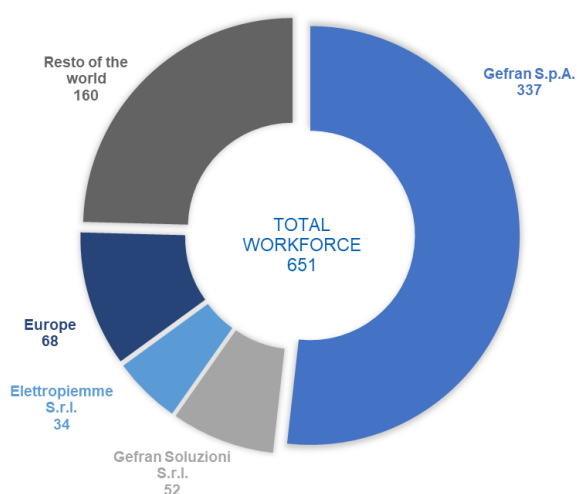
Investments in tangible fixed assets amount to 2,576 thousand Euro, including 2,343 thousand Euro invested in Italy for new machinery to enhance both production capacity and the efficiency needed for new products, and to install a new photovoltaic plant and to renew electronic office machines and IT equipment. The remaining Euro 233 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 30 September 2023 totals 651 persons, up by 5 since the end of 2022, and by 13 since 30 September 2022 (with regard to personnel employed in the activities of continuing operations only). The change was marked by a Group turnover rate of 18% in the first nine months of the year.

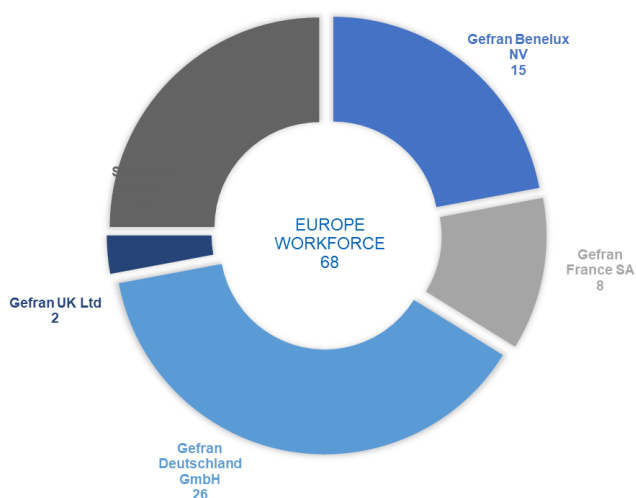
### Workforce up to 30 September 2023



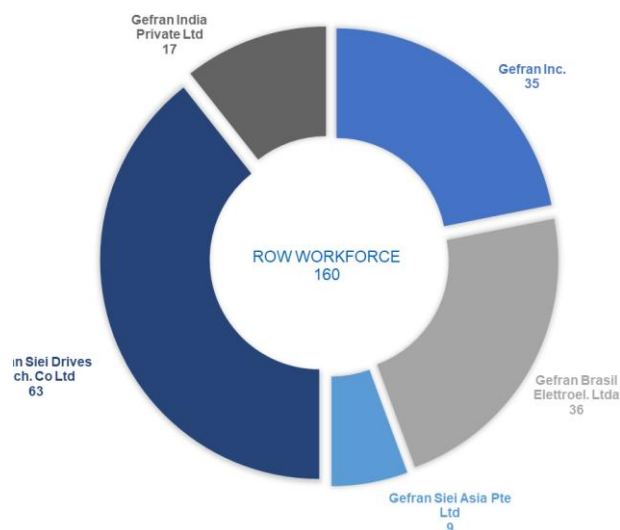
The changes during the first nine months of 2023 are analysed below:

- 61 people joined the Group, including 8 manual workers and 53 clerical staff;
- 56 people left the Group, including 13 manual workers, 41 clerical staff and 2 managers/executives.

Europe Workforce up to 30 September 2023



Rest of the World Workforce up to 30 September 2023



## Significant events during the period ended 30 September 2023

- On January 3<sup>rd</sup>, 2023, as part of the framework agreement signed by the Group on August 1<sup>st</sup>, 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 9<sup>th</sup>, 2023, the Board of Directors of Gefran S.p.A. examined the preliminary consolidated results at 31 December 2022.
- On March 1<sup>st</sup>, 2023, under the framework agreement signed by the Group on August 1<sup>st</sup>, 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 e Gefran Siei Drives Technology (Shanghai) Co. Ltd adopted new names, Gefran Asia Pte Ltd and Gefran Automation Technology (Shanghai) Co. Ltd respectively.



- On March 9<sup>th</sup>, 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.

- On April 17<sup>th</sup>, 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 night of April 16<sup>th</sup>/17<sup>th</sup>. 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 21<sup>st</sup>, 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 8<sup>th</sup>, 2023, record date May 9<sup>th</sup>, 2023 and payment date May 10<sup>th</sup>, 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 4<sup>th</sup> 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 5<sup>th</sup>, 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.



Procedures are currently at an advanced stage for the out-of-court settlement of the matter relating to 2017 and 2018, and in the reasonable expectation that these will lead to the emergence of a liability that is in any case fully covered by the special fund recorded.

- On May 11<sup>th</sup>, 2023, the Board of Directors of Gefran S.p.A. unanimously approved the consolidated results of the Group at 31 March 2023.
- On August 3<sup>rd</sup>, 2023, the Board of Directors of Gefran S.p.A. unanimously approved the consolidated results of the Group as at 30 June 2023.

## Significant events following the end of the third quarter of 2023

Nothing to report.

## Outlook

In its October report, the International Monetary Fund's baseline forecast is for global growth to slow from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024, while failing to reach its historical pre-pandemic (2000-2019) average of 3.8%. The slowdown in the "advanced" economies should be more pronounced: from 2.6% in 2022, it should fall to 1.5% in 2023 and 1.4% in 2024, depending on the effects of policy tightening. Better performance is expected for "emerging" markets and "developing" economies, which will experience only a modest decline in growth, from 4.1% in 2022 to 4.0% in both 2023 and 2024.

As discussed in the previous report, global inflation will fall steadily, from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024, even if it fails to not reach pre-pandemic levels when it was 3.5%. This is on account of a more restrictive monetary policy helped by the fall in international commodity prices. However, core inflation will decline more gradually.

Despite the persistence of potentially negative factors, global economic activity was resilient in the first part of 2023, mainly due to the services sector and progress in reducing inflation from last year's peaks, but still cannot be considered consolidated. Economic activity is still below the pre-pandemic target and there are growing divergences between different parts of the world. Beyond that, the recent geo-political developments leading to the outbreak of a new conflict in the Middle East represent a new factor of uncertainty in the medium-term outlook.

With regard to the Eurozone, GDP is projected to grow by 0.7% in 2023 and 1.2% in 2024, compared with a 3.5% increase in 2022 (in the previous report, forecasts were 0.9% for 2023 and 1.5% for 2024).

In terms of the national scenario, growth is estimated at 0.7% for 2023 (0.4 points worse than forecast in July), but the latest projections suggest a growth of 0.7% in 2024, making it more contained than in the Eurozone.

The Group's performance in the first nine months of 2023, which was generally positive, reflected a general slowdown in the company's business, mainly due to the weak and uncertain state of the world economy, which was particularly evident in the third quarter of 2023 in terms of both order intake and revenues.

The growth experienced in the past two years, influenced among other things by the post-covid recovery of economies and the need for more product inventories to cope with disruptions in supply chains, is finally behind us as evidenced by the evident slowdown in demand in the quarter.

This reduction in demand has spread to different geographical regions, from Asia – which showed signs of contraction at the beginning of the year – to Europe and North America.

All this implies a downward revision of the revenue forecast for the end of the year, which we believe could be a few percentage points below the previous year.

Margins will remain broadly positive, albeit at lower levels than in the same period in the previous year. This is because the Group – albeit in a highly complex context – will continue to pursue its strategic plan of evolution based, on the one hand, on strengthening the organisation to support market development and, on the other hand, on the plan to invest in factory automation and to support product innovation.


## Possible impacts of current conflicts and associated risks

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 it 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.

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. It should also be noted that the Group's production activities do not require the consumption of gas, which is used only for heating working environments, and there were no significant impacts for Gefran.



In light of the recent outbreak of a new conflict in the Middle East, new price rises could appear in the European markets, although these are difficult to predict today and therefore no significant impact on the Group's economic and financial situation is currently estimated.

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.

Based on operating performance in the first nine months of the year and the macroeconomic context in question, these risks are no different from those illustrated in the Annual financial report as at 31 December 2022, to which explicit reference is made.

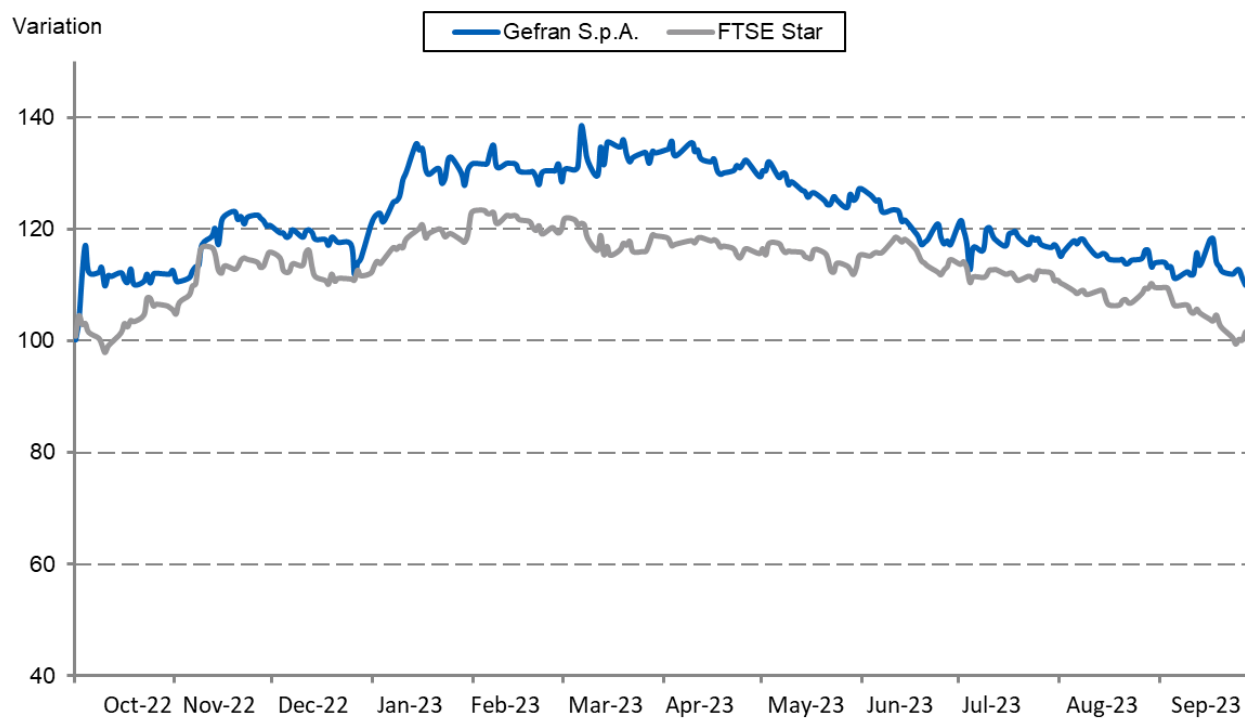
## Own shares and stock performance

As at 31 December 2022, Gefran S.p.A. held 53,273 treasury 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.

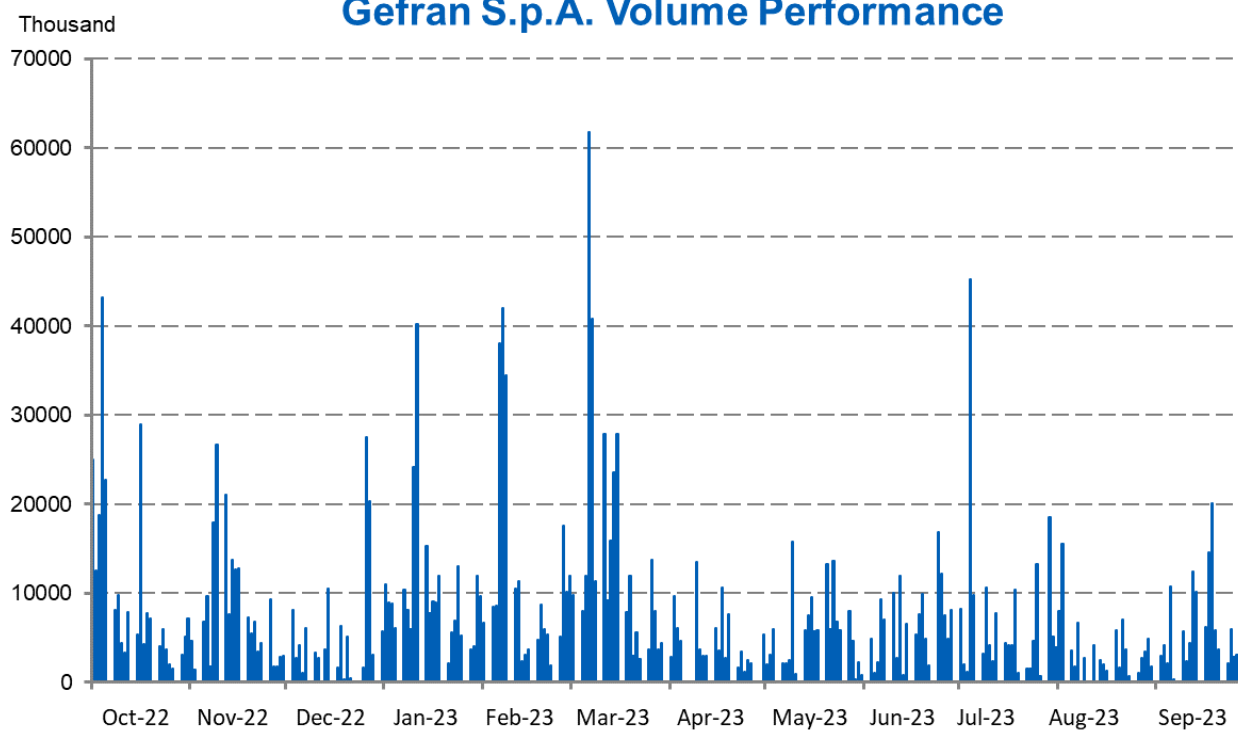
During the first nine months of 2023, trading took place, resulting in a total purchase of 95,322 shares, with an average value of 9.6617 Euro and a total value of 921 thousand Euro. As a result of this activity, as at 30 September 2023, Gefran S.p.A. held 148,595 treasury shares in its portfolio, equal to 1.03% of the total, at a book price of 8.8506 Euro per share and a total value of 1,315 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 12<sup>th</sup>, 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 12<sup>th</sup>, 2010. The procedure in question was subsequently updated by the Board of Directors, on June 24<sup>th</sup>, 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 10<sup>th</sup>, 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.

The following information on Group companies’ transactions with related parties in the first nine months of 2023 and 2022 is provided in accordance with IAS 24.

In compliance with Consob resolution no. 17221 of March 12<sup>th</sup>, 2010, the Board of Directors of Gefran S.p.A. has adopted a Regulation governing transactions with related parties, the current version of which was approved on June 24<sup>th</sup>, 2021 to implement the new requirements of Directive (EU) 2017/828, “Shareholders’ Rights II”), and can be viewed on the Company’s website, at <https://www.gefran.com/governance/documents-and-procedures/>.

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 consolidated 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
<b>Revenue from product sales</b>		
2022	99	99
2023	-	-

(Euro /000)	Climat S.r.l.	#REF!	Total
<b>Service costs</b>			
2022	(133)	(76)	(209)
2023	(142)	(79)	(221)

(Euro /000)	Climat S.r.l.	Marfran S.r.l.	Imet S.p.A.	Total
<b>Property, plant, machinery and tools</b>				
2022	294	-	-	294
2023	201	-	-	201
<b>Trade receivables</b>				
2022	-	3	-	3
2023	-	-	-	-
<b>Trade payables</b>				
2022	278	-	278	556
2023	150	-	134	284

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

In relations with its subsidiaries, the Parent Company Gefran S.p.A. has provided technical and administrative/management services and paid royalties on behalf of the Group's operative subsidiaries totalling 2.4 million Euro under specific contracts (amount aligned to the figure as of 30 September 2022).

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

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

In the year 2023, at the close of the third quarter the Parent Company Gefran S.p.A. recognised dividends from subsidiaries amounting to 3.3 million Euro (3 million Euro in the first nine months of 2022).

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 1<sup>st</sup>, 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).

These Interim financial statements of the Gefran Group for the quarter ended 30 September, 2023 were approved at the meeting of the Board of Directors held on November 8<sup>th</sup>, 2023, which authorised their publication.

The Company has prepared this document in accordance with the international accounting standards (IFRS) issued by the IASB and endorsed by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19<sup>th</sup>, 2002 and, in particular, with 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 these Interim financial statements. These Interim financial statements as at 30 September 2023 do not contain all the supplementary information required in the Annual financial report and, therefore, should be read in conjunction with the Annual financial report at 31 December 2022 prepared in accordance with IFRS.

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

These Interim financial statements for the period ending on 30 September 2023 are consolidated on the basis of the income statement and statement of financial position figures of Gefran S.p.A. and its subsidiaries relating to the first nine months of 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 statements are not subject to an audit.

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

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

## 2. Consolidation principles and measurement criteria

The measurement criteria adopted for the preparation of these Interim financial statements as at 30 September 2023 are consistent with those adopted to prepare the Annual financial report at 31 December 2022.

In line with the requirements of document no. 2 of February 6<sup>th</sup>, 2009 issued jointly by the Bank of Italy, Consob and ISVAP, the Interim financial statements of the Gefran Group are prepared on the presumption of business continuity.

With reference to Consob Communication DEM/11070007 of August 5<sup>th</sup>, 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 3<sup>rd</sup>, 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.

It should also be noted that the Company has applied the amendment “Deferred Tax related to Assets and Liabilities arising from a Single Transaction” issued by the IASB on May 7<sup>th</sup>, 2021 and referred to IAS 12 “Income Taxes”. The application takes effect from January 1<sup>st</sup>, 2023 and the effects are recognised from the first comparative year presented (modified retrospective basis), in addition to what is represented in these Interim financial statements.

With regard to the amendment entitled “International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12 (the Amendments)” published by the IASB on May 23<sup>rd</sup>, 2023, it should be noted that the Pillar Two Model Rules apply to multinational groups with revenues in their consolidated financial statements in excess of €750 million, in at least two of the four previous years. For this reason, all amendments relating to the so-called “Global Antibase Erosion Model Rules”, including those published by the IASB on May 23<sup>rd</sup>, 2023 and aimed at simplifying accounting for deferred taxes, are not applicable to the Gefran Group.

## 3. Change in the scope of consolidation

The scope of consolidation as at 30 September 2023 differs from 30 September 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 3 and 4 October 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 3<sup>rd</sup>, 2023, Gefran Siei Asia Pte. Ltd, a subsidiary of Gefran S.p.A., which was named Gefran Asia Pte on March 1<sup>st</sup>, 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 1<sup>st</sup>, called Gefran Automation Technology Co. Ltd). Finally, on March 1<sup>st</sup>, 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. Assets held for sale pursuant to IFRS 5**

On August 1<sup>st</sup>, 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 23 million Euro. 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 3<sup>rd</sup> and 4<sup>th</sup>, 2022. Subsequently, the business units of the business divested by Gefran Siei Drives Technology Co. Ltd (effective as of January 3<sup>rd</sup>, 2023) were sold by Gefran India Private Ltd. (on March 1<sup>st</sup>, 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 these Interim financial statements, 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 economic results, assets and liabilities of the disposal groups have therefore been reclassified accordingly.

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 and discontinued as at 30 September 2023”.

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

##### **Property, plant, machinery and tools**

The carrying amount of this item has increased from 35,217 thousand Euro at 31 December 2022 to 38,273 thousand Euro as at 30 September 2023, as analysed below:

Historical cost	31 December 2022	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2023
(Euro /000)						
Land	3,846	-	-	-	4	3,850
Industrial buildings	34,643	944	(5)	110	(72)	35,620
Plant and machinery	38,148	1,938	(3)	1,047	(157)	40,973
Industrial and commercial equipment	16,636	794	(100)	416	1	17,747
Other assets	6,498	788	(241)	69	(4)	7,110
Assets in progress and payments on account	2,027	2,186	-	(1,416)	(6)	2,791
<b>Total</b>	<b>101,798</b>	<b>6,650</b>	<b>(349)</b>	<b>226</b>	<b>(234)</b>	<b>108,091</b>

Accumulated depreciation	31 December 2022	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2023
(Euro /000)						
Industrial buildings	17,662	722	(4)	-	(10)	18,370
Plant and machinery	28,441	1,808	33	166	(141)	30,307
Industrial and commercial equipment	15,350	534	(92)	13	(4)	15,801
Other assets	5,128	353	(160)	27	(8)	5,340
<b>Total</b>	<b>66,581</b>	<b>3,417</b>	<b>(223)</b>	<b>206</b>	<b>(163)</b>	<b>69,818</b>

Net value	31 December 2022	30 September 2023	Change
(Euro /000)			
Land	3,846	3,850	4
Industrial buildings	16,981	17,250	269
Plant and machinery	9,707	10,666	959
Industrial and commercial equipment	1,286	1,946	660
Other assets	1,370	1,770	400
Assets in progress and payments on account	2,027	2,791	764
<b>Total</b>	<b>35,217</b>	<b>38,273</b>	<b>3,056</b>

The changes during the first nine months of 2022 are analysed below:

Historical cost	31 December 2021	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2022
(Euro /000)						
Land	3,809	-	-	-	97	3,906
Industrial buildings	34,156	49	(108)	4	787	34,888
Plant and machinery	35,781	1,139	(50)	743	357	37,970
Industrial and commercial equipment	17,250	308	(370)	166	45	17,399
Other assets	6,032	229	(98)	177	224	6,564
Assets in progress and payments on account	1,740	882	(3)	(1,086)	36	1,569
<b>Total</b>	<b>98,768</b>	<b>2,607</b>	<b>(629)</b>	<b>4</b>	<b>1,546</b>	<b>102,296</b>

Accumulated depreciation	31 December 2021	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2022
(Euro /000)						
Industrial buildings	16,798	700	(104)	-	139	17,533
Plant and machinery	26,483	1,640	(35)	-	262	28,350
Industrial and commercial equipment	16,111	429	(370)	-	43	16,213
Other assets	4,828	333	(88)	-	175	5,248
<b>Total</b>	<b>64,220</b>	<b>3,102</b>	<b>(597)</b>	<b>-</b>	<b>619</b>	<b>67,344</b>

Net value	31 December 2021	30 September 2022	Change
(Euro /000)			
Land	3,809	3,906	97
Industrial buildings	17,358	17,355	(3)
Plant and machinery	9,298	9,620	322
Industrial and commercial equipment	1,139	1,186	47
Other assets	1,204	1,316	112
Assets in progress and payments on account	1,740	1,569	(171)
<b>Total</b>	<b>34,548</b>	<b>34,952</b>	<b>404</b>

The change in the exchange rate had a negative impact of 71 thousand Euro.

The historical cost of property, plant, machinery and tools increased by 6,650 thousand Euro during the first nine months of 2023. The most significant changes related to:

- investment of 2,978 thousand Euro in production and laboratory plant and equipment at the Group's Italian plants and 246 thousand Euro at other Group subsidiaries;
- investment in industrial buildings at the Group's Italian plants for 2,444 thousand Euro and 546 thousand Euro at other Group subsidiaries;
- renewal of electronic office machines and IT equipment amounting to 359 thousand Euro by the Parent Company and to 54 thousand Euro by Group subsidiaries;
- miscellaneous equipment at Group subsidiaries amounting to 23 thousand Euro.

The increases also include 488 thousand Euro on the capitalisation of internal costs (48 thousand Euro in the first nine months of 2022).

## Net working capital

"Net working capital" totals 25,046 thousand Euro, compared with 21,602 thousand Euro as at 31 December 2022, and is analysed below:

(Euro /000)	30 September 2023	31 December 2022	Change
Inventories	19,632	20,067	(435)
Trade receivables	24,591	24,183	408
Trade payables	(19,177)	(22,648)	3,471
<b>Net amount</b>	<b>25,046</b>	<b>21,602</b>	<b>3,444</b>

The carrying amount of **inventories** as at 30 September 2023 is 19,632 thousand Euro, down by 435 thousand Euro since 31 December 2022, where the negative exchange-rate changes contributed 134 thousand Euro to the reduction.

On the other hand, the economic impact of the change in inventories sees an increase compared to 31 December 2022, worth 372 thousand Euro, as the economic evaluation of events is carried out using the progressive average exchange rate for the year and 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)	30 September 2023	31 December 2022	Change
Raw materials, consumables and supplies	10,878	10,267	611
<i>provision for impairment of raw materials</i>	(1,455)	(1,480)	25
Work in progress and semi-finished products	8,893	8,558	335
<i>provision for impairment of work in progress</i>	(3,058)	(2,370)	(688)
Finished products and goods for resale	6,597	6,955	(358)
<i>provision for impairment of finished products</i>	(2,223)	(1,863)	(360)
<b>Total</b>	<b>19,632</b>	<b>20,067</b>	<b>(435)</b>

The gross value of inventories is 26,368 thousand Euro overall, up by 588 thousand Euro since the end of 2022.

The allowance for obsolete and slow-moving inventories was adjusted as necessary during the first nine months of 2023 resulting in specific provisions totalling 1,494 thousand Euro (compared with 1,044 thousand Euro in the first nine months of 2022).

The changes in the allowance during the first nine months of 2023 are analysed below:

(Euro /000)	31 December 2022	Provisions	Uses	Releases	Exchange rate differences	30 September 2023
Provision for impairment of inventory	5,713	1,494	(402)	(29)	(40)	6,736

The changes the allowance during the period ended 30 September 2022 are analysed below:

(Euro /000)	31 December 2021	Provisions	Uses	Releases	Exchange rate differences	30 September 2022
Provision for impairment of inventory	4,617	1,044	(170)	(8)	94	5,577

**Trade receivables** amount to 24,591 thousand Euro, compared to 24,183 thousand Euro as at 31 December 2022, up by 408 thousand Euro:



(Euro /000)	30 September 2023	31 December 2022	Change
Receivables from customers	25,643	25,283	360
Provision for doubtful receivables	(1,052)	(1,100)	48
<b>Net amount</b>	<b>24,591</b>	<b>24,183</b>	<b>408</b>

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 allowance as at 30 September 2023 represents an estimate of the current risk after the following changes:

(Euro /000)	31 December 2022	Provisions	Uses	Releases	Other changes	Exchange rate differences	30 September 2023
Provision for doubtful receivables	1,100	73	(146)	(113)	131	7	1,052

The changes during the period ended 30 September 2022 are shown below:

(Euro /000)	31 December 2021	Provisions	Uses	Releases	Other changes	Exchange rate differences	30 September 2022
Provision for doubtful receivables	1,200	95	(127)	-	-	33	1,201

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 19,177 thousand Euro, compared to 22,648 thousand Euro as at 31 December 2022. This item is analysed below:

(Euro /000)	30 September 2023	31 December 2022	Change
Payables to suppliers	15,287	18,093	(2,806)
Payables to suppliers for invoices to be received	3,005	3,505	(500)
Advance payments received from customers	885	1,050	(165)
<b>Total</b>	<b>19,177</b>	<b>22,648</b>	<b>(3,471)</b>

Trade payables were down 3,471 thousand Euro since 31 December 2022.

## Net financial position

The net financial position is analysed in the following table:

(Euro /000)	30 September 2023	31 December 2022	Change
Cash and cash equivalents and current financial receivables	48,862	44,114	4,748
Financial investments for derivatives	301	539	(238)
Other non-current financial investments	114	28	86
Non-current financial payables	(15,302)	(7,205)	(8,097)
Non-current financial payables for IFRS 16 leases	(2,771)	(1,782)	(989)
Current financial payables	(7,766)	(10,469)	2,703
Current financial payables for IFRS 16 leases	(1,069)	(955)	(114)
<b>Total</b>	<b>22,369</b>	<b>24,270</b>	<b>(1,901)</b>

The net financial position is analysed by maturity below:

(Euro /000)	30 September 2023	31 December 2022	Change
A. Cash on hand	23	24	(1)
B. Cash in bank deposits	48,839	44,090	4,749
<b>D. Cash and cash equivalents (A) + (B)</b>	<b>48,862</b>	<b>44,114</b>	<b>4,748</b>
E. Fair value current hedging derivatives	-	-	-
F. Current portion of long-term debt	(7,753)	(9,277)	1,524
G. Other current financial receivables and payables	(1,082)	(2,147)	1,065
<b>H. Total current financial payables (F) + (G)</b>	<b>(8,835)</b>	<b>(11,424)</b>	<b>2,589</b>
<b>I. Total current payables (E) + (H)</b>	<b>(8,835)</b>	<b>(11,424)</b>	<b>2,589</b>
<b>J. Net current financial debt (I) + (D)</b>	<b>40,027</b>	<b>32,690</b>	<b>7,337</b>
Non-current financial investments for derivatives	301	539	(238)
K. Fair value non-current hedging derivatives	301	539	(238)
L. Non-current financial debt	(18,073)	(8,987)	(9,086)
M. Other non-current financial investments	114	28	86
<b>N. Net non-current financial debt (K) + (L) + (M)</b>	<b>(17,658)</b>	<b>(8,420)</b>	<b>(9,238)</b>
<b>O. Net financial debt (J) + (N)</b>	<b>22,369</b>	<b>24,270</b>	<b>(1,901)</b>
of which to minorities:	22,369	24,270	(1,901)

The net financial position as at 30 September 2023 is positive by 22,369 thousand Euro, down by 1,901 thousand Euro since the end of 2022, when it was positive by 24,270 thousand Euro.

The change in net financial position is essentially due to the positive cash flows generated by typical operations (13,898 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 (3,672 thousand Euro), absorbed by disbursements for technical investments made during the first six months of the year (8,202 thousand Euro), as well as the purchase of treasury shares (921 thousand Euro), the payment of dividends (5,713 thousand Euro) and interest, taxes and rental fees (overall 3,174 thousand Euro).

**Cash and cash equivalents** amount to 48,862 thousand Euro as at 30 September 2023, compared to 44,114 thousand Euro at 31 December 2022. This item is analysed below:

(Euro /000)	30 September 2023	31 December 2022	Change
Cash in bank deposits	48,839	44,090	4,749
Cash	23	24	(1)
<b>Total</b>	<b>48,862</b>	<b>44,114</b>	<b>4,748</b>

The technical forms used as at 30 September 2023 are shown below:

- maturities: collectible on demand;
- counterparty risk: deposits are made with leading banks;
- country risk: deposits are made in the countries in which Group companies have their registered offices.

**Current financial payables** as at 30 September 2023 have decreased by 2,793 thousand Euro since the end of 2022; the balance is analysed as follows:

(Euro /000)	30 September 2023	31 December 2022	Change
Current portion of debt	7,753	9,277	(1,524)
Current overdrafts	1	1,167	(1,166)
Other payables	12	25	(13)
<b>Total</b>	<b>7,766</b>	<b>10,469</b>	<b>(2,703)</b>

The debit balance from banks as at 30 September 2023 was 11 thousand Euro, compared with a balance as at 31 December 2022 of 1,167 thousand Euro, when it included loans with a maturity of 1 year stipulated with Banca Intesa by the Chinese subsidiary Gefran Automation Technology, for a total of 1,166 thousand Euro and characterised by an average interest rate of 5.09%. These loans were extinguished in the third quarter of 2023.

**Non-current financial payables** are analysed as follows:

Bank (Euro /000)	30 September 2023	31 December 2022	Change
BNL	-	1,000	(1,000)
Unicredit	556	1,110	(554)
BNL	778	1,556	(778)
Intesa (ex UBI)	2,006	2,752	(746)
SIMEST	420	480	(60)
Crédit Agricole	11,274	-	11,274
SIMEST	268	307	(39)
<b>Total</b>	<b>15,302</b>	<b>7,205</b>	<b>8,097</b>

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

Bank (Euro /000)	Amount disbursed	Signing date	Balance at 30 September 2023	Of which within 12 months	Of which beyond 12 months	Interest rate	Maturity	Repayment method
<b>entered into by Gefran S.p.A. (IT)</b>								
BPER	5,000	28/11/18	252	252	-	Euribor 3m + 0.75%	30/11/23	quarterly
Mediocredito	10,000	28/03/19	555	555	-	Euribor 3m + 1.05%	31/12/23	quarterly
BNL	10,000	29/04/19	1,500	1,500	-	Euribor 3m + 1%	29/04/24	quarterly
Unicredit	5,000	30/04/20	1,667	1,111	556	Euribor 6m + 0.95%	31/12/24	half-yearly
BNL	7,000	29/05/20	2,334	1,556	778	Euribor 6m + 1.1%	31/12/24	half-yearly
Intesa (ex UBI)	3,000	24/07/20	-	-	-	Fixed 1%	24/07/23	half-yearly
Intesa (ex UBI)	3,000	24/07/20	3,000	994	2,006	Euribor 6m + 1%	24/07/26	half-yearly
SIMEST	480	09/07/21	480	60	420	Fixed 0.55%	31/12/27	half-yearly
Crédit Agricole	13,000	29/09/23	12,961	1,687	11,274	Euribor 3m + 0.88%	00/01/00	half-yearly
<b>entered into by Gefran Soluzioni S.r.l. (IT)</b>								
SIMEST	307	21/05/21	306	38	268	Fixed 0.55%	31/12/27	half-yearly
<b>Total</b>			<b>23,055</b>	<b>7,753</b>	<b>15,302</b>			

During the third quarter of 2023, the Parent Company Gefran S.p.A. signed a medium-/long-term loan agreement with Crédit Agricole for a total of 13 million Euro, at a variable rate (3-month Euribor) with a spread of 0.88%. The loan in question has been accounted for using the “amortised cost” method and requires compliance with covenants, in particular the ratio of net financial debt (NFP) to EBITDA < 3.25x. Failure to comply with the ratio could result in the lender institution being entitled to request its repayment. The Administration, Finance and Control Director is responsible for checking these contractual restrictions every quarter. The ratio calculated on data up to 30

September 2023 has been respected overall and the financing is distributed in the maturities table according to their contractual maturities.

None of the other loans outstanding as at 30 September 2023 are subject to compliance with economic-financial covenants.

It can also be reported that on October 27<sup>th</sup>, 2023, the Parent Company Gefran S.p.A. took out an additional loan with BNL totalling Euro 10 million, with a duration of 72 months, at a variable rate (3-month Euribor) with a spread of 0.93%. The loan in question has been accounted for using the "amortised cost" method and does not require 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 301 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 30 September 2023	Derivative	Fair Value as at 30 September 2023	Long position rate	Short position rate
Intesa	10,000	29/03/19	555	IRS	5	Fixed -0.00%	Euribor 3m (Floor: -1.05%)
BNL	10,000	29/04/19	1,500	IRS	19	Fixed 0.05%	Euribor 3m (Floor: -1.00%)
Unicredit	5,000	24/06/19	252	IRS	2	Fixed -0.10%	Euribor 3m (Floor: -0.75%)
Unicredit	5,000	30/04/20	1,667	IRS	47	Fixed 0.05%	Euribor 6m (Floor: -0.95%)
BNL	7,000	29/05/20	2,334	IRS	70	Fixed -0.12%	Euribor 6m (Floor: -1.10%)
Intesa (ex UBI)	3,000	24/07/20	3,000	IRS	158	Fixed -0.115%	Euribor 3m
<b>Total financial assets for derivatives – Interest rate risk</b>					<b>301</b>		

As at 30 September 2023, no derivatives have been arranged to hedge exchange-rate risk.

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

(Euro /000)	as at 30 September 2023		as at 31 September 2022	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Interest rate risk	301	-	539	-
<b>Total cash flow hedge</b>	<b>301</b>	<b>-</b>	<b>539</b>	<b>-</b>

As at 30 September 2023, all derivatives were tested for effectiveness, with positive outcomes.

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 36,285 thousand Euro. As at 30 September 2023 there was no use of these lines, so the remaining availability is equal to the total amount granted. No fees are due if these lines are not used.

Financial payables for IFRS 16 leases (current and non-current) as at 30 September 2023 amount to 3,840 thousand Euro and reflect the application of IFRS 16 by the Group from 1 January 2019, which requires the initial recognition of financial payables corresponding to the value of the RoU assets classified as 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 1,069 thousand Euro, or non-current payables (due beyond one year), amounting to 2,771 thousand Euro.

The changes in this item during the first nine months of 2023 are detailed below:

(Euro /000)	31 December 2022	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2023
Leasing payables under IFRS 16	2,737	2,173	(1,093)	-	23	3,840
<b>Total</b>	<b>2,737</b>	<b>2,173</b>	<b>(1,093)</b>	<b>-</b>	<b>23</b>	<b>3,840</b>

The changes in this item during the period ended 30 September 2022 are detailed below:

(Euro /000)	31 December 2021	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2022
Leasing payables under IFRS 16	2,761	673	(808)	-	78	2,704
<b>Total</b>	<b>2,761</b>	<b>673</b>	<b>(808)</b>	<b>-</b>	<b>78</b>	<b>2,704</b>

## Revenues from product sales

“Revenues from product sales” as at 30 September 2023 amounted to 99,875 thousand Euro, compared with the figure of 100,000 thousand Euro recorded as at 30 September 2022. Contrary to what was observed from the fourth quarter of 2020 to the second quarter of 2023, when there was a steady growth in sales volumes, there was a contraction in the third quarter of the current year.

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



(Euro /000)	30 September 2023	30 September 2022	Change	%
Sensors	65,435	66,675	(1,240)	-1.9%
Automation components	34,440	33,325	1,115	3.3%
<b>Total</b>	<b>99,875</b>	<b>100,000</b>	<b>(125)</b>	<b>-0.1%</b>

Total revenues include revenues from services of 1,590 thousand Euro (2,645 thousand Euro in the period ended 30 September 2022); see the section on “Group performance” for information about the performance of the various business areas and geographical regions.

### Service costs

Service costs amounted to 16,820 thousand Euro, an overall decrease of 159 thousand Euro compared with the total reported as at 30 September 2022 of 16,979 thousand Euro. They are analysed below:

(Euro /000)	30 September 2023	30 September 2022	Change
Services	16,179	16,441	(262)
Use of third-party assets	641	538	103
<b>Total</b>	<b>16,820</b>	<b>16,979</b>	<b>(159)</b>

Following the adoption of IFRS 16, the lease instalments for the period no longer charged to the income statement as operating costs amounted to 901 thousand Euro (975 thousand Euro in the period 30 September 2022). The instalments on contracts excluded from the adoption of IFRS 16, based on the provisions of that standard, are still charged to the income statement; in particular, the use of third-party assets during the period ended 30 September 2023 amounted to 641 thousand Euro (compared to 538 thousand Euro in the same period of 2022).

With regard to the item “Services”, other than the rental fees described above, the item fell by 262 thousand Euro in the first nine months of 2023 compared with the same period in the previous year; external processing and consultancy costs were down, only partly offset by the increase in travel, advertising, trade fairs and utilities costs.

### Personnel costs

Personnel costs amounted to 35,145 thousand Euro, up compared with 30 September 2022 by 790 thousand Euro, as analysed below:

(Euro /000)	30 September 2023	30 September 2022	Change
Salaries and wages	26,889	26,392	497
Social security contributions	6,719	6,265	454
Post-employment benefit reserve	1,358	1,442	(84)
Other costs	179	256	(77)
<b>Total</b>	<b>35,145</b>	<b>34,355</b>	<b>790</b>

The change mainly relates to the higher cost of wages and salaries, compared with what was sustained in the first nine months of 2022, reflecting the growth in the Group's workforce: as at 30 September 2022, there were 649 employees in the Group's continuing operations, and 651 as at 30 September 2023, an increase of 2 people. Compared to the situation as at 31 December 2022, when there were 646 employees, during the first nine months of 2023, 61 joined and 56 left.

Social security contributions include costs for the defined contribution plans of management (Previndai pension plan) totalling 50 thousand Euro (38 thousand Euro reported as at 30 September 2022).

Other costs, down by 77 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 nine months of 2023, compared with the figure for the same period in 2022, relating only to continuing operations, was also up by 18:

	30 September 2023	30 September 2022	Change
Managers	15	12	3
Clerical staff	422	413	9
Manual workers	212	206	6
<b>Total</b>	<b>649</b>	<b>631</b>	<b>18</b>

Provaglio d'Iseo, November 8<sup>th</sup>, 2023

For the Board of Directors

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	Q2 2023	Q3 2023	TOT 2023
a Revenues	35,171	34,137	32,241	32,878	134,427	36,064	35,424	29,738	101,226
b Increases for internal work	241	270	173	223	907	445	715	648	1,808
c Consumption of materials and products	10,199	10,094	9,019	10,646	39,958	10,415	11,186	9,368	30,969
<b>d Value Added (a+b-c)</b>	<b>25,213</b>	<b>24,313</b>	<b>23,395</b>	<b>22,455</b>	<b>95,376</b>	<b>26,094</b>	<b>24,953</b>	<b>21,018</b>	<b>72,065</b>
e Other operating costs	5,351	5,903	6,318	5,973	23,545	6,080	5,755	5,408	17,243
f Personnel costs	11,255	11,617	11,483	12,840	47,195	11,775	12,239	11,131	35,145
<b>g EBITDA (d-e-f)</b>	<b>8,607</b>	<b>6,793</b>	<b>5,594</b>	<b>3,642</b>	<b>24,636</b>	<b>8,239</b>	<b>6,959</b>	<b>4,479</b>	<b>19,677</b>
h Depreciation, amortisation and impairment	1,716	1,763	1,796	1,847	7,122	1,870	1,870	1,882	5,622
<b>i EBIT (g-h)</b>	<b>6,891</b>	<b>5,030</b>	<b>3,798</b>	<b>1,795</b>	<b>17,514</b>	<b>6,369</b>	<b>5,089</b>	<b>2,597</b>	<b>14,055</b>
l Gains (losses) from financial assets/liabilities	237	249	413	(801)	98	(115)	(46)	110	(51)
m Gains (losses) from shareholdings valued at equity	8	5	7	4	24	16	(4)	6	18
<b>n Profit (loss) before tax (i±l±m)</b>	<b>7,136</b>	<b>5,284</b>	<b>4,218</b>	<b>998</b>	<b>17,636</b>	<b>6,270</b>	<b>5,039</b>	<b>2,713</b>	<b>14,022</b>
o Taxes	(1,790)	(1,403)	(1,418)	427	(4,184)	(2,346)	(1,340)	(603)	(4,289)
<b>p Result from operational activities (n±o)</b>	<b>5,346</b>	<b>3,881</b>	<b>2,800</b>	<b>1,425</b>	<b>13,452</b>	<b>3,924</b>	<b>3,699</b>	<b>2,110</b>	<b>9,733</b>
q Net income from assets available for sale and discontinued operations	(503)	(3,893)	365	567	(3,464)	(31)	(179)	3	(207)
<b>p Group net profit (loss) (p±q)</b>	<b>4,843</b>	<b>(12)</b>	<b>3,165</b>	<b>1,992</b>	<b>9,988</b>	<b>3,893</b>	<b>3,520</b>	<b>2,113</b>	<b>9,526</b>

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

### End-of-period exchange rates

Currency	30 September 2023	31 December 2022
Swiss franc	0.9669	0.9847
Pound sterling	0.8646	0.8869
U.S. dollar	1.0594	1.0666
Brazilian real	5.3065	5.6386
Chinese renminbi	7.7352	7.3582
Indian rupee	88.0165	88.1710

### Average exchange rates in the period

Currency	30 September 2023	30 September 2022	3Q 2023	3Q 2022
Swiss franc	0.9776	1.0125	0.9617	0.9735
Pound sterling	0.8710	0.8469	0.8597	0.8564
U.S. dollar	1.0835	1.0650	1.0884	1.0070
Brazilian real	5.4255	5.4677	5.3099	5.2873
Chinese renminbi	7.6215	7.0210	7.8848	6.8977
Indian rupee	89.2437	82.3310	89.9762	80.3434

### 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 Eletroel. 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 S.p.A.	100.00
					Gefran S.p.A.	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
					Gefran Soluzioni S.r.l.	100.00
Elettropiemme S.r.l.	Trento	Italy	EUR	70,000	Gefran S.p.A.	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 Plaimm Co Ltd	Seoul	South Korea	WON	3,200,000,000	Gefran S.p.A.	2.00
CSMT GESTIONE S.C.A.R.L.	Brescia	Italy	EUR	1,400,000	Gefran S.p.A.	1.78



# 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, hereby declares, pursuant to article 154-*bis*, paragraph 2, of the TUF, that the accounting information contained in these Interim financial statements as at 30 September 2023 accurately represents the details contained in the accounting records.

Provaglio d'Iseo, 8 November 2023

Executive in charge of financial reporting

**Paolo Beccaria**