GEFRAN

BEYOND TECHNOLOGY

GEFRAN GROUP

Half-yearly financial report as at 30 June 2024

Contents

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	Giorgio Alberti
Standing auditor	Roberta dell'Apa
Standing auditor	Luisa Anselmi
Deputy auditor	Simona Bonomelli
Deputy auditor	Simonetta Ciocchi

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 annual financial statements of Gefran S.p.A., as well as the consolidated financial statements and half-yearly financial report of the Gefran Group for a period of nine years until the approval of the annual financial statements for 2024, in accordance with Italian Legislative Decree no. 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 June 2024		30 June 2023		2Q 2024		2Q 2023	
Revenues	68,499	100.0%	71,488	100.0%	34,343	100.0%	35,424	100.0%
EBITDA	13,333	19.5%	15,198	21.3%	6,205	18.1%	6,959	19.6%
EBIT	9,350	13.6%	11,458	16.0%	4,243	12.4%	5,089	14.4%
Profit (loss) before tax	9,462	13.8%	11,309	15.8%	4,298	12.5%	5,039	14.2%
Result from operating activities	7,163	10.5%	7,623	10.7%	3,355	9.8%	3,699	10.4%
Net profit (loss) from assets held for sale and discontinued operations	-	0.0%	(210)	-0.3%	-	0.0%	(179)	-0.5%
Group net profit (loss)	7,163	10.5%	7,413	10.4%	3,355	9.8%	3,520	9.9%

Group statement of financial position highlights

(Euro /000)	30 June 2024	31 December 2023
Invested capital from operations	71,754	71,279
Net working capital	24,786	22,136
Shareholders’ equity	95,313	93,941
Net debt relating to operations	23,559	22,662

(Euro /000)	30 June 2024	30 June 2023
Operating cash flow from operations	11,053	8,180
Investments in operations	2,698	6,069

Alternative performance indicators

In addition to the standard financial schedules and indicators required under IFRS, this document includes some 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:

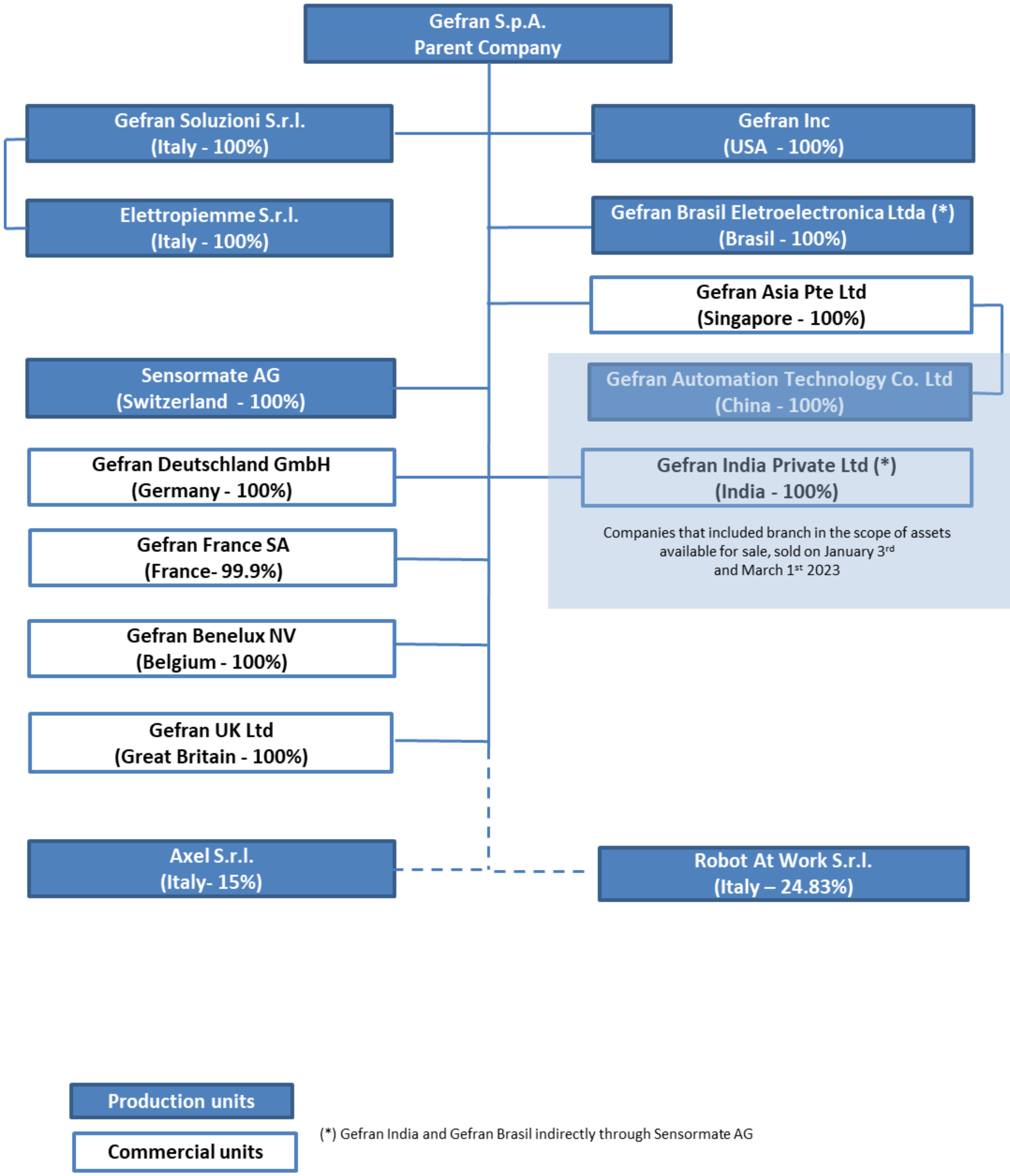
- **Added value**: the direct margin resulting from revenues, including only direct materials, gross of other production costs, such as personnel costs, services and other sundry costs;
- **EBITDA**: this is EBIT before depreciation/amortisation and impairment. The purpose of this indicator is to present 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 reclassified statement of financial position are:

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

Report on operations

Group Structure



Gefran Group Activities

In light of the sale of the motion control business to the Brazilian group WEG S.A., defined by the framework agreement of 1 August 2022 and carried out in several phases until its conclusion during the first quarter of 2023, Gefran Group activities today develop around two main businesses: industrial sensors and automation components.

Design, production and commercialization activities are carried out through various sales channels, offering a complete range of “tailor-made” and “turnkey” products and solutions in multiple automation sectors. About 69% of revenues are generated abroad.

Sensors

The **sensors business** offers a complete range of products for measuring four physical parameters of position, pressure, force and temperature - which are used in many industrial sectors.

Gefran stands out for its technological leadership, creating in-house the primary elements, offering a complete range that is unique in the world and occupying leading positions worldwide for some product families. The sensors business generates about 79% of its revenues abroad.

Automation components

The **automation components business** develops around three main product lines that are widely used in the control of industrial processes: instrumentation, power control and automation platforms (operator panels, PLC, I/O modules). In addition to the supply of products, Gefran offers its customers the possibility of designing the entire automation solution, providing “tailor-made” and “turnkey” solutions, thanks to a strategic partnership both during the design and production stages.

Gefran stands out for its expertise in hardware and software acquired in over thirty years of experience. Gefran is one of the main Italian manufacturers in these product lines and generates around 45% of its business revenues through exports.

Gefran consolidated results

In light of the sale of the motion control business to the Brazilian group WEG S.A., defined by the framework agreement of 1 August 2022 and conducted in several phases until its conclusion during the first quarter of 2023, the economic results related to the transaction are reclassified within specific lines of the income statement, in accordance with the provisions of IFRS 5 “Non-current assets held for sale and discontinued operations”.

Therefore, the following paragraphs of this document illustrate and comment on the results of the current year, homogeneously compared with those of the previous year and relating to continuing operations. The economic 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 second quarter of 2024 is shown below, in comparison with the income statement for the same period in 2023.

		2Q 2024	2Q 2023	Var. 2024-2023	
	(Euro /000)	Total	Total	Value	%
a	Revenues	34,343	35,424	(1,081)	-3.1%
b	Increases for internal work	579	715	(136)	-19.0%
c	Consumption of materials and products	9,824	11,186	(1,362)	-12.2%
d	**Added Value (a+b-c)**	**25,098**	**24,953**	**145**	**0.6%**
e	Other operating costs	5,912	5,755	157	2.7%
f	Personnel costs	12,981	12,239	742	6.1%
g	**EBITDA (d-e-f)**	**6,205**	**6,959**	**(754)**	**-10.8%**
h	Depreciation, amortisation and impairment	1,962	1,870	92	4.9%
i	**EBIT (g-h)**	**4,243**	**5,089**	**(846)**	**-16.6%**
l	Gains (losses) from financial assets/liabilities	43	(46)	89	193.5%
m	Gains (losses) from shareholdings valued at equity	12	(4)	16	n.s.
n	**Profit (loss) before tax (i±l±m)**	**4,298**	**5,039**	**(741)**	**-14.7%**
o	Taxes	(943)	(1,340)	397	29.6%
p	**Result from operating activities (n±o)**	**3,355**	**3,699**	**(344)**	**-9.3%**
q	Net profit (loss) from assets held for sale and discontinued operations	-	(179)	179	100.0%
r	**Group net profit (loss) (p±q)**	**3,355**	**3,520**	**(165)**	**-4.7%**

Revenues in the second quarter of 2024 amount to 34,343 thousand Euro, compared to 35,424 thousand Euro in the same period of the previous year, down by 1,081 thousand Euro (3.1%). Net of the negative effect caused by exchange rate fluctuations, equal to 230 thousand Euro, the decrease in revenues for the quarter would be more contained and amount to 851 thousand Euro (corresponding to 2.4%).

It should also be noted that revenues for the second quarter of 2024 include 65 thousand Euro relating to residual sales of motion control products, whereas a total of 261 thousand Euro was recognised in the second quarter of 2023, partly related to residual sales of motion control products (196 thousand Euro) and partly to the provision of services to the WEG group (64 thousand Euro). Net of these effects, the decrease in revenues in the second quarter of 2024 compared to the same period in the previous year would be more contained (equal to 2.5%).

Analysing the order intake for the second quarter of 2024, compared to the figure for the same period in 2023, there was an increase (overall of 9.7%), driven by an increase in orders collected for the sensors business (+18%). For the automation components business, order intake was lower than the figure for the same quarter of the previous year (-3.6%).

The table below shows a breakdown of revenues in the second quarter by geographical region.

(Euro /000)	2Q 2024		2Q 2023		Var. 2024-2023	
	Value	%	Value	%	Value	%
Italy	10,006	29.1%	11,895	33.6%	(1,889)	-15.9%
European Union	9,134	26.6%	9,890	27.9%	(756)	-7.6%
Europe non-EU	893	2.6%	1,184	3.3%	(291)	-24.6%
North America	3,450	10.0%	3,332	9.4%	118	3.5%
South America	1,488	4.3%	1,577	4.5%	(89)	-5.6%
Asia	9,285	27.0%	7,366	20.8%	1,919	26.1%
Rest of the world	87	0.3%	180	0.5%	(93)	-51.7%
Total	**34,343**	**100%**	**35,424**	**100%**	**(1,081)**	**-3.1%**

The breakdown of revenues for the quarter by **geographical region** shows that 29.1% of the total is made in Italy, while 70.9% concerns the foreign market (in the second quarter of 2023, 33.6% in Italy and 66.4% abroad). The change in revenues in the second quarter of 2024 compared to what was achieved in the same previous quarter is driven by the decrease in the national (-15.9%) and European (-9.5%) markets. On the other hand, the good performance in the Asian market can clearly be seen, where revenues for the quarter are 26.1% higher than the figure for the second quarter of 2023 (net of exchange rate fluctuations, growth would reach 29.3%). Revenues in the Americas are aligned with the same previous quarter (overall +0.6%, with exchange rate fluctuations not giving rise to significant differences).

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

(Euro /000)	2Q 2024		2Q 2023		Var. 2024-2023	
	Value	%	Value	%	Value	%
Sensors	22,397	65.2%	23,622	66.7%	(1,225)	-5.2%
Automation components	13,997	40.8%	13,871	39.2%	126	0.9%
Eliminations	(2,051)	-6.0%	(2,069)	-5.8%	18	-0.9%
Total	**34,343**	**100%**	**35,424**	**100%**	**(1,081)**	**-3.1%**

Compared to the second quarter of 2023, revenues generated by the automation components segment are up (+0.9%), thanks to the increase recorded in Asia and Europe, which was only partly affected by the contraction in the domestic market. On the other hand, a decrease was recorded for the sensors segment (-5.2%), spread across the main geographical areas served with the exception of the Asia market where, as for the automation components segment, revenues increased compared to the same quarter in the previous year.

Increases for internal work in the second quarter of 2024 amount to 579 thousand Euro (715 thousand Euro in the second quarter of 2023). This item represents the new product development costs incurred in the period that have been capitalised.

Added value in the quarter amounts to 25,098 thousand Euro (24,953 thousand Euro in the corresponding quarter of 2023), corresponding to 73.1% of revenues (up 2.6% from the figure for the second quarter of 2023). The growth in added value, totalling 145 thousand Euro, relates to the higher margin achieved and the lower provisions for the inventory allowance, partly affected by the decrease in realised revenues.

Other operating costs in the second quarter of 2024 amount to 5,912 thousand Euro, an increase of 157 thousand Euro over the figure for the second quarter of 2023, absorbing 17.2% of revenues (16.2% in the second quarter of 2023). The change relates to the increase in costs for external processing and maintenance, partly offset by the decrease in some service costs, including for advertising and fairs as well as for utilities.

Personnel costs in the quarter, equal to 12,981 thousand Euro, are 742 thousand Euro higher than in the comparative period of 2023, when they totalled 12,239 thousand Euro. They absorbed 37.8% of revenues (34.6% in the second quarter of 2023). The increase takes into account the implementation, starting from June 2023 and subsequently in June 2024, of the salary increase provided for by the CCNL for all employees at the Group’s Italian sites, increased by the application of the safeguard clause, linked to inflation developments, which was defined at the national level. It should also be noted that, during the first half of 2024, there was an increase in the workforce, which was partly due to the stabilisation of 31 temporary workers.

EBITDA in the second quarter of 2024 amounts to 6,205 thousand Euro (6,959 thousand Euro in the same quarter of 2023), corresponding to 18.1% of revenues (19.6% of revenues in 2023), which is lower than in the second quarter of 2023 by 754 thousand Euro. The increase in the added value is eroded by the higher costs recorded, in particular for personnel.

The item **depreciation, amortisation and impairment** in the quarter amounts to 1,962 thousand Euro, compared with 1,870 thousand Euro in the same period in the previous year, an increase of 92 thousand Euro.

EBIT in the second quarter of 2024 amounts to 4,243 thousand Euro (12.4% of revenues), compared with 5,089 thousand Euro in the same period of 2023 (14.4% of revenues), a decrease of 846 thousand Euro. As with the gross operating margin, the change is the result of higher operating costs.

Gains from financial assets/liabilities in the second quarter of 2024 amount to 43 thousand Euro (in the second quarter of 2023 net charges of 46 thousand Euro were recorded), including:

- financial income of 330 thousand Euro, including 316 Euro deriving from cash management (overall comprising 134 thousand Euro in the second quarter of 2023);
- financial charges linked with the Group's indebtedness of 178 thousand Euro, up from the second quarter of 2023, when it totalled 66 thousand Euro;
- exchange losses from foreign currency transactions of 92 thousand Euro, compared with the second quarter of the previous year when they were negative at 84 thousand.

Gains from shareholdings valued at equity reflect the results reported by Axel S.r.l. and amount to 12 thousand Euro. Gains in the second quarter of 2023 totalled 4 thousand Euro.

Taxes during the quarter have a negative balance on the whole and amount to 943 thousand Euro (on the whole negative by 1,340 thousand Euro in the second quarter of 2023). They consist of:

- negative current taxes of 942 thousand Euro (negative for the amount of 1,265 thousand Euro in the second quarter of 2023);
- deferred tax assets and liabilities, on the whole negative for the amount of 1 thousand Euro (negative for the amount of 75 thousand Euro in the second quarter of 2023).

The **Result from operating activities** in the second quarter of 2024 is positive, amounting to 3,355 thousand Euro. This compares with the still positive result of 3,699 thousand Euro in the second quarter of the previous year, showing a decrease of 344 thousand Euro.

The **net profit (loss) from assets held for sale and discontinued** in the second quarter of 2024 is zero, while in the same period of the previous year it was negative in the amount of 179 thousand Euro and related to the EBIT of the motion control business units, transferred to the WEG group during the first quarter of 2023 under the framework agreement signed on 1 August 2022. In the second quarter of 2023, the item also included the adjustment (negative by 190 thousand Euro) of the net accounting effects expected from the disposal of the business compared to the initial estimate recorded in 2022.

The **Group net profit** in the second quarter of 2024 amounts to 3.355 thousand Euro, compared with a profit of 3,520 thousand Euro in the same period of the previous year. The loss of 165 thousand Euro is mainly due to a decrease in the result from operating activities (down by 344 thousand Euro compared to the same quarter), partially offset by an improvement in the net profit (loss) from assets held for sale and discontinued (179 thousand Euro).

Progressive Consolidated Income Statement

The Group's results at 30 June 2024 are shown below, compared with those reported at 30 June 2023.

	(Euro /000)	30 June 2024 Total	30 June 2023 Total	Var. 2024-2023 Value	%
a	Revenues	68,499	71,488	(2,989)	-4.2%
b	Increases for internal work	1,053	1,160	(107)	-9.2%
c	Consumption of materials and products	19,905	21,601	(1,696)	-7.9%
d	**Added Value (a+b-c)**	**49,647**	**51,047**	**(1,400)**	**-2.7%**
e	Other operating costs	11,450	11,835	(385)	-3.3%
f	Personnel costs	24,864	24,014	850	3.5%
g	**EBITDA (d-e-f)**	**13,333**	**15,198**	**(1,865)**	**-12.3%**
h	Depreciation, amortisation and impairment	3,983	3,740	243	6.5%
i	**EBIT (g-h)**	**9,350**	**11,458**	**(2,108)**	**-18.4%**
l	Gains (losses) from financial assets/liabilities	98	(161)	259	-160.9%
m	Gains (losses) from shareholdings valued at equity	14	12	2	16.7%
n	**Profit (loss) before tax (i±l±m)**	**9,462**	**11,309**	**(1,847)**	**-16.3%**
o	Taxes	(2,299)	(3,686)	1,387	37.6%
p	**Result from operating activities (n±o)**	**7,163**	**7,623**	**(460)**	**-6.0%**
q	Net profit (loss) from assets held for sale and discontinued operations	-	(210)	210	100.0%
r	**Group net profit (loss) (p±q)**	**7,163**	**7,413**	**(250)**	**-3.4%**

Revenues as of 30 June 2024 total 68,499 thousand Euro, as compared to 71,488 thousand Euro in the same period of the previous year, a decrease of 2,989 thousand Euro (equal to 4.2%), which would be reduced to 2,563 thousand Euro (3,6%) net of the negative effect of exchange rate fluctuations.

It should also be noted that revenues for the first six months of 2024 include 171 thousand Euro relating to residual sales of motion control products, whereas a total of 599 thousand Euro was recognised in the same period of 2023, partly related to residual sales of motion control products (438 thousand Euro) and partly to the provision of services to the WEG group (161 thousand Euro). Net of these effects, the decrease in revenues in the first half of 2024 compared to the same period in the previous year is more limited (equal to 3%).

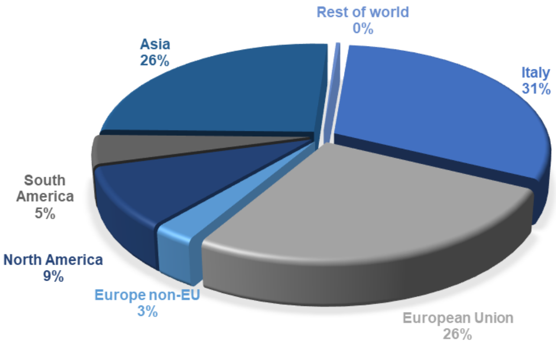
Order intake in the first half of 2024 is up compared to the same period in 2023 by a total of 5.7%. The increase mainly concerns the products of the sensors business (+8.5% compared to the figure for the first half of 2023), while order intake for the automation components business is substantially aligned with the previous year (+0.3% compared to the first half of 2023).

The opening backlog at 30 June 2024 reflects an increase compared to the closing backlog for the year 2023 (overall +3.5%), though it is down compared to the figure of 30 June 2023 (overall -16.4%).

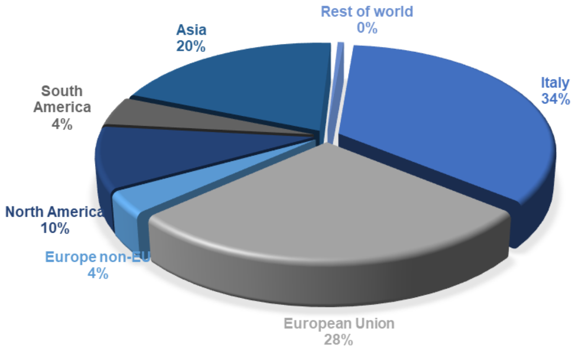
The table below shows a breakdown of revenues in the first half by geographical region.

(Euro /000)	30 June 2024		30 June 2023		Var. 2024-2023	
	Value	%	Value	%	Value	%
Italy	21,087	30.8%	24,620	34.4%	(3,533)	-14.4%
European Union	18,106	26.4%	19,784	27.7%	(1,678)	-8.5%
Europe non-EU	1,884	2.8%	2,510	3.5%	(626)	-24.9%
North America	6,473	9.4%	6,918	9.7%	(445)	-6.4%
South America	3,105	4.5%	3,204	4.5%	(99)	-3.1%
Asia	17,616	25.7%	14,088	19.7%	3,528	25.0%
Rest of the world	228	0.3%	364	0.5%	(136)	-37.4%
Total	**68,499**	**100%**	**71,488**	**100%**	**(2,989)**	**-4.2%**

Revenues up to 30 June 2024



Revenues up to 30 June 2023



The breakdown of revenues by **geographical region** shows a widespread decrease across almost all the areas served by the Group, and in particular Italy (-14.4%), Europe (overall -10.3%) and America (overall -5.4%). A geographical region which posted revenue growth is Asia (+25%), which was also influenced by the negative effect of foreign currencies developments (in particular the Rupee and the Renminbi), net of which the increase would be higher (+28.2%).

Below is a breakdown of revenues at 30 June 2024 by **business area** in comparison with the same period in the previous year.

(Euro /000)	30 June 2024		30 June 2023		Var. 2024-2023	
	Value	%	Value	%	Value	%
Sensors	43,783	63.9%	47,399	66.3%	(3,616)	-7.6%
Automation components	28,592	41.7%	28,278	39.6%	314	1.1%
Eliminations	(3,876)	-5.7%	(4,189)	-5.9%	313	-7.5%
Total	**68,499**	**100%**	**71,488**	**100%**	**(2,989)**	**-4.2%**

Revenues are up for the automation components sector, posting 1.1% growth. On the other hand, revenues generated from the sale of products related to the sensors business are down compared to the figure for the first half of 2023, specifically 7.6%.

Increases for internal work during the period to 30 June 2024 amount to 1,053 thousand Euro, down by 107 thousand Euro compared with the period ended 30 June 2023. This item represents the new product development costs incurred in the period that have been capitalised.

Added value at 30 June 2024 amounts to 49,647 thousand Euro (51,047 thousand Euro at 30 June 2023) and corresponds to 72.5% of revenues, 1.1% higher than the figure for the same previous period (equal to 71.4%). The decrease in added value, which totals 1,400 thousand Euro, relates to the lower sales of the half-year, only partly offset by the better margin achieved on sales.

Other operating costs for the first half of the year amount to 11,450 thousand Euro with, in absolute terms, a decrease of 385 thousand Euro compared with the first six months of 2023, absorbing 16.7% of revenues (16.6% in the same period of 2023). The decrease mainly relates to service costs (in particular utilities and various professional consultancies) partly affected by higher costs for external processing and maintenance.

Personnel costs in the first six months of 2024 amount to 24,864 thousand Euro, compared with 24,014 thousand Euro in the same period of 2023, up by 850 thousand Euro. The change is related to the strengthening of the workforce: the average number of employees in the first half of 2024 was 649, an increase of 23 people compared to the same period of the previous year (part of the increase is linked to the stabilisation of 31 temporary workers). In addition, the increase takes into account the implementation, starting from June 2023 and subsequently in June 2024, of the salary increase provided for by the CCNL for all employees at the Group's Italian sites, increased by the application of the safeguard clause, linked to inflation developments, which was defined at the national level. The incidence on revenues also increases, which in the first half of 2024 amounted to 36.3%, while in the same previous period it was 33.6%.

EBITDA in the period ended 30 June 2024 is positive by 13,333 thousand Euro (15,198 thousand Euro at 30 June 2023), corresponding to 19.5% of revenues (21.3% of revenues in 2023), which was lower than in the same period of the previous year by 1,865 thousand Euro. The decrease in added value in absolute value and the increase in personnel costs are the main dynamics determining the decrease in EBITDA.

Depreciation, amortisation and impairment amount to 3,983 thousand Euro, compared with 3,740 thousand Euro in the same period of the previous year, showing an increase of Euro 243 thousand, which is affected by the high level of investment completed by the Group during 2023.

EBIT in the period ended 30 June 2024 is positive by 9,350 thousand Euro (13.6% of revenues), compared with 11,458 thousand Euro in the same period of 2023 (16.0% of revenues), a decrease of 2,108 thousand Euro. As for EBITDA, the change derives from the decrease in revenues and the associated added value, further eroded by higher personnel costs and higher depreciation/amortisation compared to the previous period.

Gains from financial assets/liabilities in the first half of 2024 total 98 thousand Euro (whereas costs totalling 161 thousand Euro were entered in the first half of 2023), and include:

- financial income of 665 thousand Euro, including 639 Euro deriving from cash management (up by 396 thousand Euro compared with the figure for the first half of 2023);
- financial charges related to the Group's indebtedness, equal to 499 thousand Euro (up compared to the 2023 figure of 262 thousand Euro); it should be noted that the amount of 120 thousand Euro was prudentially set aside in the first half of 2023 for the assessment notice received from the Italian Revenue Authority following the tax audit carried out in 2019 and 2020 with respect to the Parent Company and referring to the 2016-2017-2018 tax periods;
- negative differences on currency transactions, amounting to 60 thousand Euro, compared with the result for the first half of the previous year, which was positive by 144 thousand Euro; the change was especially the result of the exchange rate of the Euro compared with the Indian rupee, the Chinese renminbi and the Brazilian real;
- financial charges on the financial payables recognised pursuant to IFRS16 of 10 thousand Euro (40 thousand Euro in the first six months of 2023).

Gains from shareholdings valued at equity reflect the results reported by Axel S.r.l. and amount to 14 thousand Euro, while in the first half of 2023 they totalled 12 thousand Euro.

In the first six months of 2024, **taxes** are negative on the whole and amount to 2,299 thousand Euro (on the whole negative by 3,686 thousand Euro in the comparative period of 2023). They consist of:

- negative current taxes, amounting to 2,431 thousand Euro (3,493 thousand Euro in negative taxes in the first half of 2023, when they included the prudent provision of 570 thousand Euro for the assessment notice received from the Italian Revenue Authority following the tax audit carried out with respect to the Parent Company and referring to the 2016-2017-2018 tax periods);
- deferred tax assets and liabilities positive on the whole and amounting to 132 thousand Euro (negative by 193 thousand Euro in the first half of the previous year).

The **Result from operating activities** at 30 June 2024 is positive and amounts to 7,163 thousand Euro (10.5% of revenues), as compared to a still positive result of 7,623 thousand Euro of the same previous period (10.7% on revenues).

The **net profit (loss) from assets held for sale** at 30 June 2024 is zero, while in the same period of the previous year it was negative in the amount of 210 thousand Euro and related to the EBIT of the motion control business units, transferred to the WEG group during the first quarter of 2023 under the framework agreement signed on 1 August 2022, as well as to the adjustment (negative by 145 thousand Euro) of the net accounting effects expected from the disposal of the business compared to the initial estimate recorded in 2022.

Group net profit (loss) as of 30 June 2024 is positive by 7,163 thousand Euro (10.5% of revenues), as compared to a still positive result of 7,413 thousand Euro (10,4% of revenues) in the same period of the previous year, a 250 thousand Euro decrease. The change mainly relates to the decrease in the result from operating activities (down by 460 thousand Euro compared to the previous half-year), partly offset by the improvement in the net profit (loss) from assets held for sale and discontinued (210 thousand Euro).

Reclassified consolidated statement of financial position at 30 June 2024

The Gefran Group's reclassified consolidated statement of financial position at 30 June 2024 is presented below:

(Euro /000)	30 June 2024 Value	%	31 December 2023 Value	%
Intangible assets	12,741	17.8	12,340	17.3
Tangible assets	41,388	57.7	42,100	59.1
Other non-current assets	5,813	8.1	5,733	8.0
Net non-current assets	**59,942**	**83.5**	**60,173**	**84.4**
Inventories	18,059	25.2	17,807	25.0
Trade receivables	26,743	37.3	23,740	33.3
Trade payables	(20,016)	(27.9)	(19,411)	(27.2)
Other assets/liabilities	(8,335)	(11.6)	(6,563)	(9.2)
Working capital	**16,451**	**22.9**	**15,573**	**21.8**
Provisions for risks and future liabilities	(1,417)	(2.0)	(1,430)	(2.0)
Deferred tax provisions	(941)	(1.3)	(934)	(1.3)
Employee benefits	(2,281)	(3.2)	(2,103)	(3.0)
Net invested capital	**71,754**	**100.0**	**71,279**	**100.0**
Shareholders' equity	**95,313**	**132.8**	**93,941**	**131.8**
Non-current financial payables	18,826	26.2	21,382	30.0
Current financial payables	7,305	10.2	9,633	13.5
Financial payables for IFRS 16 leases (current and non-current)	3,909	5.4	3,779	5.3
Financial liabilities for derivatives (current and non-current)	5	0.0	-	-
Financial assets for derivatives (current and non-current)	(163)	(0.2)	(185)	(0.3)
Other non-current financial investments	(108)	(0.2)	(112)	(0.2)
Cash and cash equivalents and current financial receivables	(53,333)	(74.3)	(57,159)	(80.2)
Net debt relating to operations	**(23,559)**	**(32.8)**	**(22,662)**	**(31.8)**
Total sources of financing	**71,754**	**100.0**	**71,279**	**100.0**

Net non-current assets at 30 June 2024 total 59,942 thousand Euro, compared with 60,173 thousand Euro at 31 December 2023. The main changes are indicated below:

- intangible assets, equal to 12,741 thousand Euro, have increased overall by 401 thousand Euro. This change includes the capitalisation of development costs (969 thousand Euro) and new investments (222 thousand Euro), as well as decreases due to depreciation/amortisation in the period (892 thousand Euro). Exchange rate fluctuations had a net positive effect of 89 thousand Euro overall;
- tangible assets, equal to 41,388 thousand Euro, have increased since 31 December 2023 by 712 thousand Euro. Investments during the first six months of 2024 (1.507 thousand Euro) were more than offset by the depreciation charge for the period (2.465 thousand Euro). This item also includes the value of the right-of-use assets recognised in accordance with IFRS 16. The total has increased by 835 thousand Euro, following the renewals or signing of new contracts, and is offset by depreciation totalling 626 thousand Euro and decreases due to advance termination of contracts totalling 74 thousand Euro. Lastly, the effect of exchange rate fluctuations was positive overall, amounting to 123 thousand Euro;
- other non-current assets at 30 June 2024 amount to 5,813 thousand Euro (5,733 thousand Euro at 31 December 2023), up by 80 thousand Euro.

Working capital at 30 June 2024 totals 16,451 thousand Euro, compared to 15,573 thousand Euro at 31 December 2023, reflecting a total increase of 878 thousand Euro. The main changes are illustrated below:

- inventories rise from 17,807 thousand Euro at 31 December 2023 to 18,059 thousand Euro at 30 June 2024, reflecting a net increase of 252 thousand Euro. There was an increase in stocks of semi-finished products (659 thousand Euro), while raw materials (282 thousand Euro) and finished products for sale (125 thousand Euro) decreased; exchange rate fluctuations, overall negative in the amount of 89 thousand Euro, partially offset the increase;
- trade receivables total 26,743 thousand Euro, up by 3,003 thousand Euro since 31 December 2023. The increase is mainly due to the difference in revenues in the second quarter of 2024 compared to the fourth quarter of 2023. The Group analyses receivables in a timely manner, considering various factors (geographical region, business area, solvency of individual customers). These checks have not identified any positions that might jeopardise their collectability;
- trade payables total 20,016 thousand Euro, up by 605 thousand Euro since 31 December 2023;
- other net assets and liabilities at 30 June 2024 are negative on the whole by 8,335 thousand Euro (negative by 6,563 thousand Euro at 31 December 2023) and include, among others, payables to employees and social security institutions, receivables and payables for direct and indirect taxes. The change compared to the closing figure of the previous year relates mainly to the performance of IRES (corporate income tax) and IRAP (regional production tax) receivables and payables.

The **provisions for risks and future liabilities** total 1,417 thousand Euro and are essentially unchanged since 31 December 2023, when they amounted to 1,430 thousand Euro. The item includes funds for ongoing legal disputes (where present), sundry risks and the product warranty provision.

Employee benefits amount to 2,281 thousand Euro, compared to 2,103 thousand Euro as at 31 December 2023. This item includes the post-employment benefit reserve (TFR), in addition to residual payables to employees who have signed agreements that protect the Company from competing activities (so-called “Non-competition agreements”).

Shareholders’ equity at 30 June 2024 amounts to 95,313 thousand Euro, up by 1,372 thousand Euro since the end of 2023. Both the positive result for the period, equal to 7,163 thousand Euro, and the changes in the conversion reserve, positive by 254 thousand Euro, partially absorbed by the payment of dividends on the 2023 result, for 5,965 thousand Euro, and by the change in the reserves for securities and derivatives measured at fair value, for a total of 75 thousand Euro, contribute to the increase.

The following schedule reconciles the shareholders’ equity and result for the period of the Parent Company with the related amounts reported in the consolidated financial statements:

(Euro /000)	30 June 2024 Shareholders' equity	30 June 2024 Result for the period	31 December 2023 Shareholders' equity	31 December 2023 Result for the period
Parent Company shareholders' equity and operating result	**82,499**	**8,151**	**80,387**	**10,932**
Shareholders' equity and operating result of the consolidated companies	40,205	3,553	41,140	6,899
Net profit (loss) from assets held for sale and discontinued operations	-	-	(205)	(205)
Elimination of the carrying value of consolidated investments	(30,287)	-	(30,287)	(1,964)
Goodwill	3,771		3,755	-
Elimination of the effects of transactions conducted between consolidated companies	(875)	(4,541)	(849)	(4,009)
Group share of shareholders' equity and operating result	**95,313**	**7,163**	**93,941**	**11,653**
Minorities' share of shareholders' equity and operating result	-	-	-	-
Shareholders' equity and operating result	**95,313**	**7,163**	**93,941**	**11,653**

The **net financial position** as at 30 June 2024 is positive by 23,559 thousand Euro, up by 897 thousand Euro since the end of 2023, when it was overall positive by 22,662 thousand Euro.

The total comprises net short-term cash and cash equivalents of 44,933 thousand Euro and net medium/long-term debt of 21,374 thousand Euro.

This item also includes the negative effect of applying IFRS 16, totalling 3,909 thousand Euro at 30 June 2024, of which 1,095 thousand Euro classified as current and 2,814 thousand Euro as non-current (3,779 thousand Euro at 31 December 2023, of which 1.005 thousand Euro classified as current and 2,774 thousand Euro included in the medium/long-term balance).

No new loans were arranged during the first six months of 2024.

The change in net financial position is mainly due to the positive cash flow generated by core business (11,053 thousand Euro), as absorbed by technical investments during the first six months of the year (2,698 thousand Euro), the payment of dividends on the 2023 result (5,965 thousand Euro), and the payment of taxes and rental fees (totalling 1,317 thousand Euro).

This item is analysed below:

(Euro /000)	30 June 2024	31 December 2023	Change
Cash and cash equivalents and current financial receivables	53,333	57,159	(3,826)
Current financial payables	(7,305)	(9,633)	2,328
Current financial payables for IFRS 16 leases	(1,095)	(1,005)	(90)
(Debt)/short-term cash and cash equivalents	**44,933**	**46,521**	**(1,588)**
Non-current financial payables	(18,826)	(21,382)	2,556
Non-current financial payables for IFRS 16 leases	(2,814)	(2,774)	(40)
Non-current financial liabilities for derivatives	(5)	-	(5)
Non-current financial assets for derivatives	163	185	(22)
Other non-current financial investments	108	112	(4)
(Debt)/medium-/long-term cash and cash equivalents	**(21,374)**	**(23,859)**	**2,485**
Net financial position	**23,559**	**22,662**	**897**

It should be noted that the “Other non-current financial investments” caption in the “Net financial position” table comprises financial pre-paid expenses totalling 8 thousand Euro (12 thousand Euro at 31 December 2023). Net of this item and for the purposes of Regulation (EU) 2017/1129, the net financial position at 30 June 2024 is positive at 23,551 thousand Euro, while at 31 December 2023 it was positive at 22,650 thousand Euro.

Consolidated cash flow statement for the period ended 30 June 2024

The Gefran Group’s **consolidated cash flow statement** as at 30 June 2024 shows a negative net change in cash at hand of 3,826 thousand Euro (it was negative and amounted to 8.590 thousand Euro as at 30 June 2023). These changes are analysed below:

(Euro /000)	30 June 2024	30 June 2023
A) Cash and cash equivalents at the start of the period	**57,159**	**44,114**
B) Cash flow generated by (used in) operations in the period	11,053	8,180
C) Cash flow generated by (used in) investment activities	(2,692)	(3,306)
D) Free Cash Flow (B+C)	**8,361**	**4,874**
E) Cash flow generated by (used in) financing activities	(12,128)	(13,672)
F) Cash flow from continuing operations (D+E)	**(3,767)**	**(8,798)**
H) Exchange rate translation differences on cash at hand	(59)	208
I) Net change in cash at hand (F+G+H)	**(3,826)**	**(8,590)**
J) Cash and cash equivalents at the end of the period (A+I)	**53,333**	**35,524**

The cash flow from operations in the period is positive by 11,053 thousand Euro; specifically, operations in the first half of 2024, netted of the effect of provisions, depreciation/amortisation, and financial entries, generated 14,631 thousand in cash (16,650 thousand Euro in the first half of 2023), while the net change in other assets and liabilities in the same period brought 307 thousand Euro of resources (in the first half of 2023 it had eroded resources for 1,955 thousand Euro) and management of working capital absorbed 3,553 thousand Euro in cash (5,944 thousand Euro in the same period of the previous year). The changes in provisions (risks and future liabilities, deferred taxes) absorbed 332 thousand Euro in cash (716 thousand Euro in the first six months of 2023).

With regard to investing activities, in the first half of 2024 disbursements of 2,698 thousand Euro were recorded for the technical investments made (6,069 thousand Euro in the first six months of 2023). It should also be noted that, in the first half of 2023, the sale of the motion control business units generated a positive net cash flow (equal to 2,606 thousand Euro).

Free cash flow (operating cash flow net of investing activities) at the end of the quarter amounts to positive 8,361 thousand Euro (positive 4,874 thousand Euro at 30 June 2023).

Financing activities absorbed resources totalling 12,128 thousand Euro, of which 4,845 thousand Euro for the repayment of non-current financial payables and 5.965 thousand Euro for the payment of dividends. In the first half of 2023, they had eroded a total of 13,672 thousand Euro, of which 4,703 Euro thousand related to the repayment of non-current financial payables, 5,713 thousand Euro for the payment of dividends, 1,381 thousand Euro for the payment of direct taxes and 910 thousand Euro for the purchase of own shares.

Economic performance of the Group's scope for sale and discontinued as at 30 June 2024

Following the sale of the motion control business and the related assets, reclassified pursuant to IFRS 5, as "Available for sale", in the first half of 2024 there was no item connected thereto. On the other hand, the assets recognised in the first half of 2023, as represented in the reclassified income statement below, relate to the January and February operations of the motion control business unit of the subsidiary Gefran India, which was sold to WEG on 1 March 2023. This also includes the effects of the sale of the motion control business unit (inventory and other assets as well as employees) within the Chinese subsidiary Gefran Automation Technology (China), sold on 3 January 2023.

		30 June 2024	30 June 2023	Var. 2024-2023	
	(Euro /000)	Total	Total	Value	%
a	Revenues	-	2,387	(2,387)	n.s.
b	Increases for internal work	-	-	-	n.s.
c	Consumption of materials and products	-	2,368	(2,368)	n.s.
d	**Added Value (a+b-c)**	**-**	**19**	**(19)**	**n.s.**
e	Other operating costs	-	-	-	n.s.
f	Personnel costs	-	83	(83)	n.s.
g	**EBITDA (d-e-f)**	**-**	**(64)**	**64**	**n.s.**
h	Depreciation, amortisation and impairment	-	1	(1)	n.s.
i	**EBIT (g-h)**	**-**	**(65)**	**65**	**n.s.**
l	Gains (losses) from financial assets/liabilities	-	-	-	n.s.
m	Impairment of assets held for sale and discontinued operations	-	(145)	145	n.s.
n	**Profit (loss) before tax (i±l±m)**	**-**	**(210)**	**210**	**n.s.**
o	Taxes	-	-	-	n.s.
p	**Group net profit (loss) (n±o)**	**-**	**(210)**	**210**	**n.s.**

Revenues recorded as at 30 June 2023 were equal to 2,387 thousand Euro.

Added value at 30 June 2023 amounted to 19 thousand Euro.

Personnel costs recorded in the first six months of 2023 amounted to 83 thousand Euro.

EBITDA at 30 June 2023 was negative and equal to 64 thousand Euro (-2.7% of revenues).

EBIT at 30 June 2023 was negative and equal to 65 thousand Euro (-2.7% of revenues).

In the first half of 2023, the **impairment of assets held for sale** reflected the adjustment (negative by 145 thousand Euro) from the initial estimate of the net accounting effects expected from the disposal of the business, already recognised in the second half of 2022.

The **net loss from assets held for sale** in the period to 30 June 2023 totalled 210 thousand Euro.

Investments

Gross technical investments made by the Group during the first six months of 2024 total 2,698 thousand Euro (6,069 thousand Euro in the first half of 2023) and relate to:

- production and laboratory facilities and equipment for plants of the Parent Company and the Group's Italian subsidiaries for a total of 146 thousand Euro (as at 30 June 2023, a total of 1.823 thousand Euro had been invested);
- production and laboratory facilities and equipment for plants of the Group's foreign subsidiaries for a total of 371 thousand Euro, of which 219 thousand Euro in the United States and 136 thousand Euro in China, in both cases to reinforce the production lines of the sensors business (as of 30 June 2023, a total of 162 thousand Euro had been invested abroad);
- upgrading of industrial buildings of the Parent Company in the amount of 340 thousand Euro and of the foreign subsidiaries in the amount of 539 thousand Euro, of which 465 thousand Euro was invested in the production plant in the United States (dedicated to the sensors business) to make it more energy efficient and equip it with a second area dedicated to the production of NaK-filled sensors (in the first half of 2023, a total of 2,788 thousand had been invested, of which 2,268 thousand Euro in Italy and 520 thousand Euro abroad);
- renewal of electronic office machines and equipment for Information Technology systems used in the Parent Company amounting to 24 thousand Euro, in the Group's Italian subsidiaries in the amount of 25 thousand Euro, and in the foreign subsidiaries in the amount of 27 thousand Euro (as at 30 June 2023, 308 thousand Euro had been invested in Italy and 44 thousand Euro abroad);
- capitalisation of costs incurred in the period for new product development, totalling 969 thousand Euro (816 thousand Euro in the first half of 2023);
- investments in intangible assets amounting of 222 thousand Euro, mainly relating to management software licences and SAP ERP development (other intangible assets totalling 104 thousand Euro were recognised in the first six months of 2023).

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

(Euro /000)	30 June 2024	30 June 2023
Intangible assets	1,191	922
Tangible assets	1,507	5,147
Total	**2,698**	**6,069**

	30 June 2024		30 June 2023	
(Euro /000)	intangible assets and goodwill	tangible assets	intangible assets and goodwill	tangible assets
Italy	1,190	535	916	4,413
European Union	-	54	5	101
Europe non-EU	-	3	-	24
North America	-	687	-	132
South America	1	30	1	145
Asia	-	198	-	332
Total	**1,191**	**1,507**	**922**	**5,147**

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 mainly 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.

Please refer to paragraph 9 of the notes included in this half-yearly financial report for an examination of the financial position by sector of activity.

Sensors business

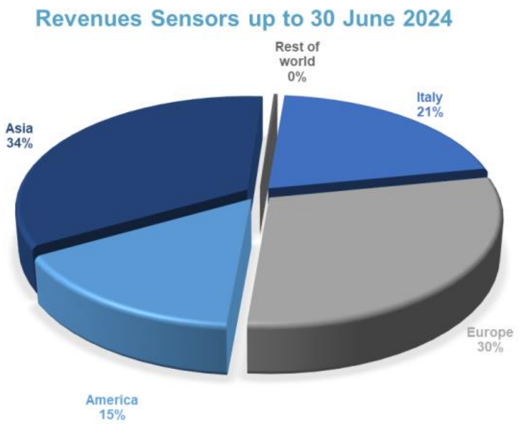
Summary results

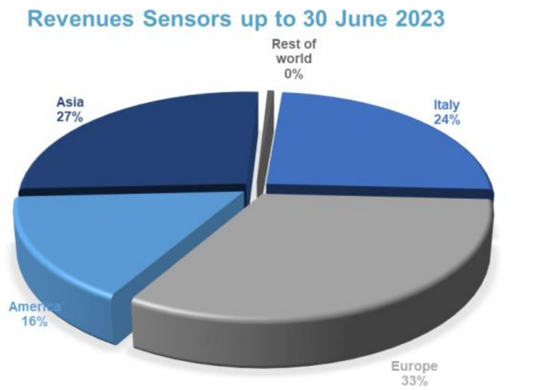
The table below shows the key economic figures:

(Euro /000)	30 June 2024	30 June 2023	Var. 2024 - 2023		2Q 2024	2Q 2023	Var. 2024 - 2023	
			Value	%			Value	%
Revenues	43,783	47,399	(3,616)	-7.6%	22,397	23,622	(1,225)	-5.2%
EBITDA	10,152	12,524	(2,372)	-18.9%	4,732	5,909	(1,177)	-19.9%
% of revenues	23.2%	26.4%			21.1%	25.0%		
EBIT	7,812	10,371	(2,559)	-24.7%	3,564	4,843	(1,279)	-26.4%
% of revenues	17.8%	21.9%			15.9%	20.5%		

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

(Euro /000)	30 June 2024		30 June 2023		Var. 2024 - 2023	
	Value	%	Value	%	Value	%
Italy	8,985	20.5%	11,568	24.4%	(2,583)	-22.3%
Europe	12,920	29.5%	15,508	32.7%	(2,588)	-16.7%
America	6,731	15.4%	7,459	15.7%	(728)	-9.8%
Asia	15,026	34.3%	12,619	26.6%	2,407	19.1%
Rest of the world	121	0.3%	245	0.5%	(124)	-50.6%
Total	**43,783**	**100%**	**47,399**	**100%**	**(3,616)**	**-7.6%**





Business performance

Revenues from the business as at 30 June 2024 amount to 43,783 thousand Euro, down compared to the figure as at 30 June 2023, which amounted to 47,399 thousand Euro, registering a percentage decrease of 7.6%. Also contributing to the decrease was the negative effect of exchange rate fluctuations (estimated at 352 thousand Euro), without which the percentage decrease would have been smaller and equal to 6.9%.

As already observed in the second part of 2023, the contraction in realised revenues is affected by signs of generalised slowdown despite the fact that sales in the first half of 2024 were still higher than in the second half of 2023. The product families that were most affected were industrial pressure and melt, while products in the position range (both the “consolidated” ones and the most recent ones equipped with TWIIST technology) recorded an increase in sales compared to the comparative period, although not enough to close the gap.

In terms of geography, the Asian region performed well in the half-year, with revenues up 19.1% compared to the first half of 2023. For the other areas served by the business, there was a decrease compared to the comparison period, which was particularly strong in Italy (-22.3%) and Europe (-16.7%), and more modest in America (-9.8%).

The order intake for the first six months of 2024, totalling 44,798 thousand Euro, is up compared to the figure for the same period of 2023 (+8.5%). The backlog at 30 June 2024 increased (by 6.9%) compared to the same figure recorded at 31 December 2023, while it is lower than the backlog of 30 June 2023 (-13.1%).

In the second quarter of 2024, revenues amount to 22,397 thousand Euro, down 5.2% over the same period in 2023, when they came to 23,622 thousand Euro.

EBITDA at 30 June 2024 amounts to 10,152 thousand Euro (23.2% of the business unit’s revenues), down by 2,372 thousand Euro compared to 30 June 2023, when it amounted to 12,524 thousand Euro (26.4% of revenues). The change in EBITDA is attributable to the decrease in revenues and the lower added value generated in absolute value, in addition to higher personnel costs, only partially offset by lower other operating costs.

EBIT for the first six months of 2024 amounts to 7,812 thousand Euro, equal to 17.8% of revenues, compared with EBIT for the same period of the previous year of 10,371 thousand Euro (21.9% of revenues), a decrease of 2,559 thousand Euro for the first half of 2024 compared to the same period of the previous year. This is basically attributable to the same dynamics exposed for EBITDA, as well as to the increase in depreciation/amortisation allocated to the business.

Comparing the figures by quarter, EBIT in the second quarter of 2024 amounts to 3,564 thousand Euro (15.9% of revenues), compared with 4,843 thousand Euro (20.5% of revenues) in the second quarter of 2023.

Investments

Investments in the first six months of 2024 amount to 1,276 thousand Euro and include investments in “Intangible assets” equal to 230 thousand Euro, of which 171 thousand Euro related to the capitalization of research and development costs of new products (for the remaining part they refer to purchasing software programmes and licenses).

Increases in “Tangible assets” total 1,046 thousand Euro. They include the strengthening of the business’s production lines at foreign sites (684 thousand Euro in the United States and 136 thousand Euro in China), through the installation of new production and laboratory facilities and equipment, some of which were built in-house, as well as through investments in upgrading buildings.

Automation components business

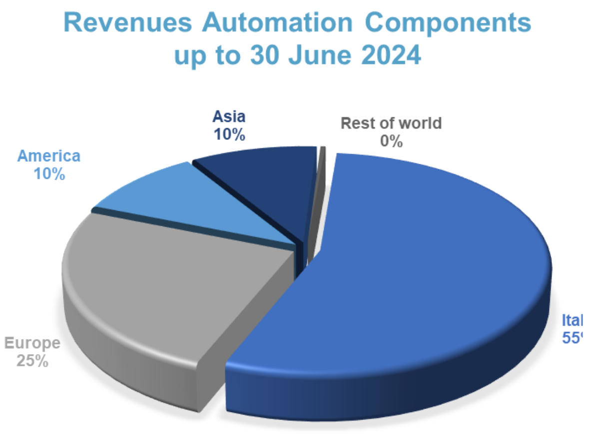
Summary results

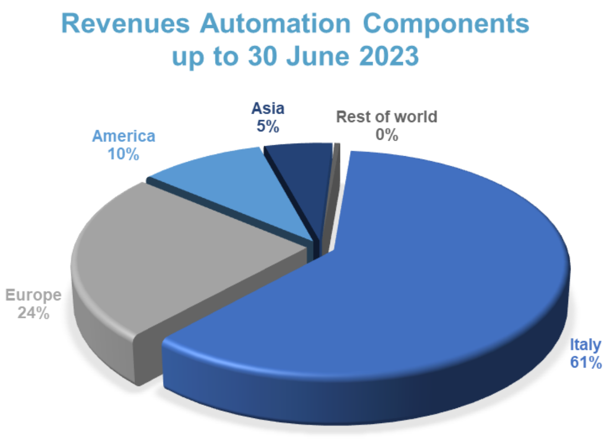
The table below shows the key economic figures:

(Euro /000)	30 June 2024	30 June 2023	Var. 2024 - 2023		2Q 2024	2Q 2023	Var. 2024 - 2023	
			Value	%			Value	%
Revenues	28,592	28,278	314	1.1%	13,997	13,871	126	0.9%
EBITDA	3,181	2,674	507	19.0%	1,473	1,050	423	40.3%
% of revenues	11.1%	9.5%			10.5%	7.6%		
EBIT	1,538	1,087	451	41.5%	679	246	433	176.0%
% of revenues	5.4%	3.8%			4.9%	1.8%		

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

(Euro /000)	30 June 2024		30 June 2023		Var. 2024 - 2023	
	Value	%	Value	%	Value	%
Italy	15,665	54.8%	17,104	60.5%	(1,439)	-8.4%
Europe	7,113	24.9%	6,841	24.2%	272	4.0%
America	2,880	10.1%	2,734	9.7%	146	5.3%
Asia	2,827	9.9%	1,480	5.2%	1,347	91.0%
Rest of the world	107	0.4%	119	0.4%	(12)	-10.1%
Total	**28,592**	**100%**	**28,278**	**100%**	**314**	**1.1%**





Business performance

The revenues of the business unit in the period to 30 June 2024 amount to 28,592 thousand Euro, up by 1.1% compared with those for the period ended 30 June 2023. Despite the signs of a general slowdown, the strategic line aimed at consolidating the baseline of customers acquired due to the high level of service and the expansion of the product range resulted in an increase in revenues recorded compared to the comparison period.

This result is driven by the increase in sales volumes of the product families in the power control ranges (+11.3% compared to what was recorded in the first half of 2023) and solutions (+3.2% compared to the same half-year in the previous year).

In the analysis of revenues by geographical region, the increase in Asia is significant, where they almost doubled compared to the first half of 2023. Strong performance was also recorded in Europe (+4%) and America (+5.3%). The only area served by the business where a contraction remains is Italy (-8.4%).

Order intake recorded in the first half of 2024 amounts to 28,798 thousand Euro and is slightly higher overall than the figure for the same period in the previous year (+0.3%). However, the backlog at 30 June 2024 posts a decrease compared to the figure recorded at 30 June 2023 (-21.1%), which is more contained when comparing the figure with the closing value of 2023 (-1.6%).

Turning to the second quarter of 2024, revenues amount to 13,997 thousand Euro, up by 0.9% compared with the same period in 2023 when they totalled 13,871 thousand Euro.

EBITDA for the period ended 30 June 2024 rises to 3,181 thousand Euro (equal to 11.1% of revenues), which was an improvement of 507 thousand Euro over the figure reported at 30 June 2023 of 2,674 thousand Euro (9.5% of revenues). The sales growth recorded in the first six months of the year and the higher added value achieved were only partially absorbed by the additional operating costs recorded during the period.

EBIT in the first half of 2024 is positive by 1,538 thousand Euro. This compares with a positive EBIT of 1,087 thousand Euro in the first half of 2023. The increase, totalling 451 thousand Euro, is a result of the dynamics described above.

Comparing the figures by quarter, EBIT in the second quarter of 2024 amounts to 679 thousand Euro (4.9% of revenues), compared with 246 thousand Euro (1.8% of revenues) in the same quarter of 2023.

Investments

Investments in the first six months of 2024 amount to 1,422 thousand Euro. With reference to the item “Intangible assets”, investments amount to 961 thousand Euro, of which 798 thousand Euro referred to the capitalization of development costs of the new range of static units and new programmable automation products (the remaining portion relates to the purchase of programmes and software licenses).

Investments in “Tangible assets” amount to 461 thousand Euro, of which 355 thousand Euro made in the Parent Company for new machinery to enhance both capacity and the production efficiency required for new products, and to renew buildings, with investments that also aim to improve energy efficiency.

Research and development

The Gefran Group invests significant financial and human resources in product research and development. In the first half of 2024, just over 4% of revenues were invested in these activities overall, which are considered strategic to maintain high technological and innovative levels in products and ensure the competitiveness required by the market.

Research and development are concentrated in Italy, at the laboratories in Provaglio d’Iseo (BS). R&D is managed by the technical area and includes development of new technologies, evolution of the characteristics of existing products, product certification in addition to the design of custom products at the request of specific customers.

The cost of technical personnel involved in these activities, consultancy and materials used is charged in full to the income statement, except for the capitalisation of costs that meet the requirements of IAS 38. Costs identified for capitalisation according to the above requirements are indirectly suspended by a revenue entry under a specific income statement item (“Increases for internal work”).

The sensors area focused its activity in the first half of 2024 on further expanding the offering of products, focusing on the mobile hydraulics line and on the launch of sensors with digital connectivity for use in Industry 4.0 architecture. In particular, the developments are consistent with the trends deemed by the Group to be current and near-future drivers such as a) digital communication, an indispensable prerequisite for data transmission; b) certifications, especially in the safety field, due to the growing need to ensure safe systems for operators (sensors are frontline devices in this respect); c) multivariability to provide customers with more than one piece of information and guarantee a higher level of control aimed at the operational continuity of the machine and system; d) completion of the product portfolio for the mobile hydraulics market.

The availability of process connections for the KM pressure probe, first marketed in 2023, was therefore increased thanks to the AMP Superseal and Metripack connector.

In addition, on the basis of the KM pressure probe, the development of the KMC sensor was completed, which implements communications according to the CanOpen protocol, maintaining the same specifications as the analog sensor. During 2024, the KMC range was further strengthened with the development of a version equipped with the new CAN Open Safety output signal with SIL2/PLd + E1 certification, with the aim of strengthening Gefran’s presence in the mobile hydraulics market (e.g. construction, material handling) for OEMs and mobile system integrators.

With the same objective, during 2024 the range of the GSH-A multi-variable sensor was extended, which combines tilt and acceleration measurement with linear by wire technology, up to 12.5 meters. This sensor allows you to identify the movements of the machine to which it is applied, anticipating malfunctions and providing useful information to improve the efficiency of the process.

Another activity within the R&D roadmap for 2024 is the further enrichment of the functionality of all melt pressure series with IO-Link interface (ILM/ILW/ilk/ILI), adding the negative pressure reading functionality and the error state reset functionality.

In the **automation components** area, research and development activities in the first months of 2024 included several projects, in continuity with the recent past and in line with the global trends that Gefran has identified as guidelines for business development: a) the evolution of control algorithms (PIDs and related functionalities), to be implemented in its products to cover rapidly growing markets with growing technical needs (such as that of semiconductors); b) the expansion of the range and evolution of the functionalities of power controllers, to support the transition of customers towards electricity (decarbonisation trend); c) the expansion of the control capabilities of machines and plants, offering, in addition to the accurate control guaranteed by the tools, automation platforms capable of fulfilling advanced control functionalities.

In continuity with the development carried out in previous years on the platform of GRx/GRx-H static groups and power controllers, the first days of 2024 saw the release and market launch of solid-state relays GRP, GRM and GRZ (without integrated heatsink of the corresponding static units). These products meet the needs of customers who independently implement the thermal dissipation of static units, allowing them to use the devices, within their processes, in total flexibility.

As part of the Group's certifications, from May 2024 the process for achieving SCCR 100kA certification for GRZ /GRZ-H devices (two- and three-phase) began, in continuity with what was achieved during 2023 on the single-phase static units GRS/GRS-H, GRP/GRP-H, GRM-GRM-H, thus ensuring compliance with the highest standards of resistance to short circuits.

The first half of 2024 also saw the market launch of the first set of G3 modular input/output units of the new G-Mation platform, which was first offered for sale in April. This set of units is the first step out of a series of other HW and SW products that will be made available between the second half of 2024 and the beginning of 2025.

Human resources

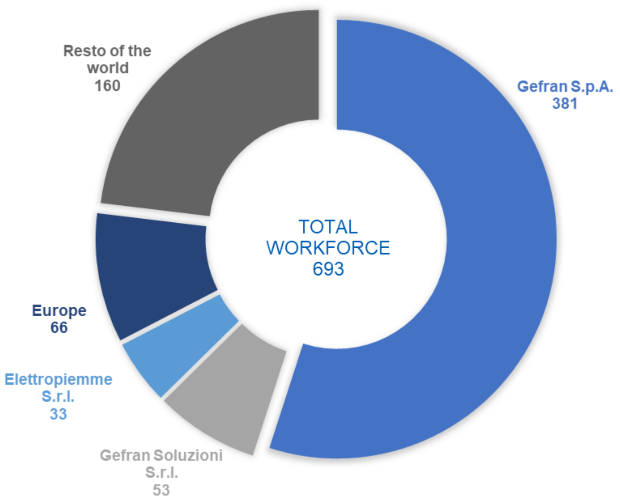
Workforce

The Group's workforce at 30 June 2024 totals 693 people, up both compared to the end of 2023 (42 people) and compared to the figure at 30 June 2023 (41 people). It should be noted that a significant share of the increase in employees is due to the stabilization of 31 temporary workers. The first half of the year was characterised by a Group turnover rate of 14.9%.

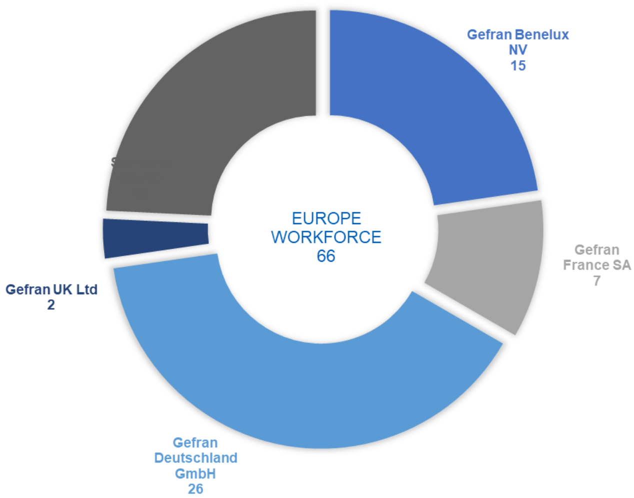
In particular, the change in the first six months of 2024 is as follows:

- 71 people were included in the Group, including 33 manual workers and 38 clerical staff;
- 29 people left the Group, including 6 manual workers, 22 clerical staff and 1 executive.

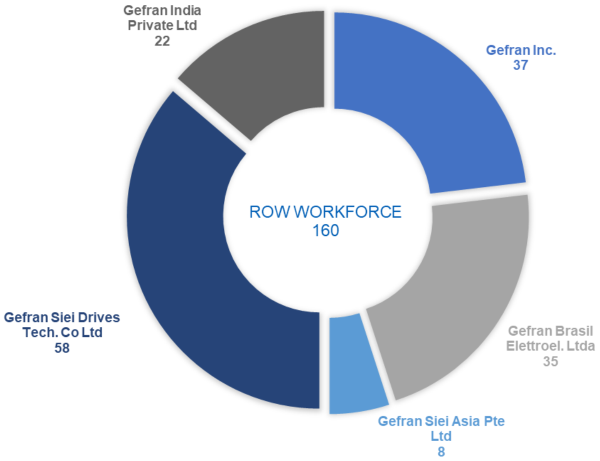
Workforce up to 30 June 2024



Europe Workforce up to 30 June 2024



Rest of the World Workforce up to 30 June 2024



Main risks and uncertainties to which the Gefran Group is exposed

In the normal course of its business, the Gefran Group is exposed to various financial and non-financial risk factors, which, should they materialise, could have a significant impact on its economic, financial, operational situation as well as on health, safety and the environment and on its reputation.

Analysis of risk factors and assessment of their impact and probability of occurrence is the pre-requisite for the creation of value in the organisation. The ability to respond to risk correctly helps the Company to address corporate and strategic choices with confidence, contributing also to prevent adverse consequences for the corporate and business targets set at Group level.

The Group adopts specific procedures for management of risk factors that may have an impact on expected results. The organisational structure of relevance to the internal control and risk management system is set up as follows:

- the **Board of Directors**, which defines guidelines for the internal control and risk management system, consistent with the Company's strategies, and assesses its adequacy and effectiveness;
- the **Risk Control Committee** (RCC), which has the task of supporting, with adequate preliminary investigation, the assessments and decisions of the Board of Directors regarding the internal control and risk management system, as well as checking the proper application of accounting standards and their consistency for the purposes of preparing the consolidated financial statements;
- the **Chief Executive Officer**, as defined in the *Corporate Governance Code*, who is entrusted with the task of identifying the main corporate risks, implementing the risk management guidelines and checking their adequacy;
- the **Executive in charge of financial reporting**, who is responsible for direct supervision of the control model within the meaning of Law no. 262/2005 and the related administrative and accounting procedures, in relation to its constant updating;
- the **Internal Audit** function which, in compliance with international standards, has the task of checking continuously and in relation to specific requirements, the operation and suitability of the internal control and risk management system, via an audit plan approved by the Board of Directors that is based on a structured analysis of the main risks;
- the **Board of Statutory Auditors**, which monitors the effectiveness of the internal control and risk management system;
- the **Supervisory Body**, which monitors the implementation and correct application of the Organisational Model pursuant to Decree 231/2001;
- the **Risk Management** function plays an executive role, facilitating, methodological support and coordination of Enterprise Risk Management activities.

Gefran has for some time started a structured *Enterprise Risk Management* process and has developed a process of periodic identification, assessment, management and monitoring of the main risks.

The activity focuses on the identification of areas that are worthy of special attention and pf *Risk owners*, with the periodic review of the risk catalogue, in order to identify potential new emerging risks and, if applicable, include them. The ever-increasing integration of *Enterprise Risk Management* with business processes aims to ensure its constant alignment with strategic, management and operational decisions, also in the light of sustainability issues, for which specific risks are identified and assessed. This is achieved by linking the risk catalogue with the objectives identified in the Industrial Plan and with the pillars of the Strategic Sustainability Plan.

The Group’s Enterprise Risk Management Policy

During 2023, the Group adopted the **Enterprise Risk Management Policy** (so-called ERM Policy), approved by the Board of Directors of Gefran S.p.A. at its meeting of 8 November 2023.

The procedure defines the *Enterprise Risk Management* (so-called ERM) governance and process, as well as providing guidelines for the identification, evaluation, management and monitoring of risks that could threaten the Group’s ability to achieve its company strategies and optimise their performance. This regulates:

- the reference principles on which the ERM model is based;
- the roles and responsibilities of the functions and/or individuals involved in the ERM process;
- the steps involved in the process of identifying, assessing, managing and monitoring risks;
- the main information flows whose adoption enables adequate dissemination of risk information and informed decision-making.

The Risk Management Function

Gefran has also established the **Risk Management Function**, whose roles and responsibilities are attributed to the Group’s Legal and Corporate Affairs Department and regulated in the ERM Policy.

In coordination with the CEO, the function is responsible for defining, implementing and maintaining an ERM methodology, by promoting a systematic, structured and homogeneous process of risk identification, measurement and management, as well as being responsible for routinely carrying out and coordinating the risk assessment process, by facilitating and providing methodological support in identifying, analysing and managing risks and periodically monitoring the progress and effectiveness of defined risk response strategies, as well as the evolution of the organisation’s risk profile.

The Enterprise Risk Management Process

In the first half of the year, and in continuity with the path started in 2023 fiscal year, the process led by Gefran involved four main stages:

1. ***Enterprise Risk Management Workshop***
2. ***Risk Assessment, Monitoring & Reporting***
3. ***ERM Maturity Assessment***
4. ***Risk Monitoring***

1. Enterprise Risk Management Workshop

With the aim of spreading the Risk Management culture aimed at promoting the creation and protection of corporate value, an ERM workshop, led by the Chief Executive Officer, is held, with the involvement of the Managers responsible for all company departments and some functional reports.

It is an opportunity to review the fundamental elements of the Enterprise Risk Management system adopted by Gefran and to carry out a brainstorming on emerging risks, preparatory to the start of the Risk Assessment, i.e. the next stage of the process.

2. Risk Assessment, Monitoring & Reporting

The R*isk Assessment* stage is carried out through interviews with the management of the Parent Company and the main subsidiaries; the process of reviewing the risk catalogue is based on the results of the previous risk assessment, which can be confirmed, modified and/or eliminated to provide an updated view of the risk profile.

This allows the Board of Directors and management to assess knowledgeably those risk scenarios that might compromise the achievement of strategic goals and take additional action to mitigate or manage significant exposures, thus strengthening the Group's corporate governance and Internal Control system.

Risk Assessment 2023

The risks mapped at this stage are represented in the ***Risk Model*** and grouped into **four categories** and **eleven families**, outlined below:

EXTERNAL RISKS	STRATEGIC RISKS	NATURE OF THE RISK
1 COUNTRY/MARKET	**3 STRATEGIC**	MACRO RISK CATEGORY
/ [1.1] Macroecoomic context / [1.2] Instability of the Countries in which the Group produces or sells / [1.3] Catastrophic Events / Business Interruption / [1.4] Evolving law, regulations and industry standards / [1.5] Competition / [1.6] Unexpected changes in demand (including consumer habits)	/ [3.1] Business sustainability / [3.2] Investment decision / [3.3] Product Portfolio / [3.4] Peoduct/process innovation / [3.5] Effectiveness / Delay of short-, medium-, and long-term strategies / [3.6] Effectiveness of extraordinary transactions / [3.7] Strategic planning / [3.8] Effectiveness of Crisis Management Plans / [3.9] Dependence on key customer / [3.10] Dependence on contractor/critical suppliers / [3.11] Digital Transformation & Change Management	SUB-CATEGORY OF RISK
2 FINANCIAL		
/ [2.1] Unpredictability of raw material prices / financial markets / [2.2] Commercial/financial counterparts / [2.3] Exchange rate / [2.4] Interest rate / [2.5] Liquidity / [2.6] Capital availability / debt repayment capacity		

NATURE OF THE RISK

INTERNAL RISKS

MACRO RISK CATEGORY

SUB-CATEGORY OF RISK

4 GOVERNANCE AND INTEGRITY

- [4.1] Change resistence
- [4.2] Integrity of behavior/fraud
- [4.3] Delegations and Powers
- [4.4] R&R (Rles and Responsibilities) / SoD
- [4.5] Direction and government, including foreign branches

5 OPERATIONAL AND REPORTING

- [5.1] Adequacy/saturation of production capacity
- [5.2] Incorrect/inefficient production planning
- [5.3] Obsolescence/Unavailability of plant / machinery
- [5.4] Product quality / Recall
- [5.5] Obsolescence stock
- [5.6] Unavailability of raw materials/ semi-finished goods/ other goods and extra cost of supplies
- [5.7] Reliability of supplier portfolio
- [5.8] Ineffectiveness of sales channels
- [5.9] Ineffectiveness/reducing prices, complexity and extra business costs
- [5.10] Budget, Planning and Reporting
- [5.11] Unavailability of data and information
- [5.12] Transfer Pricing
- [5.13] Orders execution risk
- [5.14] Parcelizing out suppliers
- [5.15] Delays in the execution of investments plans
- [5.16] Interruptions/Delays in logistics

6 LEGAL AND COMPLIANCE

- [6.1] Protection of product exclusivity
- [6.2] Litigation
- [6.3] Contractual/force majeure risks
- [6.4] Compliance with lobour law regulations
- [6.5] Compliance with 262 / financial reporting
- [6.6] Compliance with of tax regulation
- [6.7] Compliance with industry regulation (e.g., ISO)
- [6.8] Compliance with customs regulations

7 IT

- [7.1] IT & Data Security (Cybersecurity and SoD)
- [7.2] Disaster Recovery / Business Continuity
- [7.3] IT Governance
- [7.4] IT infrastructure/technology capacity limits
- [7.5] Web Domains

8 HUMAN RESOURCES

- [8.1] Attraction and Retention
- [8.2] Dependence on key figures
- [8.3] Poor communication between the first lines of management
- [8.4] Timeliness of communications regarding organisational changes
- [8.5] Risk of Ageing
- [8.6] Staff unavailability
- [8.7] Staff Performance

ESG RISKS

NATURE OF THE RISK

MACRO RISK CATEGORY

SUB-CATEGORY OF RISK

9 ENVIRONMENTAL

- [9.1] Natural disasters
- [9.2] Climate change (physical and transitional risks)
- [9.3] Pollution and contamination (e.g., waste management, emissions, spills and wastewater, noise pollution)
- [9.4] Resource availability and consumption (e.g. nonrenewable resources: water, gas)
- [9.5] Product sustainability (e.g., product end-of-life management, environmental impact of products)
- [9.6] Evolution/adaptation of environmental regulations (e.g., carbon tax, Emission Trading Scheme)

11 GOVERNANCE

- [11.1] Corporate integrity, anti-money laudering and anti-corruption
- [11.2] Non-compliance with internal regulations (e.g., Code of Ethics, policies and procedures)
- [11.3] Governance of ESG topics
- [11.4] Reporting on ESG topics

10 SOCIAL

- [10.1] User health and safety
- [10.2] Employees health and safety
- [10.3] Sustainable supply chain management
- [10.4] Respect for humn/workers' rights
- [10.5] Non-compliance/compliance with Privacy regulations
- [10.6] Biological risks
- [10.7] Customer experience, customer satisfaction and claims
- [10.8] Responsible Marketing and communication transparency
- [10.9] Non-compliance with product regulations (e.g., labeling)
- [10.10] Evolving expectation of stakeholders and end-users in terms of environmental and social performance
- [10.11] Evolution/compliance with H & S regulations
- [10.12] Relations with local communities

Focus HR

- [10.13] Professional development and compensation
- [10.14] Generational transitions
- [10.15] Industrial relations
- [10.16] Business climate
- [10.17] Smart working/remote working managing

They refer to:

- **country/market risks**: risks arising from factors such as macroeconomic environment, changes in the regulatory and/or market environment, changes in economic or political stability in countries or geographic areas;
- **financial risks**: connected with the availability of funding, credit and cash management, and/or volatility of key market variables (e.g. commodity prices, interest rates, exchange rates);
- **strategic risks**: risks connected with the company's strategic decisions regarding product portfolio, extraordinary operations, innovation, digital transformation, etc. which could influence the Group's performance;
- **governance and integrity risks**: risks connected with Group/Company governance or with professionally incorrect behaviour which does not conform to the Company's ethical policy and could expose the Group to possible sanctions, undermining its reputation on the market;
- **operating risks and reporting risks**: risks connected with the efficacy/efficiency of company processes, with potential negative consequences for the Company's performance and operations, and/or connected with the possibility that planning, reporting and control processes may not be sufficient to assist management with strategic decision-making and/or monitoring of the business;
- **legal and compliance risks**: risks pertaining to management of legal and contractual aspects and conformity to national, international and industry laws and regulations applicable to the Company;
- **IT Risks**: risks connected with the adequacy of information systems for supporting the current and/or future requirements of the business, in terms of infrastructure, integrity, security and availability of data, information and Information Technology systems;
- **human resources risks**: risks connected with the attraction, retention, availability, management and development of the resources and skills necessary to conduct business and management of trade union relations;
- **ESG risks:** risks directly related to sustainability issues, divided among **environmental**, **social** and **governance risks**.

Management involved in the *Enterprise Risk Management* process must use a clearly defined shared methodology to identify and assess specific risk events in terms of the probability of them actually occurring, their impact and the degree of adequacy of the existing risk management system, according to the following definitions:

- **probability** of a certain event occurring within the time horizon of the Plan, measured on the basis of a scale from "improbable/remote" risk (1) to "highly probable" (4);
- **impact**: depending on the category estimate of the economic and financial impacts, or in the HSE field, or of image or repercussions for operations within the time horizon under consideration, measured on the basis of a scale from "insignificant" (1) to "critical" (4);
- **level of risk management** or of maturity and efficiency of existing risk management systems and processes, measured on the basis of a scale from "optimal" (1) to "to be initiated" (4).

The mapped risks are classified, depending on seriousness, into three categories (Tier 1, Tier 2 and Tier 3), taking into account both the risk in the abstract (the so-called inherent risk), and the mitigation effects of the internal control system (so-called residual risk). Both types of risk are subject to assessment.

The results of measurement of risk exposure analysed are then represented in the so-called Heat Map, a 4x4 matrix which, combined with the variables in subject, provides an immediate overview of risk events considered particularly significant. In addition, the risks identified and assessed are linked to the objectives defined in the Group's Strategic Industrial Plan to integrate risk management into the Group's overall strategy, and to the pillars of the Strategic Sustainability Plan with the aim of integrating risk management into sustainability initiatives.

The assessment is repeated annually on the basis of the risk mitigation actions implemented and the evolution of the situation, and the process involves the Parent Company's management and the main subsidiaries. The main risks detected and assessed through *Enterprise Risk Management* are described and discussed with all organisations of significance for the purposes of the internal control and risk management system and with the Board of Directors.

The overview of the risks the Group is exposed to allows the Board of Directors and Management to reflect on the Group's propensity for risk and identify risk management strategies to be adopted or assess which risks and priorities are considered to require new mitigation actions, or improvement or optimisation of existing ones, or monitoring of exposure over time.

3. *ERM Maturity Assessment*

Gefran periodically renews the maturity assessment of its Enterprise Risk Management system, with the aim of updating the maturity level of its risk management system.

The latest Maturity Assessment, which took place in 2023, demonstrated the Group's good level with an improved assessment compared to 2021, in particular with reference to the areas of risk culture and governance, management, monitoring and reporting. By analysing the Group's governance, the documents and the tools relating to risk management, the evolutionary guidelines have been defined to encourage alignment with best practices.

4. Risk Monitoring

It consists of monitoring the progress and implementation of mitigation actions to monitor the most relevant risks (so-called Tier 1 or Top Risk) identified during the previous Risk Assessment.

The *Owners* of each action express evaluations on the progress of the same.

The latest Risk Monitoring, carried out in the first half of the fiscal year 2024, had as its objective the periodic monitoring and evaluation of the progress and implementation of the mitigation actions to monitor the risks identified in the previous Risk Assessment carried out in 2023.

The Risk Assessment carried out in 2023 led to the identification of a total of 41 actions to mitigate the 8 Top Risks (Tier 1), as summarised below:

To ensure the adequacy of the risk management system and assess its effectiveness, a reporting system and a dashboard are provided for monitoring the mitigation actions taken by individual functions.

Risk reporting and related information provides an authentic view of the strengths and weaknesses of risk management. The disclosure of this information to key stakeholders also supports decision-making processes and increases transparency on risks that could affect the targets' achievement. Systematic monitoring of the identified risks and assets to manage them according to established metrics enables timely and proactive responses.

External and internal risk factors are analysed below, classified according to the risk families identified.

Based on the economic and cash flows achieved in the last few years and available funds, and based on the results of *Enterprise Risk Management* activities, there are currently no significant uncertainties that raise significant doubts as to the company's ability to continue to operate as a going concern.

1.1. Risks associated with countries and markets

Risks associated with the general economic conditions and market trends

Overall global activity strengthened at the end of 2023, supported also from a commercial point of view by strong trade from Asia (in particular in the technology sector), and growth in the first quarter of 2024, driven by services and with signs of strengthening also in manufacturing, surprised positively in many countries, countered by unexpected downward projections in Japan and the United States.

2024 opened with an estimated growth for the current year at 3.2%, which is expected to rise to 3.3% in 2025, substantially confirming the growth rate observed in the previous year (3.3%), still below the historical levels observed before the pandemic. Despite the fact that economic activity has proven to be resilient and constantly growing, with disinflation showing an undecided trend after the peak of inflation in 2022, today there are once again possible upside risks, linked to service price inflation that is making the normalization of monetary policy less easy, with a possible effect on interest rates and trade relations in general.

With reference to the Eurozone, compared to +0.5% calculated for 2023, GDP is projected to grow by 0.9% in 2024 and 1.5% in 2025. As far as the national scenario is concerned, growth is estimated by the International Monetary Fund at 0.7% for 2024 (0.9% in 2023), while the projection for the next 2025 is, on the upside, at 0.9%.

In the most recent macroeconomic projections prepared by the Bank of Italy as part of the Eurosystem's coordinated work, national GDP will increase by 0.6% in 2024 (0.8% excluding the correction for working days), 0.9% in 2025 and 1.1% in 2026. The possible aggravation of ongoing conflicts, according to the Bank of Italy's July report, still represents the main downside risk for global growth.

In this scenario, where there are still uncertainties about the geopolitical future, it should be noted that the Group does not possess strategic assets in the territories currently involved in the hostilities and that sales in these regions, although historically limited, are currently interrupted. Although the scenario is changeable, given current considerations, Gefran does not believe that the hostilities will have a significant direct impact on its activities and, consequently, on its ability to generate income in addition to what has already been absorbed during the year.

Risks associated with the market structure and competitive pressure

Gefran operates on open, unregulated markets that are not protected by any tariff barriers, regulated regime or public concession. The markets are highly competitive in terms of product quality, innovation, price competitiveness, product reliability and customer service to machinery manufacturers.

The Group operates in a very crowded competitive environment: operators which are large groups may have greater resources or better cost structures, both in terms of economies of scale and factor costs, enabling them to implement aggressive pricing policies.

The success of Gefran Group activities derives from its ability to focus efforts on specific industrial sectors, concentrating on resolving technological problems and on customer service, thereby providing greater value to customers in the niche markets in which it competes.

To mitigate the impact of this risk, Gefran has invested in human resources through the inclusion of specialised personnel with a focus on innovation and innovative trends in technology.

Should the Group prove unable to develop and offer innovative and competitive products and solutions that match those supplied by its main competitors in terms of price, quality, functionality, or should there be delays in such developments, sales volumes could decline, with a negative impact on the Group’s economic and financial results.

Although Gefran believes that it can adapt its cost structure if sales volumes or prices decrease, the risk is that such a change will not be sufficiently large and timely, and thus there may be negative effects on the economic and financial situation.

Risks associated with changes in the regulatory framework

Since Gefran makes and distributes electronic components used in various applications, it is subject to numerous legal and regulatory requirements in the various countries in which it operates, as well as to the national and international technical standards applicable to companies operating in the same industry and to the products made and sold, with reference to the certifications required for the products.

Any changes in laws or regulations could entail (substantial) costs required to adapt the product characteristics or even bring about the temporary suspension of the commercialization of some products, which would consequently affect the generation of revenues.

Moreover, the enactment of other regulations that apply to the Group or its products, or changes in the regulations currently in force in the sectors in which the Group operates, also internationally, could force the Group to adopt more rigorous standards or limit its freedom of action in its areas of operation. These factors could entail costs relating to adapting the production facilities or product characteristics. This could have a negative impact on the Group’s business, its operations and image and/or influence its ability to expand business in new markets.

Lastly, changes to or tightening of the regulatory environment by government bodies (supranational or national) in the areas in which Gefran operates could have an impact on the Group’s economic results; this includes the introduction of increasingly stringent regulations to encourage sustainable business management and greater transparency on the impact of the business on the surrounding environment. In particular, by operating through production plants located in several countries, Gefran is exposed to risks deriving from changes in labour safety regulations, although there are currently no areas that are not managed by the implemented practices, operational procedures and management policies.

Country risk

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

- exposure to local economic and political conditions;
- the implementation of policies restricting imports and/or exports;
- operating in multiple tax regimes;
- the introduction of policies limiting or restricting foreign investment and/or trade;
- possible disruptions in the supply chain.

Unfavourable political and/or economic developments in the countries in which the Group operates could adversely affect – the extent of which would vary by country – the Group’s prospects, operations and economic and financial results. Such risk is, however, mitigated by the fact that the production sites where there are certain productions, and are therefore not easily interchangeable with productions of other countries, are operational in the USA and Switzerland, where the country risk is significantly reduced.

In the light of political developments linked to the Russian-Ukraine conflict, Gefran has formally expressed its desire to terminate business relations with customers residing in Russia and Belarus. Noting that the Group does not possess strategic assets in those regions and that the volume of business affected is modest, this decision has not significantly affected the ability of the Group to generate revenues.

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

1.2. Financial Risks

Exchange rate risk

As a global operator, the Gefran Group is exposed to market risks stemming from exchange rate fluctuations in the currencies of the various countries in which it operates.

Exposure to exchange rate risk is linked to the presence of production activities concentrated in some countries (particularly Switzerland and the United States) and sales in various geographic areas outside the Eurozone. This organisational structure generates flows in currencies other than the currency in the place of production, mainly the US dollar, the Chinese renminbi, the Brazilian real, the Indian rupee, the Swiss franc, and the UK pound; production areas in the US, Brazil and China mainly serve their local markets, with flows in the same currency.

Exchange rate risk arises when future transactions or assets and liabilities already recorded in the statement of financial position are denominated in a currency other than the functional currency of the company conducting the operation. To manage the exchange rate risk resulting from future commercial transactions and the recognition of assets and liabilities denominated in foreign currencies, the Group primarily makes use of so-called “natural hedging”, seeking to match the inflows and outflows of all currencies other than the functional currency of the Group; additionally, where necessary, Gefran considers whether to engage in hedging transactions on the main currencies by arranging forward contracts with the parent company. However, since it prepares its consolidated financial statements in Euro, fluctuations in the exchange rates used to translate the financial statements of subsidiaries, originally denominated in local currency, may affect the Group’s results and financial position.

Interest rate risk

Changes in interest rates affect the market value of the Group’s financial assets and liabilities, as well as net financial charges for the income statement. The interest rate risk to which the Group is exposed mainly originates from long-term financial payables. The Group is exposed almost exclusively to fluctuations in the Euro rate, since the majority of bank loans have been arranged by Gefran S.p.A.

These are primarily variable-rate loans that expose the Company to a risk associated with interest rate volatility (cash flow risk). To limit exposure to this risk, the Parent Company evaluates and subsequently signs contracts hedging contracts (so-called derivative contracts), specifically Interest Rate Swaps (IRS), which convert the variable rate to a fixed rate, or Interest Rate Caps (CAP), which set the maximum interest rate, thereby reducing the risk originating from interest rate volatility.

Given developments in the current political and monetary situation, both domestically and internationally, the rise in interest rates represents a risk factor in the coming quarters, although this is limited by hedging contracts in place.

Risks associated with fluctuations in commodity prices

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

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

On the other hand, the Group purchases electronic and electromechanical components for the production of finished products. These materials are exposed to cyclical price variations, even significant ones, that could adversely affect the Group's results.

The overall market situation has seen generalised price increases in the last two years (2022 in particular), mainly driven by the scarcity of raw materials and electronic components in particular, and is leading to significant price fluctuations with a subsequent impact on the overall cost of products. In 2023, the market situation became relatively stable, in terms of both prices and the availability of components.

Thanks to careful and efficient management of the supply chain and logistic-production processes within the organisation, any further price fluctuations will not lead to significant impacts.

Risks associated with funding requirements and liquidity risk

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

Gefran's capital structure is strong; in particular, own funds total 95.3 million Euro, while liabilities amount to 68.1 million Euro.

Operations in the first half of 2024 generated positive free cash flow of 8.4 million Euro.

At 30 June 2024, the net financial position is positive overall and equal to 23.6 million Euro, reflecting an increase of 0.9 million Euro since the end of the previous year, after distributing 6 million Euro in dividends and making technical investments of 2,7 million Euro.

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

Most existing loan contracts were negotiated at variable rates, based on the Euribor, increased by an average spread of 0.92% over the last two years.

No new loans were arranged during 2024.

For further details, please refer to the paragraph "Net financial position" reported in the "Specific explanatory notes to the accounts" of this Report.

Credit risk

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

The Group grants its customers deferred payment conditions, which vary according to the market practices in individual countries. The solvency of all customers is monitored regularly and any risks are periodically covered by appropriate provisions. Despite these precautions, under current market conditions, it is possible that some customers may be unable to generate sufficient cash flow or access sufficient sources of funding, resulting in payment delays or failure to honour their obligations.

Receivables are adjusted to their estimated realisable value by the allowance for doubtful accounts, which is determined pursuant to IFRS 9 with reference to the expected credit losses on each position, taking account of past experience in each business area and geographical region.

The Group has developed estimates based on the best information available about past events, current economic conditions and forecasts for the future. With reference to the latter point, the Group has carried out analyses using a risk matrix that considers geographical region, business sector and individual customer solvency.

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

1.3. Strategic Risks

Risks associated with the implementation of the Group’s strategy

Gefran’s ability to improve profitability and achieve the expected profit margins also depends on successful implementation of its strategy. Group strategy is based on sustainable growth, which can be achieved through investments and projects for products, applications and geographical markets that lead to growth in profitability.

Gefran plans to implement its strategy by concentrating available resources on the development of its core industrial business, favouring growth in strategic products that guarantee volumes, and in which the Group is technological and market leader. The focus of the Group’s strategic evolution is now to strengthen its long-established and strategic sectors: sensors and automation components, where Gefran has invested most heavily in recent years.

Gefran continues to make changes to its organisational structure, work processes and staff know-how to increase specialisation in research, marketing and sales by product and by application.

The strategy also aims to diversify as much as possible the markets and their customers to avoid repercussions from the performance of a single market or client.

Risks connected with delays in product and process innovation

Gefran operates in a sector that is strongly influenced by technological innovation. The Group’s approach to innovation is often customer-driven. Inadequate or delayed product/process/model innovation to anticipate and/or influence customers’ demands could have negative repercussions, causing the Company to miss opportunities and sacrifice market shares, consequently impacting on revenue generation. The impact of this risk would increase should one or more competitors propose business models or technologies that are more innovative than Gefran’s.

To mitigate the impact of this risk, the Gefran Group has invested in software that introduces new production and process controls via the reorganisation of production flows, as well as in human resources, through the addition of specialised personnel focused on innovative technological trends and the identification of a specific company department dedicated to innovation.

Risks linked to dependence on certain unique or critical suppliers

The Group purchases raw materials and components from a large number of suppliers and, in some cases, depends on services and products supplied by other companies outside the Group. Electronic components, primarily microprocessors, power semi-conductors and memory chips, are purchased from leading global producers.

Dependence on some suppliers of technological components or platforms could result in slow-downs in production in some particular periods due to late supplies and/or extra costs due to the need to search for alternative components in the market, specifically components. To date, this phenomenon appears to have subsided for most of the components used in the production stages.

In fact, the electronic components market is marked by the saturation of production capacity, with the consequent need to use the production allocation process to assign the quantities of material available to its customers. By its cyclical nature, the few world players of active electronic components can suffer, in case of increased market demand.

Back in early 2020, in response to the spread of Covid-19, the Group promptly set up a task force to identify the location of suppliers considered critical and, when they were located in areas and countries subject to lockdowns, sent orders to the plants that were still in operation. The Group Purchasing function also took prompt action to research and qualify alternative suppliers to mitigate the risk of interruption of supply by reducing dependence on a single supplier wherever possible.

To date, a permanent and structured system for monitoring the risk of supply on components and for periodic risk assessment on the main suppliers has also been implemented.

Some of the operating methods developed at the outset of the emergency turned out to be particularly effective including coping with the subsequent market shortage phase and have therefore been integrated into the Group’s standard procedures, with the goal of mitigating, wherever possible, some of the risks associated with possible supply chain interruptions caused by events beyond the Group’s control.

Lastly, it is confirmed that the Group does not have direct supply relationships in the countries currently involved in the ongoing wars (Russian-Ukraine and Middle East conflicts). In this regard, Gefran complies with the applicable regulatory requirements and restrictive measures established by the European Union and recommends that its suppliers comply with the same high standard.

1.4. Governance and integrity risks

Risks arising from ineffective Group coordination

The proper implementation of company strategies requires sufficient coordination between the Parent Company and the Group’s subsidiaries.

The limited possibility of in-person meetings with foreign branch contacts could adversely affect coordination and jeopardize the pursuit of business objectives and/or implementation of specific projects. To allow meetings to be held between teams from the various Group entities, the Company promotes the use of hardware and software solutions for organising digital meetings and conferences, to mitigate the risk of slowing down the progress of joint projects.

It should be noted that as of the date of publication of this document, the constraints on mobility issued by governments to deal with the Covid-19 pandemic have been repealed and travel has resumed.

1.5. Operating risks and reporting risks

Risks associated with product development, management and quality

Gefran Group activities cover all areas, including R&D, production, marketing, sales and technical support. Defects or errors in these processes may cause product quality problems that could potentially affect the Group's results and financial position.

The quality of the product and of the process underlying its creation is of the utmost importance for Gefran. This is evident from the organisation of the activities of the integrated Quality, Safety and Environment function, which has Group-wide responsibilities; over the years, the function has been endowed with new resources and skills to ensure the proper supervision of this fundamental aspect.

In line with the practices of many operators in the sector, Gefran has arranged insurance policies deemed sufficient to protect against product liability risks. Furthermore, a specific product warranty provision is recorded to cover these risks, in line with the volume of business and the historical occurrence of claims.

Nevertheless, should the insurance cover and risk provisions prove inadequate, the Group's economic and financial position could be adversely affected. In addition, the Group's involvement in disputes concerning product quality and any adverse rulings could expose the Group to reputational damage, which might also indirectly affect the economic and financial position.

Risks associated with operations at industrial facilities

Gefran is an industrial group, so it is potentially exposed to the risk of production stoppages at one or more of its plants, due, for example, to machinery breakdowns, revocation or disputes regarding permits or licences from public authorities (e.g. following changes in the law), strikes or manpower unavailability, natural disasters, major disruptions to the supply of raw materials or energy, sabotage or attack.

There have not been any significant interruptions of activity in recent years, except for limited periods and in relation to the healthcare emergency linked to the ongoing Covid-19 pandemic; however, future interruptions cannot be ruled out, and if they occur for lengthy periods, the Group's economic and financial position could be adversely affected if the losses exceed the amount currently covered by insurance policies.

Gefran has implemented a disaster recovery system for restoring the systems, data and infrastructures necessary for the Group's work in the event of an emergency and to contain its impact.

Moreover, to mitigate this risk, Gefran has developed plans for investment in plant and machinery, aiming for the digitalisation of processes, the expansion and reorganisation of productive areas and the hiring of new employees. Additionally, the uniformity of production processes and use of the same bill of materials means, if required by external conditions, that production can be transferred to plants not specified in the standard operating processes.

However, possible major fluctuations in demand that prevent effective production planning, or demand in excess of productive capacity, could result in lost business opportunities or even lost revenues.

1.6. Legal and compliance risks

Legal risks and product liability

In the context of the Group's core business, issues may arise linked to product defects and consequent civil liabilities towards customers or third parties. The Group is therefore exposed to the risk of product liability claims, provided for in the different countries in which it operates.

In line with the practices of many operators in the sector, Gefran has arranged insurance policies deemed sufficient to protect against product liability risks.

Nevertheless, should the insurance cover and risk provisions prove inadequate, the Group's economic and financial position could be adversely affected. In addition, the Group's involvement in legal disputes relating to product liability and any adverse rulings could expose Gefran to reputational damage, which might also affect the economic and financial position.

Risks related to the protection of exclusivity and intellectual property rights

The Group believes that it has adopted an appropriate system to protect its intellectual property rights, but is exposed to the risk related to higher costs, related to any actions to be taken to defend those rights.

Furthermore, the intellectual property rights of third parties could inhibit or limit the Group's capacity to place new products on the market. These events could have an adverse impact on the development of the Group business.

1.7. IT risks

Data security and IT (Cybersecurity) risks

The digitisation of processes, the adoption of new technologies (e.g. artificial intelligence) and new methods of agile work increase exposure to hacker attacks, which can cause business interruptions and loss of sensitive data with increasing costs. In view of the increasing phenomenon of so-called cyber crime and its constant evolution, the Group is exposed to IT attacks that could compromise the company's data published on the internet, its internal network or other company systems. However, the risk is considered partially mitigated as the critical systems adopted by the various Group entities (SAP ERP, email, etc.) are installed and managed directly by the Parent Company from a central location, where a control plan and risk assessment have been defined.

Gefran has placed a strong focus on cybersecurity, adopting procedures and systems to monitor and prevent attacks on the corporate network by hackers, also by arranging specific insurance cover as well as by launching special training and awareness-raising initiatives on IT security issues.

1.8. Risks associated with human resources

Difficulty in attraction and retention of personnel

Gefran is exposed to the tensions that are affecting the world of work concerning the attraction and retention of personnel with the necessary knowledge and critical skills in strategic areas for the Group (e.g. R&D and production engineering).

Gefran has implemented actions to increase its reputational value, including by engaging in projects aimed at creating a professional organisation to which it is desirable to belong. This goes beyond guaranteeing health and a safe working environment, but more generally concerns the quality of life inside and outside the company, the training and development of talents, the promotion of diversity as a value, as well as the strengthening of partnerships with universities, allowing the Group to increase its ability to attract and retain its personnel and to stand up to the fierce competition among market players in the recruitment phase.

1.9. ESG Risks

Environmental damage risks

Although the Group's activities do not include the processing or treatment of materials or components to an extent representing a significant risk of pollution or, in any case, of environmental damage, the Group also pays special attention to the environmental protection regulations.

Gefran has implemented a series of controls and monitoring to identify and prevent risks related to safety and environment, and has prepared and disseminated the "Health, Safety and Environment System" management policy at every level. As a guarantee of the appropriate management methods implemented, the Group's Italian companies have now obtained ISO 14001:2015 Environmental Management System certification, which is being extended to the Group's foreign production subsidiaries.

If potential liabilities deriving from environmental damage arise, the Group may have recourse on the insurance policies taken out to cover such effects.

Health and safety risks

Risk assessment is essential to protect the health and safety of our workers. Gefran is constantly committed to mapping the operating risks that could arise in the various business sectors, to define opportunities and take action to minimise these risks wherever possible.

Protecting health and safety is essential for Gefran. Confirming the importance of these issues, the organisation established an integrated "Quality, Safety and Environment" function that still operates today, drawing on Group-wide expertise. The policy for the "Health, Safety and Environment System", which defines guiding principles in these areas, has also been signed and disseminated throughout the Group.

As a guarantee of the appropriate management methods implemented, the Group's Italian companies have now obtained Occupational Health and Safety Management System ISO 45001:2018 certification, which is being extended to the Group's foreign production subsidiaries.

Risk of non-compliance with adequate labour standards in the supply chain

Gefran purchases some raw materials and semi-finished products required for its production from suppliers outside the Group. For this reason, it is exposed to the risk that the same standards of compliance with the rights of workers guaranteed by the Group are not guaranteed in the supply chain and this risk is greater in some of the geographical areas in which the Group operates.

This could result in accidents leading to disruption of the supply chain and, therefore, impact on business continuity, as well as possible impact on its reputation.

To this end, Gefran has modified the accreditation process for new suppliers, requesting the signing of the Sustainability Pact, a document which requires compliance with certain sustainability principles (guarantee of a healthy and safe working environment, respect for human rights in working conditions and discrimination, fight against corruption, etc.). Today the Group is striving to extend its sustainability commitments to an ever larger share of its supply chain.

Ethical risks

The Gefran Group has always been committed to applying and observing rigorous ethical and moral principles when conducting its internal and external activities, in full compliance with the laws in force and market regulations. The adoption of the Code of Ethics and Conduct, updated by the Board of Directors at its 10 March 2022 meeting, the related internal compliance procedures put in place and the controls adopted together guarantee a healthy, safe and efficient working environment for employees and an approach intended to ensure complete respect for external stakeholders. The Group believes that ethics in business management must be pursued alongside financial growth, and the Code is therefore an explicit point of reference for everyone working with the Group.

On 10 March 2022 Gefran approved the “Management of dialogue with Shareholders and Investors” policy (so-called Code of Engagement), in application of the Corporate Governance Code approved by the Italian Corporate Governance Committee. The adoption of this policy, aimed at regulating and promoting dialogue with shareholders and institutional analysts, is consistent with one of the principles that has always characterised the Company: encouraging honest dialogue with stakeholders with a view to creating value in the medium to long term.

Respect for people and appreciation of their skills, protection of diversity and equal opportunities are the ethical principles inspiring the Group’s HR Policy and expressed in the “Persons in Gefran” policy, which applies to the Group as a whole and the “Sustainability Pact” required of suppliers.

The Parent Company and the Italian subsidiaries of the Group have also effectively adopted an Organisation, Management and Control Model pursuant to Decree 231/2001 (“Organisational Model”). The Organisational Model, drawn up on the basis of the Confindustria Guidelines, is periodically updated in line with the evolution of the legislation. At least annually, Gefran carries out the updating of the risk assessment 231 activity, with the aim of evaluating any changes in the Company’s risk profile and of incorporating any organisational changes or the introduction of new “predicate offences” or changes thereto. This activity is carried out both through interviews with the departments involved and through document analysis.

The Group believes that this is not only a regulatory obligation, but also a source of growth and wealth generation and has therefore fully restructured its activities and internal procedures to prevent the offences set out in this regulation from being committed. The Supervisory Board established by the Board of Directors performs its duties constantly and professionally, guaranteed by the presence of two professionals with excellent knowledge of administrative and process control systems.

It is stipulated that the Group conducts the bulk of its business with private customers, which do not directly or indirectly belong to government organisations or public agencies, and rarely takes part in public tenders or funded projects. This further limits the risks of reputational or economic damage resulting from unacceptable ethical conduct.

To ensure the appropriate management methods are implemented, the Group's Italian companies have completed the process to obtain certification as per the SA 8000:2014 Social Accountability standard, obtained in January 2024, and the process will be gradually extended to the Group's foreign production subsidiaries.

Significant events in the first half of 2024

- On 14 February 2024, the Board of Directors of Gefran S.p.A. examined the preliminary consolidated results at 31 December 2023.

- On 12 March 2024, the Board of Directors of Gefran S.p.A. unanimously approved the annual financial statements as at 31 December 2023, 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 0.42 Euro per share in circulation (not including own shares) by drawing on the net profit for the year for the amount required, with allocation of the residual amount to "Retained profit".

  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 equal to 10% of the share capital. The authorisation was requested for a period of 18 months from the date of the shareholders' resolution.

- On 23 April 2024, the Ordinary Shareholders' Meeting of Gefran S.p.A. resolved to:

  - Approve the 2023 financial statements and distribute an ordinary dividend, gross of withholding taxes foreseen by law, of 0.42 Euro per eligible share (ex-dividend date 6 May 2024, record date 7 May 2024 and payment from 8 May 2024). The remainder of the profit for the period was allocated to "Retained earnings" reserve.
  - Appoint the Board of Statutory Auditors for the 2024-2026 three-year period, composed as follows: Giorgio Alberti (Chairman), Roberta Dell'Apa (Standing Auditor), Luisa Anselmi (Standing Auditor), Simonetta Ciocchi (Deputy Auditor) and Simona Bonomelli (Deputy Auditor). To the Company's knowledge, none of the newly elected Statutory Auditors holds ordinary shares in Gefran S.p.A. The newly elected Board of Statutory Auditors examined whether the requirements of independence were met in a meeting held at the end of the Shareholders' Meeting, notifying the Board of Directors of the successful outcome of this check.
  - Confer the audit review mandate to the external auditor Deloitte & Touche S.p.A. for nine fiscal years (2025-2033), or from the approval of the financial statements as at 31 December 2024 until the approval of the financial statements as at 31 December 2033.
  - 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.

The Shareholders' Meeting, pursuant to Article 123-*ter* of Italy's Consolidated Law on Finance (TUF), also held a binding vote that approved the Group's 2024 Remuneration Policy and also held an advisory and non-binding vote that approved its 2023 Remuneration Report.

- The Extraordinary Shareholders' Meeting, held at the same time as the Ordinary Shareholders' Meeting, resolved to amend Articles 9 and 16 of the Articles of Association, and in particular:
    - The amendment to Article 9 provides that, as an alternative to the Shareholders' Meeting being held through attendance of the Shareholders in person, attendance and the exercise of voting rights may take place exclusively through the representative designated by the Company, in accordance with the procedure defined from time to time by the Board of Directors for each meeting.
    - The amendment to Article 16 introduces the possibility for Board meetings to be held also without a formal call, passing valid resolutions, when all the Directors in office and all the members of the Board of Statutory Auditors attend the meeting, with all of them declaring to be informed about the items on the agenda.

- On 9 May 2024, the Board of Directors of Gefran S.p.A. unanimously approved the consolidated results of the Group at 31 March 2024.

Significant events following the first half of 2024

- On 10 July 2024, Gefran S.p.A., in agreement with the holding company Fingefran S.r.l., signed an agreement with the current CEO, Marcello Perini, undertaking to keep the manager at the helm of the Gefran Group until the approval of the 2028 financial statements. In turn, Mr. Perini agreed to continue to contribute to the Company's management at least until the agreed date. The agreement will therefore allow us to consolidate the leadership and progress achieved so far, with the aim of continuing to grow in the coming years and seize the new opportunities that will be offered by the market, even in a constantly changing scenario. This will also ensure continuity to the many development initiatives that the company is carrying out with regard to innovation and internationalisation.

It should be noted that the agreement contains Shareholders' Agreements, the essential details of which are available on the Gefran website www.gefran.com in the governance/articles of association, procedures and shareholders' agreements section, as well as on the Consob website.

Outlook

Overall global activity strengthened at the end of 2023, supported also from a commercial point of view by strong trade from Asia (in particular in the technology sector), and growth in the first quarter of 2024, driven by services and with signs of strengthening also in manufacturing, surprised positively in many countries, countered by unexpected downward projections in Japan and the United States.

2024 opened with an estimated growth for the current year at 3.2%, which is expected to rise to 3.3% in 2025, also reiterated by the recent outlook published by the International Monetary Fund.

The growth rate observed in the previous year (3.3%) is substantially confirmed, still below the historical levels observed before the pandemic. Despite the fact that economic activity has proven to be resilient and constantly growing, with disinflation showing an undecided trend after the peak of inflation in 2022, today there are once again possible upside risks, linked to service price inflation that is making the normalization of monetary policy less easy, with a possible effect on interest rates and trade relations in general.

With reference to the Eurozone, compared to +0.5% calculated for 2023, GDP is projected to grow by 0.9% in 2024 and 1.5% in 2025.

As far as the national scenario is concerned, growth is estimated by the International Monetary Fund at 0.7% for 2024 (0.9% in 2023), while the projection for the next 2025 is, on the upside, at 0.9%. In the most recent macroeconomic projections prepared by the Bank of Italy as part of the Eurosystem's coordinated work, national GDP will increase by 0.6% in 2024 (0.8% excluding the correction for working days), 0.9% in 2025 and 1.1% in 2026.

The results obtained by the Group in the first six months of 2024 are positive and in line with expectations, despite still weak demand. The progression of revenues, although higher than estimated for the first half of 2024, is affected, especially in the sensors business, by the slowdown in demand, widely spread in the geographical regions served by Gefran, only partially offset by the positive performance of the Asian markets, confirming that market development remains the Group's fundamental priority.

The lack of signs of a continuous resumption of orders from Europe lead to forecasts of revenues for the end of the year in line with the previous year, with margins remaining largely positive.

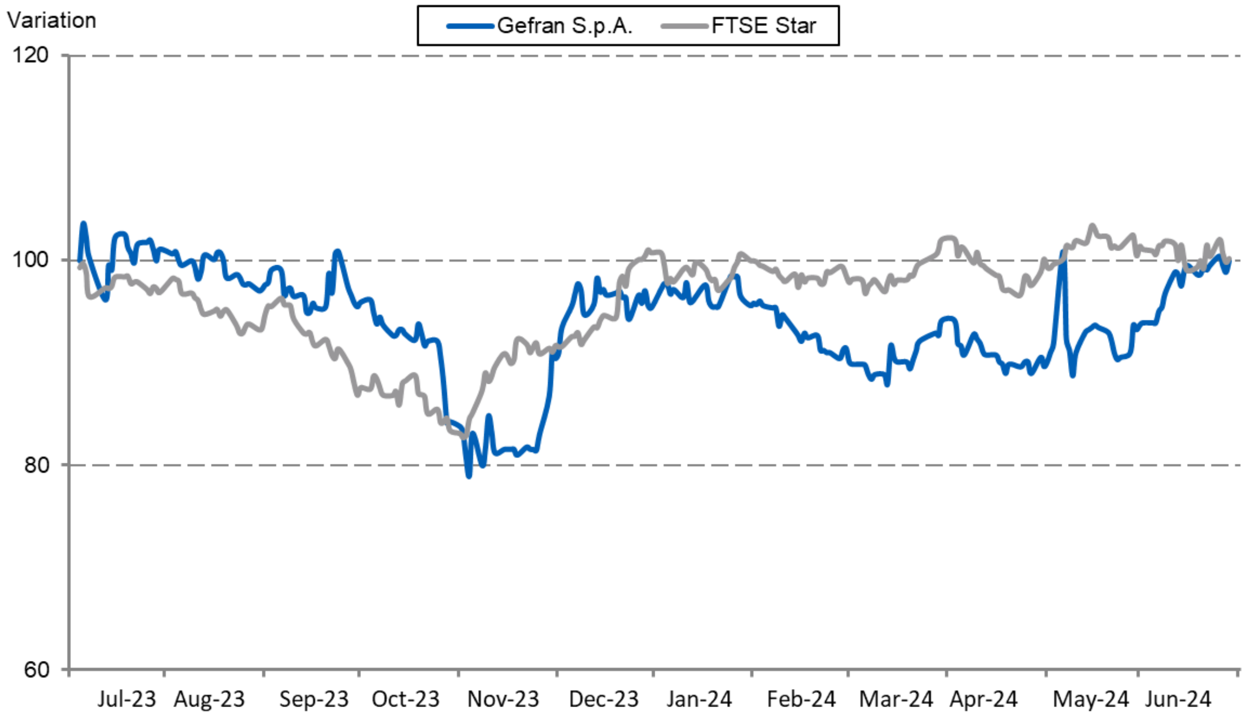
Own shares and stock performance

As at 31 December 2023, Gefran S.p.A. held 198,405 shares, equal to 1.38% of the total, with an average book value of 8.6483 Euro per share, and a total value of 1,716 thousand Euro.

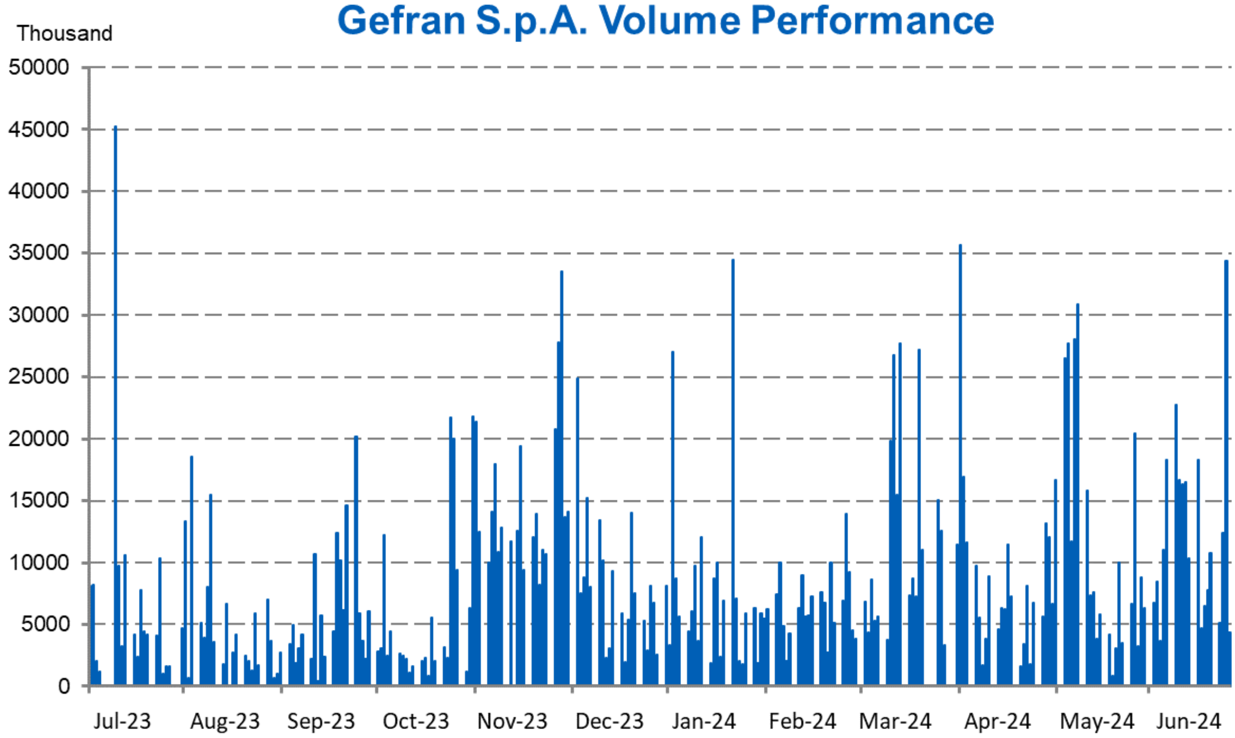
During the first six months of 2024, as at the date of this publication, no trading activities took place; therefore, the situation is unchanged with respect to what is described above.

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 12 November 2010, the Board of Directors of Gefran S.p.A. approved the "Internal Procedure for Dealings with Related Parties", in accordance with Consob Resolution no. 17221 of 12 March 2010. The procedure in question was subsequently updated by the Board of Directors, on 24 June 2021, to implement the new provisions of EU Directive 2017/828 (so-called "Shareholders' Rights II"), which was transposed into Italian law by Decree no. 49/2019, with regard to the primary legislation, and by Consob Resolution no. 21624 of 10 December 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.com/governance/documents-and-procedures/.

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 dealings with related parties;
- providing the Board of Directors and the Board of Statutory Auditors with an appropriate assessment, decision-making and control tool regarding dealings with related parties.

It is structured as follows:

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

Please refer to paragraph 29 of the notes to the condensed half-yearly consolidated financial statements for details of the transactions between Group companies and related parties.

Disclosure simplification

On 1 October 2012, the Board of Directors of Gefran S.p.A. resolved to make use of disclosure simplification provided for in Article 70, paragraph 8, and Article 71, paragraph 1-bis, of Consob Regulation no. 11971/1999 as amended.

Consolidated financial statements

Statement of profit/(loss) for the period

(Euro /000)	Notes	progress. 30 June 2024	2023
Revenues from product sales	19	67,895	70,445
Other revenues and income	20	604	1,043
Increases for internal work	11, 12	1,053	1,160
TOTAL REVENUES		**69,552**	**72,648**
Change in inventories	14	333	446
Costs of raw materials and accessories	21	(20,238)	(22,047)
of which related parties:	29	(394)	-
Service costs	22	(11,105)	(11,663)
of which related parties:	29	(152)	(142)
Miscellaneous management costs		(421)	(495)
Other operating income		51	243
Personnel costs	23	(24,864)	(24,014)
Impairment/reversal of trade and other receivables	14	25	80
Amortisation and impairment of intangible assets	24	(892)	(931)
Depreciation and impairment of tangible assets	24	(2,465)	(2,229)
Depreciation rights of use	24	(626)	(580)
EBIT		**9,350**	**11,458**
Gains from financial assets	25	952	1,008
Losses from financial liabilities	25	(854)	(1,169)
(Losses) gains from shareholdings valued at equity		14	12
PROFIT (LOSS) BEFORE TAX		**9,462**	**11,309**
Current taxes	26	(2,431)	(3,493)
Deferred tax assets and liabilities	26	132	(193)
TOTAL TAXES		**(2,299)**	**(3,686)**
NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUOUS OPERATING ACTIVITIES		**7,163**	**7,623**
Net profit (loss) from assets held for sale and discontinued operations	27	-	(210)
NET PROFIT (LOSS) FOR THE PERIOD		**7,163**	**7,413**
Attributable to:			
Group		7,163	7,413
Third parties		-	-

Earnings per share (Euro)	Notes	progress. 30 June 2024	2023
Basic earnings per ordinary share	17	0.50	0.52
Diluted earnings per ordinary share	17	0.50	0.52

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

(Euro /000)	Notes	progress. 30 June 2024	2023
NET PROFIT (LOSS) FOR THE PERIOD		**7,163**	**7,413**
Items that will not subsequently be reclassified in the statement of profit/(loss) for the period			
- equity investments in other companies	16	(54)	(16)
Items that will or could subsequently be reclassified in the statement of profit/(loss) for the period			
- conversion of foreign companies' financial statements	16	254	(799)
- fair value of cash flow hedging derivatives	16	(21)	(127)
Total changes, net of tax effect		**179**	**(942)**
Comprehensive result for the period		**7,342**	**6,471**
Attributable to:			
Group		7,342	6,471
Third parties		-	-

Statement of financial position

(Euro /000)	Notes	30 June 2024	31 December 2023
NON-CURRENT ASSETS			
Goodwill	10	6,006	5,921
Intangible assets	11	6,735	6,419
Property, plant, machinery and tools	12	37,551	38,385
of which related parties:	29	197	294
Usage rights	13	3,837	3,715
Shareholdings valued at equity		739	725
Equity investments in other companies		1,871	1,926
Receivables and other non-current assets		87	88
Deferred tax assets	26	3,116	2,994
Non-current financial assets for derivatives	15	163	185
Other non-current financial investments		108	112
TOTAL NON-CURRENT ASSETS		**60,213**	**60,470**
CURRENT ASSETS			
Inventories	14	18,059	17,807
Trade receivables	14	26,743	23,740
of which related parties:	29	-	35
Other receivables and assets		4,374	4,000
Current tax receivables		670	2,008
Cash and cash equivalents	15	53,333	57,159
TOTAL CURRENT ASSETS		**103,179**	**104,714**
TOTAL ASSETS		**163,392**	**165,184**
SHAREHOLDERS' EQUITY			
Share capital	16	14,400	14,400
Reserves	16	73,750	67,888
Profit / (Loss) for the year	16	7,163	11,653
Total Group Shareholders' Equity	16	95,313	93,941
Shareholders' equity of minority interests		-	-
TOTAL SHAREHOLDERS' EQUITY		**95,313**	**93,941**
NON-CURRENT LIABILITIES			
Non-current financial payables	15	18,826	21,382
Non-current financial payables for IFRS 16 leases	15	2,814	2,774
Non-current financial liabilities for derivatives	15	5	-
Employee benefits		2,281	2,103
Non-current provisions	18	530	531
Deferred tax provisions	26	941	934
TOTAL NON-CURRENT LIABILITIES		**25,397**	**27,724**
CURRENT LIABILITIES			
Current financial payables	15	7,305	9,633
Current financial payables for IFRS 16 leases	15	1,095	1,005
Trade payables	14	20,016	19,411
of which related parties:	29	477	328
Current provisions	18	887	899
Current tax payables		1,089	796
Other payables and liabilities		12,290	11,775
TOTAL CURRENT LIABILITIES		**42,682**	**43,519**
TOTAL LIABILITIES		**68,079**	**71,243**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**163,392**	**165,184**

Consolidated cash flow statement

(Euro /000)	Notes	30 June 2024	30 June 2023
(A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD		**57,159**	**44,114**
B) CASH FLOW GENERATED BY (USED IN) OPERATIONS IN THE PERIOD			
Net profit (loss) for the period		7,163	7,413
Depreciation, amortisation and impairment	24	3,983	3,740
Provisions (Releases)	14, 18	1,170	1,904
Capital (gains) losses on the sale of non-current assets		(4)	16
Net profit (loss) from assets held for sale and discontinued operations	27	-	(65)
Net result from financial operations	25	(112)	149
Taxes	26	2,431	3,493
Change in provisions for risks and future liabilities	18	(202)	(716)
Change in other assets and liabilities		307	(1,955)
Change in deferred taxes	26	(130)	195
Change in trade receivables	14	(3,005)	(3,389)
of which related parties:	29	35	3
Change in inventories	14	(1,153)	(1,375)
Change in trade payables	14	605	(1,230)
of which related parties:	29	149	(102)
TOTAL		**11,053**	**8,180**
C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES			
Investments in:			
- Property, plant & equipment and intangible assets	11, 12	(2,698)	(6,069)
of which related parties:	29	(197)	(133)
- Financial receivables		1	19
Disposal of non-current assets	11, 12	5	2,744
TOTAL		**(2,692)**	**(3,306)**
D) FREE CASH FLOW (B+C)		**8,361**	**4,874**
E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES			
Repayment of financial payables	15	(4,845)	(4,703)
Increase (decrease) in current financial payables	15	-	(1)
Outgoing cash flow due to IFRS 16	15	(629)	(595)
Taxes paid	26	(688)	(1,381)
Interest paid	25	(626)	(420)
Interest received	25	625	51
Sale (purchase) of own shares	16	-	(910)
Dividends paid	16	(5,965)	(5,713)
TOTAL		**(12,128)**	**(13,672)**
F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)		**(3,767)**	**(8,798)**
H) Exchange rate translation differences on cash at hand	15	(59)	208
I) NET CHANGE IN CASH AT HAND (F+G+H)		**(3,826)**	**(8,590)**
J) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+I)		**53,333**	**35,524**

Statement of changes in shareholders’ equity

(Euro /000)	Notes	Share capital	Capital reserves	Consolidation reserve	Other reserves	Retained profit /(loss)	Overall EC reserves			Profit/(loss) for the year	Group Total shareholders' equity	Shareholders' equity of minority interests	Total shareholders' equity
							Fair value measurement reserve	Currency translation reserve	Other reserves				
Balance at 1 January 2023		**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	16	-	-	468	-	9,520	-	-	-	(9,988)	-	-	-
- Dividends	16	-	-	-	-	(5,713)	-	-	-	-	(5,713)	-	(5,713)
Income/ (Expenses) recognised at equity	16	-	-	-	-	-	(143)	-	-	-	(143)	-	(143)
Change in translation reserve	16	-	-	-	-	-	-	(799)	-	-	(799)	-	(799)
Other changes	16	-	-	(27)	(911)	-	-	-	-	-	(938)	-	(938)
Profit 30 June 2023	16	-	-	-	-	-	-	-	-	7,413	7,413	-	7,413
Balance at 30 June 2023		**14,400**	**21,926**	**9,402**	**8,932**	**24,589**	**499**	**3,769**	**(387)**	**7,413**	**90,543**	**-**	**90,543**
Balance at 1 January 2024		**14,400**	**21,926**	**9,390**	**8,500**	**24,589**	**298**	**3,573**	**(388)**	**11,653**	**93,941**	**-**	**93,941**
Destination of profit 2023													
- Other reserves and provisions	16	-	-	721	-	10,932	-	-	-	(11,653)	-	-	-
- Dividends	16	-	-	-	-	(5,965)	-	-	-	-	(5,965)	-	(5,965)
Income/ (Expenses) recognised at equity	16	-	-	-	-	-	(75)	-	-	-	(75)	-	(75)
Change in translation reserve	16	-	-	-	-	-	-	254	-	-	254	-	254
Other changes	16	-	-	(5)	-	-	-	-	-	-	(5)	-	(5)
Profit 30 June 2024	16	-	-	-	-	-	-	-	-	7,163	7,163	-	7,163
Balance at 30 June 2024		**14,400**	**21,926**	**10,106**	**8,500**	**29,556**	**223**	**3,827**	**(388)**	**7,163**	**95,313**	**-**	**95,313**

Specific explanatory notes to the accounts

1. General information, form and content

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

This half-yearly financial report of the Gefran Group for the period ended 30 June 2024 was approved, and its publication was authorised, by the Board of Directors, on 1 August 2024.

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

2. Form and content

The condensed half-yearly consolidated financial statements of the Gefran Group have been prepared in accordance with the International Financial Reporting Standards endorsed by the European Union and, in particular, according to IAS 34.

They comprise the financial statements of Gefran S.p.A., its subsidiaries and its direct and indirect associates, approved by their respective Boards of Directors. The consolidated companies have adopted international accounting standards, with the exception of a number of companies whose financial statements have been restated in accordance with IAS/IFRS for Group consolidation purposes.

The legal audit of the condensed half-yearly consolidated financial statements was carried out by PricewaterhouseCoopers S.p.A.

These condensed half-yearly consolidated financial statements are presented in Euro (EUR), 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, reference should be made to the attached "Consolidated income statement by quarter".

3. Accounting schedules

The Gefran Group has adopted:

- a statement of financial position, according to which assets and liabilities are separated into current and non-current categories;
- a statement of profit/(loss) for the year, in which costs are categorised by nature;
- a statement of profit/(loss) for the year and other items of comprehensive income, which shows income and charges posted directly to shareholders' equity, net of tax effects;
- a cash flow statement prepared using the indirect method, through which pre-tax profit is shown net of the effects of non-monetary transactions, any deferral or provision of previous or future operating collections or payments, and revenue or cost items relating to cash flows resulting from investment or financial activities.

It should be noted that with reference to Consob Resolution no. 15519 of 27 July 2006, in the statement of financial position and the income statement, amounts for positions with related parties are shown separately from the items in question.

4. Consolidation principles and measurement criteria

The consolidation principles and measurement criteria adopted for the preparation of this half-yearly financial report at 30 June 2024 are consistent with those adopted to prepare the annual financial report at 31 December 2023.

With reference to Consob communication no. Dem/11070007 of 5 August 2011, it is also recalled that the Group's portfolio does not contain any bonds issued by central or local governments or government agencies and is therefore not exposed to risks generated by market fluctuations. The consolidated half-yearly financial report was prepared using the general historical cost criterion, adjusted as required for the valuation of certain financial instruments.

With reference to Consob communication no. 0003907 of 19 January 2015, note no. 10 "Goodwill and other intangible assets with an indefinite life" includes the required information and, specifically, the references to external information and the sensitivity analysis needed to measure certain financial instruments.

With reference to Consob communication no. 0092543 dated 3 December 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 comprehensibility of the Alternative Performance Indicators.

With reference to Consob communication no. 0007780 of 28 January 2016, it is noted that the impact of market conditions on the information disclosed in the financial statements was considered in the Directors' Report on Operations. We also note that the application of IFRS 13 "Fair Value Measurement" by Gefran did not involve significant changes to the financial statements.

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 7 May 2021 and referred to IAS 12 "Income Taxes". The application is effective from 1 January 2023.

Finally, with reference to the amendment called "International Tax Reform-Pillar Two Model Rules – Amendments to IAS 12 (the Amendments)" published by the IASB on 23 May 2023, it should be noted that the rules of the Pillar Two Model Rules apply to multinational groups with revenues in their Consolidated Financial Statements exceeding 750 million Euro, in at least two of the four previous financial years. For this reason as well, all the amendments related to the so-called "Global Antibase Erosion Model Rules", including the one published by the IASB on 23 May 2023 and aimed at simplifying deferred tax accounting, are not applicable to the Gefran Group.

5. Change in scope of consolidation

The scope of consolidation as at 30 June 2024 is unchanged from that of 31 December 2023. However, it is different from the situation of 30 June 2023, as in the fourth quarter of 2023 Gefran S.p.A. completed the acquisition of 24.83% of Robot At Work S.r.l., recorded among the shareholdings valued at equity at 31 December 2023. It should be noted that this shareholding is accounted for "at cost" as the value of the Company's shareholders' equity is not representative of its value, since implicit goodwill emerged at the time of acquisition.

6. Accounting standards, amendments and interpretations not yet applicable

As of the date of this Half-yearly financial report, the following amendments have been approved by the EU and will be applicable after the 2024 fiscal year:

- IFRS 18 “Presentation and Disclosure in Financial Statement”: The standard is designed to emphasise the requirements for the presentation of information in the financial statements, in order to ensure that the latter provide relevant information that accurately represents the assets, liabilities, shareholders’ equity, income and charges of an entity. The financial statements, in fact, are intended to provide readers with useful information to evaluate the prospects of future net cash inflows for the entity and to assess the use of economic resources by its management;
- IFRS 19 “Subsidiaries without Public Accountability: Disclosures”: The new accounting standard is aimed at simplifying the preparation of the financial statements of subsidiaries, allowing subsidiaries to apply IFRS accounting standards with reduced disclosure requirements. The new Standard simplifies the preparation of the financial statements of an “eligible” subsidiary by allowing it to apply the group’s accounting standards in the preparation of its local financial statements.
- IFRS 9 & IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”: The new standard clarifies the requirements regarding the timing of recognition and write-off of certain financial assets and liabilities, a new exception for certain financial liabilities settled in cash using an electronic payment system.

The company is analysing the amendments to the standards in order to understand any possible impacts on the company’s financial statements.

7. Main decisions in the application of accounting standards and uncertainties when making estimates

The Group makes estimates and assumptions to measure certain items when preparing the condensed half-yearly financial statements and related explanatory notes in accordance with IAS/IFRS. These are based on historical experience and uncertain but realistic assumptions that are assessed regularly and, if necessary, updated, with effect on the income statement for the period and prospectively. The uncertainty inherent in these assessments may lead to misalignment between the estimates made and recognition in the financial statements of the actual effects of the forecasted events.

The following processes require management to make accounting estimates, and for which a change in the underlying conditions could have a significant impact on the consolidated financial data:

Inventory allowance

Inventories are stated at their purchase cost (measured using the weighted average cost method) or, if lower, their net realisable value. The inventory allowance is needed to align the value of inventories with their estimated realisable value: inventories are analysed to identify slow-moving items, to recognise a provision that reflects their potential obsolescence.

Provision for doubtful receivables

The provision for doubtful receivables reflects Management’s estimates regarding the recoverability of receivables from customers. This assessment is based on experience and on an analysis of situations with a known or probable risk of non-collection.

Following the introduction of IFRS 9 and, in particular, the new approach to measuring the impairment of financial assets, the Group now determines the allowance for doubtful accounts with reference to the lifetime expected credit losses attributable to the assets concerned, as envisaged in the new standard.

Goodwill and intangible assets with a finite life

These are measured periodically using impairment tests, with the aim of determining their present value and recognising any differences with respect to their carrying amounts; for details, see the specific notes to the financial statements.

Employee benefits and non-competition agreements

The provisions for post-employment benefits and NCAs are recorded in the financial statements and remeasured annually by external actuaries who inter alia make assumptions about the discount rate, inflation and certain demographics; for details, see the specific note to the financial statements.

Deferred tax assets

The recoverability of deferred tax assets is periodically evaluated, based on the results achieved and on the business plans prepared by Management.

Current and non-current provisions

Provisions are made for risks that will probably have an adverse outcome. The amount of the provisions posted to the financial statements in relation to these risks represents Management's best estimate at that time. This estimate entails the adoption of assumptions that depend on factors that may change over time and that could, therefore, have a significant effect on the current estimates made by Management in preparing the Group's consolidated financial statements.

8. Financial instruments: supplementary disclosure pursuant to IFRS 7

The Group's activities are exposed to different types of risk: market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's risk management strategy focuses on the unpredictability of markets and is intended to minimise the potential adverse impact on the Group's results. Certain types of risk are mitigated through the use of derivatives. Coordination and monitoring of the main financial risks are centralised in the Group's Finance and Administration Department, as well as in the Purchasing function as regards price risk, in close collaboration with the Group's operating units. Risk management policies are approved by the Group's Administration, Finance and Control Department, which provides written guidelines for managing the risks listed above and the use of financial derivatives and other financial instruments. In the context of the sensitivity analyses described below, the effect on net profit and shareholders' equity is determined gross of the tax effect.

Exchange rate risks

The Group is exposed to the exchange rate risk in relation to commercial transactions and cash on hand held in currencies other than the Euro, which is the Group's functional currency. Around 33% of sales are denominated in a different currency. Specifically, the Group is most exposed to the following exchange rates:

- Euro/USD, about 10%, primarily in relation to the commercial relations of Gefran Inc. (operating in the United States) and Gefran Asia (operating on the Asian market), which are both foreign subsidiaries;
- Euro/RMB, about 15%, in relation to Gefran Automation Technology (operating in China);
- the remainder is divided between Euro/BRL, Euro/GBP, Euro/CHF, and Euro/INR.

With reference to the two main currencies, at 30 June 2024 trade receivables include 2,768 thousand US dollars and trade payables include 1,727 thousand US dollars (at 30 June 2023, receivables included 1,352 thousand US dollars and payables included 639 US dollars); trade receivables also include 17,703 thousand Renminbi and trade payables also include 1,966 thousand Renminbi (at 30 June 2023, receivables included 14,047 thousand Renminbi and payables included 1,823 thousand Renminbi).

The sensitivity of the fair value of reported assets and liabilities to hypothetical and unexpected 5% and 10% exchange rate fluctuations is shown below:

	30 June 2024		30 June 2023	
(Euro /000)	-5%	+5%	-5%	+5%
Chinese renminbi	106	(96)	82	(74)
US dollar	51	(46)	52	(47)
Total	**157**	**(142)**	**134**	**(121)**

	30 June 2024		30 June 2023	
(Euro /000)	-10%	+10%	-10%	+10%
Chinese renminbi	225	(184)	173	(141)
US dollar	108	(89)	111	(90)
Total	**333**	**(273)**	**284**	**(231)**

The sensitivity of the fair value of the net profit for the period to hypothetical and unexpected 5% and 10% fluctuations in the most significant exchange rates is shown below:

	30 June 2024		30 June 2023	
(Euro /000)	-5%	+5%	-5%	+5%
Chinese renminbi	62	(56)	(30)	27
US dollar	6	(5)	39	(36)
Total	**68**	**(61)**	**9**	**(9)**

	30 June 2024		30 June 2023	
(Euro /000)	-10%	+10%	-10%	+10%
Chinese renminbi	131	(107)	(62)	51
US dollar	12	(10)	83	(68)
Total	**143**	**(117)**	**21**	**(17)**

The sensitivity to hypothetical and unexpected fluctuations in the most significant exchange rates of 5% and 10% in the fair value of the shareholders' equity is shown below:

(Euro /000)	30 June 2024 -5%	 +5%	30 June 2023 -5%	 +5%
Chinese renminbi	585	(529)	489	(442)
US dollar	504	(456)	474	(429)
Total	**1,089**	**(985)**	**963**	**(871)**

(Euro /000)	30 June 2024 -10%	 +10%	30 June 2023 -10%	 +10%
Chinese renminbi	1,235	(1,011)	1,032	(845)
US dollar	1,065	(871)	1,001	(819)
Total	**2,300**	**(1,882)**	**2,033**	**(1,664)**

Interest rate risk

The interest rate risk to which the Group is exposed mainly originates from short- and long-term financial payables with a variable rate (totalling 25,357 thousand Euro at 30 June 2024). Variable rate loans expose the Group to a risk associated with interest rate volatility (cash flow risk). The Group uses derivatives to hedge its exposure to interest rate risk, arranging Interest Rate Swap (IRS) and Interest Rate Cap (CAP) contracts.

The Group's Administration and Finance Department monitors the exposure to interest rate risk and proposes appropriate hedging strategies to contain the exposure within the limits defined and agreed in the Group's policies, using derivatives when necessary.

The following sensitivity analysis shows the impact on consolidated net profit/(loss) of an interest rate increase/decrease of 100 basis points with respect to the spot interest rates at 30 June 2024 and 30 June 2023, while keeping other variables unchanged.

(Euro /000)	30 June 2024 (100)	 100	30 June 2023 (100)	 100
Euribor	534	(534)	345	(345)
Total	**534**	**(534)**	**345**	**(345)**

The potential impacts described above have been calculated on the basis of the net liabilities representing the most significant part of the Group's debt as of the date of this Half-yearly Financial Report and calculating, on the basis of this amount, the effect on net financial charges of a change in the annual interest rate.

The net liabilities considered in this analysis include variable-rate financial receivables and payables, cash and cash equivalents, and financial derivatives, the value of which is affected by interest rate fluctuations.

The table below analyses by maturity the carrying value at 30 June 2024 of the Group's financial instruments exposed to interest rate risk:

(Euro /000)	<1 year	1 - 5 years	>5 years old	Total
Loans	7,258	17,428	1,398	26,084
Financial payables due to leasing under IFRS 16	1,095	2,247	567	3,909
Other accounts payable	47	-	-	47
Total liabilities	**8,400**	**19,675**	**1,965**	**30,040**
Cash in current accounts	53,316	-	-	53,316
Total assets	**53,316**	**-**	**-**	**53,316**
Total variable rate	**44,916**	**(19,675)**	**(1,965)**	**23,276**

By contrast with the analysis of the net financial position, the amounts shown in the table above exclude the fair value of derivatives (positive by 158 thousand Euro), cash on hand (positive by 17 thousand Euro) and financial pre-paid expenses (positive by 108 thousand Euro).

The table below analyses by maturity the carrying value at 30 June 2023 of the Group's financial instruments exposed to the interest rate risk:

(Euro /000)	<1 year	1 - 5 years	>5 years old	Total
Loans	7,504	4,277	-	11,781
Financial payables due to leasing under IFRS 16	1,041	2,019	745	3,805
Other accounts payable	15	-	-	15
Account overdrafts	1,086	-	-	1,086
Total liabilities	**9,646**	**6,296**	**745**	**16,687**
Cash in current accounts	35,501	-	-	35,501
Total assets	**35,501**	**-**	**-**	**35,501**
Total variable rate	**25,855**	**(6,296)**	**(745)**	**18,814**

Liquidity risk

Prudent management of the liquidity risk arising from the Group's normal operations means that an appropriate level of cash on hand and short-term securities must be maintained, together with an ability to drawn funds from an appropriate amount of committed credit lines.

The Group's Administration and Finance Department monitors forecast uses of the Group's liquidity reserves based on expected cash flows. The following table analyses the liquidity reserves available on the specified reporting dates:

(Euro /000)	30 June 2024	31 December 2023	Change
Cash and cash equivalents	17	17	-
Cash in bank deposits	53,316	57,142	(3,826)
Total liquidity	**53,333**	**57,159**	**(3,826)**
Multiple mixed credit lines	21,200	21,200	-
Cash flexibility credit lines	3,225	3,225	-
Credit lines on invoice	2,150	2,150	-
Total credit lines available	**26,575**	**26,575**	**-**
Total liquidity available	**79,908**	**83,734**	**(3,826)**

To complete the disclosure about financial risks, the following table reconciles the financial assets and liabilities reported in the Group's statement of financial position with those identified pursuant to IFRS 7:

(Euro /000)	Level 1	Level 2	Level 3	Total
Available-for-sale assets and discontinued operations valued at fair value:				
Shareholdings valued at fair value with a balancing item in other overall profit/(loss)	262	-	1,609	1,871
Hedging transactions	-	163	-	163
Total assets	**262**	**163**	**1,609**	**2,034**
Hedging transactions	-	(5)	-	(5)
Total liabilities	**-**	**(5)**	**-**	**(5)**

The following table reconciles the financial assets and liabilities reported in the Group's statement of financial position at 30 June 2023 with those identified pursuant to IFRS 7:

(Euro /000)	Level 1	Level 2	Level 3	Total
Available-for-sale assets and discontinued operations valued at fair value:				
Shareholdings valued at fair value with a balancing item in other overall profit/(loss)	377	-	1,609	1,986
Hedging transactions	-	371	-	371
Total assets	**377**	**371**	**1,609**	**2,357**
Total liabilities	**-**	**-**	**-**	**-**

Level 1: Fair values represented by the prices - listed in active markets (unadjusted) - of financial instruments identical to those being valued that may be accessed at the measurement date. These prices are defined as mark-to-market inputs as they provide a fair value measurement based directly on official market prices, therefore without the need for any modification or adjustment. The change since 30 June 2023 reflects the decrease in the value of the shareholding in Woojin Plaimm Co Ltd. by 115 thousand Euro.

Level 2: Fair values determined using measurement techniques based on variables that may be observed in active markets, which in this case include the measurement of interest rate and exchange rate hedges. As with the Level 1 inputs, reference is made to the mark-to-market value, using a measurement method that adjusts the value of financial instruments or contracts systematically to reflect their current market prices.

Level 3: Fair values determined using measurement techniques based on market variables that may not be observable, particular in the case of equity investments in other companies not listed on international markets. This item mainly relates to the shareholding in Colombera S.p.A.

Credit risk

The Group grants its customers deferred payment conditions, which vary according to the market practices in individual countries. The solvency of all customers is monitored regularly and any risks are periodically covered by appropriate provisions. Despite these precautions, under current market conditions, it is possible that some customers may be unable to generate sufficient cash flow or access sufficient sources of funding, resulting in payment delays or failure to honour their obligations.

Receivables are adjusted to their estimated realisable value by the allowance for doubtful receivables, which is determined pursuant to IFRS 9 with reference to the expected credit losses on each position, taking account of past experience in each business area and geographical region.

The Group has developed estimates based on the best information available about past events, current economic conditions and forecasts for the future. The analyses conducted to determine the existence of this risk are based primarily on three factors:

- the potential effects deriving from the increase in interest rates;
- the support measures implemented by governments;
- the recoverability of receivables following changes in the probability of default by customers.

With reference to the latter point, the Group conducts its analyses using a risk matrix that takes into consideration various factors, including for example geographical region, industry, and individual customer solvency.

The forecasts generated are considered reasonable and sustainable by management, despite some localised circumstances and in all geographical regions they may cause uncertainty.

Gross trade receivables are analysed below at 30 June 2024 and 31 December 2023:

(Euro /000)	Total value	Not overdue	Overdue by up to 2 months	Overdue by 2 to 6 months	Overdue by 6 to 12 months	Overdue by more than 12 months	Receivables individually written down
Gross trade receivables at 30 June 2024	27,679	25,212	1,032	494	26	167	748
Gross trade receivables at 31 December 2023	24,775	22,200	1,407	130	28	273	737

The Gefran Group has established formal procedures for granting credit limits and for credit collection by the credit department, in partnership with leading external law firms. All the procedures put in place are intended to reduce credit risk. The exposure to other forms of credit, such as financial receivables, is monitored constantly and reviewed monthly, or at least quarterly, in order to identify any losses or collection risks.

Risk of change in raw material prices

Since production by the Group mainly involves mechanical, electronic and assembly processes, the exposure to energy price fluctuations is limited. The Group is exposed to changes in basic commodity prices (e.g. metals) to a small extent, given that the product cost component contributed by these materials is very limited.

The purchase prices of key components are usually agreed with counterparts for the full year and reflected in the budget. The structured and formalised governance systems adopted by the Group mean that the margins earned can be analysed periodically.

As regards the recent rise in prices, also related to developments in the geo-political situation, key factors were in-depth knowledge of the product and the synergy between the various company areas, which has made it possible to promptly navigate new technological roads, broaden the panorama of choices and introduce new supply opportunities, in order to mitigate the effect of rising prices.

Fair value of financial instruments

All financial instruments are recorded in the Group's financial statements at fair value. The carrying value of the financial liabilities measured at amortised cost is deemed to approximate their fair value at the reporting date.

The following table summarises the Group's net financial position, comparing fair value and carrying value:

(Euro /000)	carrying value 30 June 2024	carrying value 31 December 2023	fair value 30 June 2024	fair value 31 December 2023
Financial assets				
Cash and cash equivalents	17	17	17	17
Cash in bank deposits	53,316	57,142	53,316	57,142
Financial assets for derivatives	163	185	163	185
Non-current financial investments	108	112	108	112
Total financial assets	**53,604**	**57,456**	**53,604**	**57,456**
Financial liabilities				
Current portion of long-term debt	(7,258)	(9,548)	(7,258)	(9,548)
Financial liabilities for derivatives	(5)	-	(5)	-
Payables due to leasing contracts under IFRS 16	(3,909)	(3,779)	(3,909)	(3,779)
Other financial payables	(47)	(85)	(47)	(85)
Non-current financial debt	(18,826)	(21,382)	(18,826)	(21,382)
Total financial liabilities	**(30,045)**	**(34,794)**	**(30,045)**	**(34,794)**
Total net financial position	**23,559**	**22,662**	**23,559**	**22,662**

9. Information by segment

Primary segment – sector of activity

In the light of the operation described in the Introduction to this document, the organisational structure of the Gefran Group is now organised into two sectors of activity: sensors and automation components. The economic trends and principal investments are discussed in the Report on Operations.

Figures by sector of activity

	(Euro /000)	Sensors	Automation components	Eliminations	Not Divided	30 June 2024
a	Revenues	43,783	28,592	(3,876)		68,499
b	Increases for internal work	229	824	-		1,053
c	Consumption of materials and products	12,280	11,501	(3,876)		19,905
d	**Value Added (a+b-c)**	**31,732**	**17,915**	**-**	**-**	**49,647**
e	Other operating costs	7,013	4,437	-		11,450
f	Personnel costs	14,567	10,297	-		24,864
g	**EBITDA (d-e-f)**	**10,152**	**3,181**	**-**	**-**	**13,333**
h	Depreciation, amortisation and impairment	2,340	1,643			3,983
i	**EBIT (g-h)**	**7,812**	**1,538**	**-**	**-**	**9,350**
l	Gains (losses) from financial assets/liabilities				98	98
m	Gains (losses) from shareholdings valued at equity				14	14
n	**Profit (loss) before tax (i±l±m)**	**7,812**	**1,538**		**112**	**9,462**
o	Taxes				(2,299)	(2,299)
p	**Result from operational activities (n±o)**	**7,812**	**1,538**		**(2,187)**	**7,163**
q	Net income from assets available for sale and discontinued operations				-	-
r	**Group net profit (loss) (p±q)**	**7,812**	**1,538**		**(2,187)**	**7,163**

	(Euro /000)	Sensors	Automation components	Eliminations	Not Divided	30 June 2023
a	Revenues	47,399	28,278	(4,189)		71,488
b	Increases for internal work	346	814	-		1,160
c	Consumption of materials and products	13,820	11,970	(4,189)		21,601
d	**Value Added (a+b-c)**	**33,925**	**17,122**	**-**	**-**	**51,047**
e	Other operating costs	7,824	4,011	-		11,835
f	Personnel costs	13,577	10,437	-		24,014
g	**EBITDA (d-e-f)**	**12,524**	**2,674**	**-**	**-**	**15,198**
h	Depreciation, amortisation and impairment	2,153	1,587			3,740
i	**EBIT (g-h)**	**10,371**	**1,087**	**-**	**-**	**11,458**
l	Gains (losses) from financial assets/liabilities				(161)	(161)
m	Gains (losses) from shareholdings valued at equity				12	12
n	**Profit (loss) before tax (i±l±m)**	**10,371**	**1,087**		**(149)**	**11,309**
o	Taxes				(3,686)	(3,686)
p	**Result from operational activities (n±o)**	**10,371**	**1,087**		**(3,835)**	**7,623**
q	Net income from assets available for sale and discontinued operations				(210)	(210)
r	**Group net profit (loss) (p±q)**	**10,371**	**1,087**		**(4,045)**	**7,413**

Inter-sector sales are booked at transfer prices that are broadly in line with market prices.

Statement of financial position figures by sector of activity

(Euro /000)	Sensors	Automation components	Not Divided	30 June 2024	Sensors	Automation components	Not Divided	31 December 2023
Intangible assets	8,876	3,865		12,741	8,994	3,346		12,340
Tangible assets	26,128	15,260		41,388	26,715	15,385		42,100
Other non-current assets			5,813	5,813			5,733	5,733
Net non-current assets	**35,004**	**19,125**	**5,813**	**59,942**	**35,709**	**18,731**	**5,733**	**60,173**
Inventories	8,402	9,657		18,059	7,760	10,047		17,807
Trade receivables	14,403	12,340		26,743	13,057	10,683		23,740
Trade payables	(10,126)	(9,890)		(20,016)	(9,634)	(9,777)		(19,411)
Other assets/liabilities	(4,015)	(3,891)	(429)	(8,335)	(4,040)	(3,534)	1,011	(6,563)
Working capital	**8,664**	**8,216**	**(429)**	**16,451**	**7,143**	**7,419**	**1,011**	**15,573**
Provisions for risks and future liabilities	(731)	(614)	(72)	(1,417)	(748)	(654)	(28)	(1,430)
Deferred tax provisions			(941)	(941)			(934)	(934)
Employee benefits	(926)	(1,355)		(2,281)	(803)	(1,300)		(2,103)
Net invested capital	**42,011**	**25,372**	**4,371**	**71,754**	**41,301**	**24,196**	**5,782**	**71,279**
Shareholders' equity	**-**	**-**	**95,313**	**95,313**	**-**	**-**	**93,941**	**93,941**
Non-current financial payables			18,826	18,826			21,382	21,382
Current financial payables			7,305	7,305			9,633	9,633
Financial payables for IFRS 16 leases (current and non-current)			3,909	3,909			3,779	3,779
Financial liabilities for derivatives (current and non-current)			5	5			-	-
Financial assets for derivatives (current and non-current)			(163)	(163)			(185)	(185)
Other non-current financial investments			(108)	(108)			(112)	(112)
Cash and cash equivalents and current financial receivables			(53,333)	(53,333)			(57,159)	(57,159)
Net debt relating to operations	**-**	**-**	**(23,559)**	**(23,559)**	**-**	**-**	**(22,662)**	**(22,662)**
Total sources of financing	**-**	**-**	**71,754**	**71,754**	**-**	**-**	**71,279**	**71,279**

Secondary segment - geographical region

Revenues by geographical region

(Euro /000)	30 June 2024	30 June 2023	Change	%
Italy	20,610	23,745	(3,135)	-13.2%
European Union	18,106	19,775	(1,669)	-8.4%
Europe non-EU	1,884	2,510	(626)	-24.9%
North America	6,473	6,917	(444)	-6.4%
South America	2,982	3,204	(222)	-6.9%
Asia	17,612	13,930	3,682	26.4%
Rest of the world	228	364	(136)	-37.4%
Total	**67,895**	**70,445**	**(2,550)**	**-3.6%**

Investments by geographical region

	30 June 2024		30 June 2023	
(Euro /000)	intangible assets and goodwill	tangible assets	intangible assets and goodwill	tangible assets
Italy	1,190	535	916	4,413
European Union	-	54	5	101
Europe non-EU	-	3	-	24
North America	-	687	-	132
South America	1	30	1	145
Asia	-	198	-	332
Total	**1,191**	**1,507**	**922**	**5,147**

Non-current assets by geographical region

(Euro /000)	30 June 2024	31 December 2023	Change	%
Italy	40,999	41,815	(816)	-2.0%
European Union	2,883	2,860	23	0.8%
Europe non-EU	2,850	2,959	(109)	-3.7%
North America	8,141	7,354	787	10.7%
South America	607	801	(194)	-24.2%
Asia	4,733	4,681	52	1.1%
Total	**60,213**	**60,470**	**(257)**	**-0.4%**

10. Goodwill

Goodwill amounts to 6,006 thousand Euro at 30 June 2024, with an increase of 85 thousand Euro since 31 December 2023 due exclusively to the exchange rate differences shown below:

(Euro /000)	31 December 2023	Increases	Decreases	Exchange rate differences	30 June 2024
Gefran France SA	1,310	-	-	-	1,310
Gefran Inc	2,657	-	-	85	2,742
Sensormate AG	1,954	-	-	-	1,954
Total	**5,921**	**-**	**-**	**85**	**6,006**

The goodwill acquired on business combinations was allocated to specific Cash Generating Units for impairment testing purposes.

The carrying value of goodwill is analysed below:

(Euro /000)	Year	Goodwill France	Goodwill India	Goodwill USA	Goodwill Switzerland	Total
Sensors	2024	1,310	-	2,742	1,954	6,006
	2023	1,310	-	2,657	1,954	5,921

When determining value in use, management considers the specific cash flows forecast in the Group's business plan plus the projected and terminal values, which represent the ability to generate cash flows beyond the explicit forecasting horizon.

In preparing the half-yearly financial report, impairment tests are performed on goodwill values in the presence of any impairment indicators.

When examining the possible presence of impairment indicators and developing its own assessments, Management took into account the plans of the companies that carry a goodwill as well as the results of the same and the operating cash flow generated by the Group, confirming the substantial absence of impairment indicators.

In addition, the relationship between stock market capitalization and the carrying value of the Group's shareholders' equity was also verified, which as of 30 June 2024 was largely positive.

11. Intangible assets

This item exclusively comprises assets with a finite life, and increased from 6,419 thousand Euro on 31 December 2023 to 6,735 thousand Euro on 30 June 2024. The changes during the period are shown below:

Historical cost	31 December 2023	Increases	Decreases	Reclassifications	Exchange rate differences	30 June 2024
(Euro /000)						
Development costs	15,544	8	-	56	-	15,608
Intellectual property rights	8,834	10	(3)	(79)	-	8,762
Other assets	8,932	101	-	437	4	9,474
Assets in progress and payments on account	1,567	1,072	-	(115)	-	2,524
Total	**34,877**	**1,191**	**(3)**	**299**	**4**	**36,368**

Accumulated amortisation	31 December 2023	Increases	Decreases	Reclassifications	Exchange rate differences	30 June 2024
(Euro /000)						
Development costs	12,264	575	-	-	-	12,839
Intellectual property rights	8,031	205	(3)	(107)	-	8,126
Other assets	8,163	112	-	393	-	8,668
Total	**28,458**	**892**	**(3)**	**286**	**-**	**29,633**

Net value	31 December 2023	30 June 2024	Change
(Euro /000)			
Development costs	3,280	2,769	(511)
Intellectual property rights	803	636	(167)
Other assets	769	806	37
Assets in progress and payments on account	1,567	2,524	957
Total	**6,419**	**6,735**	**316**

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

- 1,509 thousand Euro referring to lines for mobile hydraulics, pressure transducers (KS and KH in miniaturized version), non-contact linear transducers (WP-WR, WPA/WPP I/O LINK, RTE Profinet, TWIIST technology), pressure and melt (KMC, I/O LINK technology);
- 1,259 thousand Euro to the component lines for the new ranges of regulators (850-1650-1850-2850) and power control (GRS, GRZ, GRP, GPC, G-Start).

These assets are estimated to have a useful life of 5 years.

Intellectual property rights comprise the costs incurred to purchase IT system management software and user licences for third-party software, as well as patents. These assets have a useful life of 3 years.

Assets in progress and payments on account include 2,206 thousand Euro in development costs, of which 2.007 thousand Euro which pertain to the automation components business and 199 thousand Euro to the sensors business, the benefits of which will be reflected in the income statement starting in the next year, which have not therefore been amortised.

The item **other assets** includes almost all the costs incurred by the Parent Company Gefran S.p.A. to implement ERP SAP/R3, Business Intelligence (BW), Customer Relationship Management (CRM) and management software in previous years and in the current year. These assets have a useful life of 5 years.

The increase in the historical cost of intangible assets, by 1,191 thousand Euro in the first six months of 2024, includes 969 thousand Euro on the capitalisation of internal costs (816 thousand Euro in the first half of 2023).

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

Historical cost	31 December 2022	Increases	Decreases	Reclassifications	Exchange rate differences	30 June 2023
(Euro /000)						
Development costs	14,321	-	-	-	-	14,321
Intellectual property rights	8,539	62	(64)	140	(13)	8,664
Other assets	8,788	29	40	5	(32)	8,830
Assets in progress and payments on account	1,089	831	(17)	(145)	-	1,758
Total	**32,737**	**922**	**(41)**	**-**	**(45)**	**33,573**

Accumulated amortisation	31 December 2022	Increases	Decreases	Reclassifications	Exchange rate differences	30 June 2023
(Euro /000)						
Development costs	11,331	457	-	-	-	11,788
Intellectual property rights	7,555	317	(25)	-	(10)	7,837
Other assets	7,830	157	28	-	(8)	8,007
Total	**26,716**	**931**	**3**	**-**	**(18)**	**27,632**

Net value	31 December 2022	30 June 2023	Change
(Euro /000)			
Development costs	2,990	2,533	(457)
Intellectual property rights	984	827	(157)
Other assets	958	823	(135)
Assets in progress and payments on account	1,089	1,758	669
Total	**6,021**	**5,941**	**(80)**

12. Property, plant, machinery and tools

This item decreases from 38,385 thousand Euro on 31 December 2023 to 37,551 thousand Euro on 30 June 2024 and shows the following changes:

Historical cost	31 December 2023	Increases	Decreases	Reclassifications	Exchange rate differences	30 June 2024
(Euro /000)						
Land	3,824	-	-	-	20	3,844
Industrial buildings	35,919	405	(126)	(138)	105	36,165
Plant and machinery	41,941	574	(322)	1,076	41	43,310
Industrial and commercial equipment	17,973	8	(125)	(140)	(11)	17,705
Other assets	7,089	117	(41)	589	18	7,772
Assets in progress and payments on account	2,199	403	-	(1,819)	1	784
Total	**108,945**	**1,507**	**(614)**	**(432)**	**174**	**109,580**

Accumulated depreciation	31 December 2023	Increases	Decreases	Reclassifications	Exchange rate differences	30 June 2024
(Euro /000)						
Industrial buildings	18,586	477	(126)	(411)	(7)	18,519
Plant and machinery	30,702	1,337	(320)	(181)	35	31,573
Industrial and commercial equipment	15,885	390	(126)	(172)	(5)	15,972
Other assets	5,387	261	(41)	345	13	5,965
Total	**70,560**	**2,465**	**(613)**	**(419)**	**36**	**72,029**

Net value	31 December 2023	30 June 2024	Change
(Euro /000)			
Land	3,824	3,844	20
Industrial buildings	17,333	17,646	313
Plant and machinery	11,239	11,737	498
Industrial and commercial equipment	2,088	1,733	(355)
Other assets	1,702	1,807	105
Assets in progress and payments on account	2,199	784	(1,415)
Total	**38,385**	**37,551**	**(834)**

The change in exchange rate had an overall positive impact of 4 thousand Euro on the item.

The historical cost increases of property, plant, machinery and tools total 1,507 thousand Euro in the first half of 2024. The most significant changes relate to:

- investment of 146 thousand Euro in production and laboratory plant and equipment at the Group's Italian plants and 371 thousand Euro at other Group subsidiaries;
- adaptation of the industrial buildings of the Group's Italian factories in the amount of 340 thousand Euro, and those abroad in the amount of 539 thousand Euro;
- renewal of electronic office machines and equipment for Information Technology systems in Italy amounting to 49 thousand Euro and to 27 thousand Euro at Group subsidiaries;
- miscellaneous equipment at Group subsidiaries amounting to 35 thousand Euro.

The increases also include 84 thousand Euro on the capitalisation of internal costs (345 thousand Euro in the first six months of 2023).

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

Historical cost	31 December 2022	Increases	Decreases	Reclassifications	Exchange rate differences	30 June 2023
(Euro /000)						
Land	3,846	-	-	-	(12)	3,834
Industrial buildings	34,643	894	(5)	108	(227)	35,413
Plant and machinery	38,148	795	(38)	647	(219)	39,333
Industrial and commercial equipment	16,636	534	(7)	414	(2)	17,575
Other assets	6,498	663	(223)	65	(47)	6,956
Assets in progress and payments on account	2,027	2,261	-	(1,009)	(6)	3,273
Total	**101,798**	**5,147**	**(273)**	**225**	**(513)**	**106,384**

Accumulated depreciation	31 December 2022	Increases	Decreases	Reclassifications	Exchange rate differences	30 June 2023
(Euro /000)						
Industrial buildings	17,662	478	(4)	-	(38)	18,098
Plant and machinery	28,441	1,176	1	166	(186)	29,598
Industrial and commercial equipment	15,350	341	(3)	13	(6)	15,695
Other assets	5,128	234	(144)	27	(38)	5,207
Total	**66,581**	**2,229**	**(150)**	**206**	**(268)**	**68,598**

Net value	31 December 2022	30 June 2023	Change
(Euro /000)			
Land	3,846	3,834	(12)
Industrial buildings	16,981	17,315	334
Plant and machinery	9,707	9,735	28
Industrial and commercial equipment	1,286	1,880	594
Other assets	1,370	1,749	379
Assets in progress and payments on account	2,027	3,273	1,246
Total	**35,217**	**37,786**	**2,569**

13. Right-of-Use assets

This item reflects the recognition of leased assets in accordance with IFRS 16.

The carrying amount of RoU assets at 30 June 2024 is 3,837, as analysed below:

Historical cost	31 December 2023	Increases	Decreases	Reclassifications	Exchange rate differences	30 June 2024
(Euro /000)						
Real estate	4,832	465	(3)	-	(14)	5,280
Vehicles	3,712	365	(262)	-	(20)	3,795
Office machines	26	-	-	-	(1)	25
Machinery and equipment	57	5	-	-	(1)	61
Total	**8,627**	**835**	**(265)**	**-**	**(36)**	**9,161**

Accumulated depreciation	31 December 2023	Increases	Decreases	Reclassifications	Exchange rate differences	30 June 2024
(Euro /000)						
Real estate	2,467	294	-	-	(6)	2,755
Vehicles	2,396	326	(191)	-	(16)	2,515
Office machines	4	3	-	-	1	6
Machinery and equipment	45	3	-	-	-	48
Total	**4,912**	**626**	**(191)**	**-**	**(21)**	**5,324**

Net value	31 December 2023	30 June 2024	Change
(Euro /000)			
Real estate	2,365	2,525	160
Vehicles	1,316	1,280	(36)
Office machines	22	19	(3)
Machinery and equipment	12	13	1
Total	**3,715**	**3,837**	**122**

As of 1 January 2024, the Group had a total of 158 contracts in place for leasing of vehicles, machinery, industrial equipment and electronic office machines, as well as for rental of real estate. Practical expedients allowed by the IASB have been employed, such as excluding contracts with a residual duration of less than 12 months and contracts for assets whose fair value is below the conventional threshold of 5 thousand US dollars (modest unit value).

Based on their value and duration, of the 158 contracts outstanding at 1 January 2024:

- 142 fell within the scope of application of IFRS 16;
- 16 were excluded from the scope of application, 11 of which had a residual duration of less than 12 months, while the unit fair value of the assets associated with the remaining 5 was deemed to be modest.

The assets and liabilities analysed are included in the financial statement schedules:

- in non-current tangible assets as “Right-of-Use assets”;
- under Net Financial Position, for the corresponding financial payable recognised as current (payable within the year) and non-current (payable beyond a year) “Financial payables due to leasing under IFRS 16”.

The following factors are considered when measuring the fair value and useful lives of leased assets subject to IFRS 16:

- the amount of the periodic lease or rental payments, as defined in the contract and revalued where applicable;
- initial ancillary costs, if specified in the contract;
- final restoration costs, if specified in the contract;
- the number of outstanding instalments;
- where not stated in the contract, embedded interest is estimated using the Group's average borrowing rates.

The historical cost increases recorded in the half-year for the item "Right-of-Use assets" include new contracts signed, as well as the effect of the adjustment of contracts already in place and extended or for which new conditions have been defined. They are summarized as follows:

- real estate, for 465 thousand Euro, relating to extensions of existing contracts and indexations;
- vehicles, for the amount of 365 thousand Euro, which include both the effect of extensions and 14 new car rental contracts signed by the Group in 2024, replacing expired contracts;
- machinery and equipment, for 5 thousand Euro, for new contracts relating to generators.

As of 30 June 2024 the historical cost had decreased by 265 thousand Euro as a result of termination of real estate and vehicle rental agreements in advance of their original expiry date.

Changes related to the first six months of 2023 are shown below:

Historical cost	31 December 2022	Increases	Decreases	Reclassifications	Exchange rate differences	30 June 2023
(Euro /000)						
Real estate	3,754	1,367	(396)	-	(10)	4,715
Vehicles	3,016	450	(144)	-	9	3,331
Machinery and equipment	57	-	-	-	-	57
Total	**6,827**	**1,842**	**(540)**	**-**	**(1)**	**8,128**

Accumulated depreciation	31 December 2022	Increases	Decreases	Reclassifications	Exchange rate differences	30 June 2023
(Euro /000)						
Real estate	2,209	275	(285)	-	(10)	2,189
Vehicles	1,880	297	(32)	-	4	2,149
Machinery and equipment	31	7	-	-	-	38
Total	**4,120**	**580**	**(317)**	**-**	**(6)**	**4,377**

Net value	31 December 2022	30 June 2023	Change
(Euro /000)			
Real estate	1,545	2,526	981
Vehicles	1,136	1,182	46
Machinery and equipment	26	19	(7)
Total	**2,707**	**3,751**	**1,044**

14. Net working capital

“Net working capital” totals 24,786 thousand Euro, compared with 22,136 thousand Euro as at 31 December 2023, and is analysed below:

(Euro /000)	30 June 2024	31 December 2023	Change
Inventories	18,059	17,807	252
Trade receivables	26,743	23,740	3,003
Trade payables	(20,016)	(19,411)	(605)
Net amount	**24,786**	**22,136**	**2,650**

The amount of **inventories** at 30 June 2024 is 18,059 thousand Euro, up by 252 thousand Euro since 31 December 2023, where the negative change in exchange rates offset the increase of 79 thousand Euro.

On the other hand, the economic impact of the change in inventories shows an increase of 333 thousand Euro compared to 31 December 2023, as the economic assessment of events is performed using the moving-average exchange rates for the period.

The balance is analysed as follows:

(Euro /000)	30 June 2024	31 December 2023	Change
Raw materials, consumables and supplies	9,767	9,914	(147)
provision for impairment of raw materials	*(1,385)*	*(1,250)*	*(135)*
Work in progress and semi-finished products	7,633	6,667	966
provision for impairment of work in progress	*(1,625)*	*(1,318)*	*(307)*
Finished products and goods for resale	5,710	5,653	57
provision for impairment of finished products	*(2,041)*	*(1,859)*	*(182)*
Total	**18,059**	**17,807**	**252**

The gross value of inventories totals 23,110 thousand Euro, up 876 thousand Euro compared to the end of 2023, when it amounted to 22,234 thousand Euro.

The provision for obsolete and slow-moving inventories was adjusted as necessary during the first six months of 2024, resulting in specific provisions totalling 872 thousand Euro (compared with 942 thousand Euro in the first six months of 2023).

The changes in the provision in the first half of 2024 are shown below:

(Euro /000)	31 December 2023	Provisions	Uses	Releases	Exchange rate differences	30 June 2024
Provision for impairment of inventory	4,427	872	(195)	(49)	(4)	5,051

The changes the allowance during the period ended 30 June 2023 are analysed below:

(Euro /000)	31 December 2022	Provisions	Uses	Releases	Exchange rate differences	30 June 2023
Provision for impairment of inventory	5,713	942	(205)	(52)	(31)	6,367

Trade receivables amount to 26,743 thousand Euro, compared to 23,740 thousand Euro as at 31 December 2023, up by 3,003 thousand Euro:

(Euro /000)	30 June 2024	31 December 2023	Change
Receivables from customers	27,679	24,775	2,904
Provision for doubtful receivables	(936)	(1,035)	99
Net amount	26,743	23,740	3,003

The increase compared to the end of the previous year is mainly due to the difference in revenues in the second quarter of 2024 compared to the fourth quarter of 2023. It should also be noted that the balance of the item “Receivables from customers” at 31 December 2023 included 93 thousand Euro in advance payments to suppliers, now recorded in the “Other assets”.

Receivables are adjusted to their estimated realisable value by the provision for doubtful receivables, which is determined by analysing individual debtor positions and considering past experience in each business area and geographical region, as required by IFRS 9. The provision at 30 June 2024 represents an estimate of the current risk after the following changes:

(Euro /000)	31 December 2023	Provisions	Uses	Releases	Other changes	Exchange rate differences	30 June 2024
Provision for doubtful receivables	**1,035**	**5**	**(68)**	**(30)**	**-**	**(6)**	**936**

The changes in the provision during the period ended 30 June 2023 are analysed below:

(Euro /000)	31 December 2022	Provisions	Uses	Releases	Other changes	Exchange rate differences	30 June 2023
Provision for doubtful receivables	**1,100**	**37**	**(27)**	**(99)**	**132**	**5**	**1,148**

The value of uses of the provision includes 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 value 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 20,016 thousand Euro, compared to 19,411 thousand Euro as at 31 December 2023. This item is analysed below:

(Euro /000)	30 June 2024	31 December 2023	Change
Payables to suppliers	16,981	15,994	987
Payables to suppliers for invoices to be received	3,035	2,842	193
Advance payments received from customers	-	575	(575)
Total	**20,016**	**19,411**	**605**

Trade payables have increased by 605 thousand Euro since 31 December 2023.

It should also be noted that, as represented in the table above, the value of trade payables as at 31 December 2023 included 575 thousand Euro relating to advance payments received from customers, entered since 1 January 2024 among the “Other current liabilities”.

15. Net financial position

The net financial position is analysed in the following table:

(Euro /000)	30 June 2024	31 December 2023	Change
Cash and cash equivalents and current financial receivables	53,333	57,159	(3,826)
Financial assets for derivatives	163	185	(22)
Other non-current financial investments	108	112	(4)
Non-current financial payables	(18,826)	(21,382)	2,556
Non-current financial payables for IFRS 16 leases	(2,814)	(2,774)	(40)
Current financial payables	(7,305)	(9,633)	2,328
Current financial payables for IFRS 16 leases	(1,095)	(1,005)	(90)
Financial liabilities for derivatives	(5)	-	(5)
Total	**23,559**	**22,662**	**897**

The net financial position as at 30 June 2024 is positive by 23,559 thousand Euro, up by 897 thousand Euro since the end of 2023, when it was overall positive by 22,662 thousand Euro.

The change in net financial position is mainly due to the positive cash flow generated by core business (11,053 thousand Euro), as absorbed by technical investments during the first six months of the year (2,698 thousand Euro), the payment of dividends on the 2023 result (5,965 thousand Euro), and the payment of taxes and rental fees (totalling 1,317 thousand Euro).

Cash and cash equivalents amount to 53,333 thousand Euro at 30 June 2024, compared to 57,159 thousand Euro at 31 December 2023. This item is analysed below:

(Euro /000)	30 June 2024	31 December 2023	Change
Cash in bank deposits	53,316	57,142	(3,826)
Cash	17	17	-
Total	**53,333**	**57,159**	**(3,826)**

The technical forms used at 30 June 2024 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 June 2024 post a decrease in the amount of 1,272 thousand Euro compared to the end of 2023; they break down as follows:

(Euro /000)	30 June 2024	31 December 2023	Change
Current portion of debt	7,258	9,548	(2,290)
Other payables	47	85	(38)
Total	**7,305**	**9,633**	**(2,328)**

It should be noted that the banks' liability balance at 30 June 2024 is zero, as it was at 31 December 2023.

Non-current financial payables are analysed as follows:

Bank (Euro /000)	30 June 2024	31 December 2023	Change
Intesa (ex UBI)	1,257	1,757	(500)
SIMEST	300	360	(60)
Crédit Agricole	9,586	10,712	(1,126)
BNL	7,491	8,323	(832)
SIMEST	192	230	(38)
Total	**18,826**	**21,382**	**(2,556)**

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 June 2024	Of which within 12 months	Of which beyond 12 months	Interest rate	Maturity	Repayment method
Entered into by Gefran S.p.A. (IT)								
Unicredit	5,000	30Apr 20	556	556	-	Euribor 6m + 0.95%	31Dec 24	half-yearly
BNL	7,000	29May 20	1,556	1,556	-	Euribor 6m + 1.1%	31Dec 24	half-yearly
Intesa (ex UBI)	3,000	24Jul 20	2,255	998	1,257	Euribor 6m + 1%	24Jul 26	half-yearly
SIMEST	480	9Jul 21	420	120	300	Fixed 0.55%	31Dec 27	half-yearly
Crédit Agricole	13,000	29Sep 23	11,836	2,250	9,586	Euribor 3m + 0.88%	00/01/00	quarterly
BNL	10,000	27Oct 23	9,154	1,663	7,491	Euribor 3m + 0.93%	00/01/00	quarterly
entered into by Gefran Soluzioni S.r.l. (IT)								
SIMEST	307	21May 21	307	115	192	Fixed 0.55%	31Dec 27	half-yearly
Total			**26,084**	**7,258**	**18,826**			

No new loans were arranged during 2024.

It should be noted that the loan with Crédit Agricole requires compliance with a financial parameter (covenant), calculated at the consolidated level, and in particular the ratio of net financial debt (NFP) to EBITDA < 3.25x. Failure to comply with the ratio could result in the lending institution being entitled to demand repayment. The verification of contractual constraints is updated on a quarterly basis by the Administration, Finance and Control Director and, specifically, the ratio as at 30 June 2024 is largely respected. The loan, therefore, is represented according to the forms originally provided for in the contract.

With the exception of the contract described above, none of the loans outstanding at 30 June 2024 has clauses requiring compliance with economic and financial requirements (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 investing activities, working capital management and the repayment of debt at its natural maturity.

Variable rate payables expose the Group to a risk arising from interest rate volatility. In this regard, the Group's Administration and Finance Department monitors the exposure to interest rate risk and proposes appropriate hedging strategies to contain the exposure within the limits defined and agreed in the Group's policies, using derivatives, Interest Rate Swap (IRS) and Interest Rate Cap (CAP) when necessary.

All derivatives outstanding at 30 June 2024 are stipulated by the Parent Company to hedge the interest rate risk on variable rate loans, which could occur in the event of a change in the Euribor. At 30 June 2024, no derivatives have been arranged to hedge exchange rate risk.

In 2024, specifically in the first quarter, two new contracts (IRS), described below, were signed to hedge the interest rate risk associated with the Crédit Agricole and BNL loans, both launched in the second half of 2023.

All derivatives were tested for effectiveness as at 30 June 2024, with positive results.

The **financial assets for derivatives** amount to 163 thousand Euro, while the **liabilities for derivatives** amount to 5 thousand Euro, due to the fair value of the individual contracts.

	as at 30 June 2024		as at 31 December 2023	
(Euro /000)	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Interest rate risk	163	(5)	185	-
Total cash flow hedge	**163**	**(5)**	**185**	**-**

The following details are provided on hedges, showing the related fair value, positive and negative respectively:

Bank (Euro /000)	Notional principal	Signing date	Maturity	Notional as at 30 June 2024	Derivative	Fair Value as at 30 June 2024	Long position rate	Short position rate
BNL	10,000	29Apr 19	29Apr 24	0	IRS		Fixed 0.05%	Euribor 3m (Floor: -1.00%)
Unicredit	5,000	30Apr 20	31Dec 24	556	IRS	10	Fixed 0.05%	Euribor 6m (Floor: -0.95%)
BNL	7,000	29May 20	31Dec 24	1,556	IRS	14	Fixed -0.12%	Euribor 6m (Floor: -1.10%)
Intesa (ex UBI)	3,000	24Jul 20	24Jul 26	2,255	IRS	80	Fixed -0.115%	Euribor 3m
Crédit Agricole	13,000	12Jan24	00/01/00	11,836	IRS	59	Fisso 2,75%	Euribor 3m
Total financial assets for derivatives – Interest rate risk						**163**		

Bank (Euro /000)	Notional principal	Signing date	Maturity	Notional as at 30 June 2024	Derivative	Fair Value as at 30 June 2024	Long position rate	Short position rate
BNL	10,000	29Jan24	00/01/00	9,154	IRS	(5)	Fisso 2,94%	Euribor 3m (Floor: 1.00%)
Total financial liabilities for derivatives – Interest rate risk						**(5)**		

In order to support its current activities, the Group has various credit lines available from banks and other financial institutions, mainly in the form of advances against invoices, cash flexibility and mixed credit lines totalling 26,575 thousand Euro. As of 30 June 2024 there is no use of these lines, so the remaining liquid assets are 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) at 30 June 2024 amount to 3,909 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 due to leasing under IFRS 16 are classified on the basis of their maturity as either current payables (due within one year), amounting to 1,095 thousand Euro, or non-current payables (due beyond one year), amounting to 2,814 thousand Euro.

Changes in this item in the first half of 2024 are detailed below:

(Euro /000)	31 December 2023	Increases	Decreases	Reclassifications	Change in scope of consolidation	Exchange rate differences	30 June 2024
Leasing payables under IFRS 16	3,779	866	(726)	-		(10)	3,909
Total	**3,779**	**866**	**(726)**	**-**	**-**	**(10)**	**3,909**

Il dettaglio della movimentazione della voce nel primo semestre 2023 è:

(Euro /000)	31 December 2022	Increases	Decreases	Reclassifications	Change in scope of consolidation	Exchange rate differences	30 June 2023
Leasing payables under IFRS 16	2,737	1,854	(790)	-		4	3,805
Total	**2,737**	**1,854**	**(790)**	**-**	**-**	**4**	**3,805**

A breakdown of financial debt, as per Esma and Consob regulations, is set out below:

(Euro /000)	30 June 2024	31 December 2023	Change
A. Cash	53,333	57,159	(3,826)
B. Cash equivalents	-	-	-
C. Other current financial assets	-	-	-
D. Cash and cash equivalents (A) + (B) + (C)	**53,333**	**57,159**	**(3,826)**
Current financial liabilities for derivatives	-	-	-
Current financial debts	(1,142)	(1,090)	(52)
E. Current financial payables	(1,142)	(1,090)	(52)
F. Current portion of long-term debt	(7,258)	(9,548)	2,290
G. Total current financial debts (E) + (F)	**(8,400)**	**(10,638)**	**2,238**
H. Net current financial debt (I) + (D)	**44,933**	**46,521**	**(1,588)**
I. Non-current financial debts	(21,640)	(24,156)	2,516
Non-current financial liabilities for derivatives	(5)	-	(5)
J. Financial debt instruments	(5)	-	(5)
K. Trade payables and Other non-current financial debts	-	-	-
L. Non-current financial debt (I) + (J) + (K)	**(21,645)**	**(24,156)**	**2,511**
M. Total financial debt (H) + (L)	**23,288**	**22,365**	**923**
of which to minorities:	23,288	22,365	923

16. Shareholders’ equity

Consolidated shareholders’ equity is analysed as follows:

(Euro /000)	30 June 2024	31 December 2023	Change
Portion pertaining to the Group	95,313	93,941	1,372
Portion pertaining to minority interests	-	-	-
Net amount	**95,313**	**93,941**	**1,372**

The Group’s portion of shareholders’ equity at 30 June 2024 is 95,313 thousand Euro, up by 1,372 thousand Euro since 31 December 2023. The net profit for the year ended 30 June 2024 (positive, equal to 7,163 thousand Euro), is absorbed by the distribution of dividends on the result for the fiscal year 2023 (equal to 5,965 thousand Euro). The change in the conversion reserve (254 thousand Euro) contributes to the increase, while the reserve for the measurement of securities at fair value has a negative effect (75 thousand Euro).

Share capital amounts to 14,400 thousand Euro, represented by 14,400,000 ordinary shares with a nominal value of 1 Euro each.

As at 31 December 2023, Gefran S.p.A. held 198,405 own shares, equal to 1.38% of the total, with an average book value of 8.6483 Euro per share and a total value of 1.716 thousand Euro. During the first six months of 2024, as at the date of this publication, no trading activities took place; therefore, the situation is unchanged with respect to what is described above.

The Company has not issued any convertible bonds.

See the "Statement of changes in shareholders' equity" for an analysis of changes in the equity reserves during the period.

The balances of the reserve for the measurement of securities at fair value are summarised in the table below:

(Euro /000)	30 June 2024	31 December 2023	Change
Balance at 1 January	157	232	(75)
Woojin Plaimm Co Ltd Shares	(55)	(77)	22
Tax effect	1	2	(1)
Net amount	**103**	**157**	**(54)**

The balances of the reserve for the measurement of derivatives at fair value are shown below:

(Euro /000)	30 June 2024	31 December 2023	Change
Balance at 1 January	141	410	(269)
Change in fair value derivatives	(27)	(354)	327
Tax effect	6	85	(79)
Net amount	**120**	**141**	**(21)**

17. Earnings per share

Basic and diluted earnings per share are shown in the table below:

	30 June 2024	30 June 2023
Basic earnings per share		
- Profit (loss) for the period pertaining to the Group (Euro/000)	7,163	7,413
- Average No. of ordinary shares (No./000,000)	14.202	14.284
- Basic earnings per ordinary share	0.504	0.519
Diluted earnings per share		
- Profit (loss) for the period pertaining to the Group (Euro/000)	7,163	7,413
- Average No. of ordinary shares (No./000,000)	14.202	14.284
- Basic earnings per ordinary share	0.504	0.519
Average number of ordinary shares	14,201,595	14,284,141

For the purpose of calculating earnings per share, the net profit (loss) for the period of Gefran S.p.A. is reconciled with that attributable to the Group in the schedule provided in the "Gefran consolidated results" section of the Report on Operations included in this Half-yearly Financial Report.

18. Current and non-current provisions

"Non-current provisions" amount to 530 thousand Euro and are substantially aligned with the figure recorded as at 31 December 2023. They are detailed as follows:

(Euro /000)	31 December 2023	Provisions	Uses	Releases	Exchange rate differences	30 June 2024
Gefran Brasil risk provisions						
- other provisions	46	3	-	-	(4)	45
Elettropiemme S.r.l. risk provisions						
- other provisions	485	-	-	-	-	485
Total	**531**	**3**	**-**	**-**	**(4)**	**530**

"Current provisions" total 887 thousand Euro at 30 June 2024, down by 12 thousand Euro compared with 31 December 2023, and break down as follows:

(Euro /000)	31 December 2023	Provisions	Uses	Releases	Exchange rate differences	30 June 2024
FISC	27	-	-	-	-	27
Product warranty	872	166	(162)	(14)	(2)	860
Total	**899**	**166**	**(162)**	**(14)**	**(2)**	**887**

The change relates to the item "Product warranty", relating to the charges provided for repairs on products under warranty in the Parent Company Gefran S.p.A. and in the production subsidiaries; during the first half of 2024 provisions were recorded for 166 thousand Euro against uses for 162 thousand Euro and surplus releases for a total of 14 thousand Euro. As of 30 June 2024, provisions have been verified as meeting needs, with a positive outcome.

The "FISC" item mainly includes contractual treatments existing at the Parent Company Gefran S.p.A.

19. Revenues from product sales

Revenues from product sales during the period ended 30 June 2024 amount to 67,895 thousand Euro, down 3.6% compared with those reported at 30 June 2023, which amounted to 70,445 thousand Euro. The signs of a slowdown observed in the second half of 2023 are also confirmed in the first six months of 2024, resulting in a contraction in sales volumes compared to the previous six months.

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

(Euro /000)	30 June 2024	30 June 2023	Change	%
Sensors	43,200	46,476	(3,276)	-7.0%
Automation components	24,695	23,969	726	3.0%
Total	**67,895**	**70,445**	**(2,550)**	**-3.6%**

Total revenues include revenues from services of 1,076 thousand Euro (1,041 thousand Euro in the period ended 30 June 2023); see the section on "Gefran consolidated results" in the Report on Operations for information about the performance of the various business areas and geographical regions.

20. Other revenues and income

Other operating revenues and income amount to 604 thousand Euro, compared with 1,043 thousand Euro in the first half of 2023, as shown in the following table:

(Euro /000)	30 June 2024	30 June 2023	Change	%
Recovery of company canteen expenses	12	11	1	9.1%
Insurance reimbursements	-	9	(9)	-100.0%
Rental income	47	134	(87)	-64.9%
Government grants	4	58	(54)	-93.1%
Other income	541	831	(290)	-34.9%
Total	**604**	**1,043**	**(439)**	**-42.1%**

The item "Other income" amounts to 541 thousand Euro, down by 290 thousand Euro compared to the figure recorded at 30 June 2023. It includes, among others, the chargebacks for R&D specifically requested by customers, as well as the recognition of tax credits for investing in R&D, assets and Industry 4.0 (in the first half of 2024 equal to 289 thousand Euro, while they amounted to 334 thousand Euro in the same period of the previous year). It should also be noted that as of June 30, 2023, other income related to the technical-administrative services provided by the Parent Company Gefran S.p.A. to the companies of the WEG group (264 thousand Euro) was included, based on a specific contract terminated in the second half of 2023.

The item "Government grants" decreases by 54 thousand Euro compared to the figure for the first half of 2023, when it included grants for the "I-Gap" development project.

Compared to the first half of 2023, the item "Rental income" is also down by a total of 87 thousand Euro by reason of termination of a lease.

21. Costs of raw materials and accessories

The costs of raw materials and accessories amount to 20,238 thousand Euro, compared with 22,047 thousand Euro in the period ended 30 June 2023. The change is shown below:

(Euro /000)	30 June 2024	30 June 2023	Change
Raw materials and accessories	20,238	22,047	(1,809)
Total	**20,238**	**22,047**	**(1,809)**

The change is related to the lower need for raw materials in connection with the decrease in sales for the half-year compared to the same comparison period.

22. Service costs

"Service costs" amount to 11,105 thousand Euro, an overall decrease of 558 thousand Euro compared to the figure of 30 June 2023, when it amounted to 11,663 thousand Euro. They are analysed below:

(Euro /000)	30 June 2024	30 June 2023	Change
Services	10,698	11,230	(532)
Use of third-party assets	407	433	(26)
Total	**11,105**	**11,663**	**(558)**

Following the adoption of IFRS 16, the lease instalments for the period no longer charged to the income statement as operating costs amount to 629 thousand Euro (595 thousand Euro in the period ended 30 June 2023). Contracts that were excluded from the adoption of IFRS 16 based on the provisions of the principle itself, for which leasing fees are still recognised in the income statement, registered on 30 June 2024 costs for use of third-party assets in the amount of 407 thousand Euro (equal to 433 thousand Euro in the same period 2023).

With reference to the item "Services", other than the rental fees described above, the item shows a decrease of 532 thousand Euro in the first half of 2024 compared to the same period in the previous year. The decrease is related to the lower costs for miscellaneous professional consultancies (of which 124 thousand Euro incurred in the first half of 2023 were related to the activities necessary for the spin-off of the motion control business), as well as for utilities, costs for product warranty and for advertising and fairs.

23. Personnel costs

Personnel costs amount to 24,864 thousand Euro, up compared with 30 June 2023 by 850 thousand Euro, as analysed below:

(Euro /000)	30 June 2024	30 June 2023	Change
Salaries and wages	18,710	18,415	295
Social security contributions	4,894	4,571	323
Post-employment benefit reserve	1,073	905	168
Other costs	187	123	64
Total	**24,864**	**24,014**	**850**

At 30 June 2023, the Group had 652 employees (651 at 31 December 2023), while at the end of the first half of 2024 it had 693 employees. It should be noted that part of the increase in the workforce (specifically 31 people) is linked to the stabilisation of temporary workers.

Compared to the cost incurred in the first six months of 2023, the total increase amounts to 850 thousand Euro. The change is related to the strengthening of the workforce, with the exception of stabilised temporary workers, whose labour costs were recorded in the item in question in the previous year. In addition, the increase takes into account the implementation, starting from June 2023 and subsequently also in June 2024, of the salary increase provided for by the CCNL for all employees at the Group's Italian sites, increased by the application of the safeguard clause, linked to inflation developments, which was defined at the national level.

"Social security contributions" include costs for defined contribution plans for management (Previndai and Azimut Previdenza pension plan) amounting to 55 thousand Euro (33 thousand Euro at 30 June 2023).

The item "Other costs", up by 64 thousand Euro, relates, among others, to restructuring charges deriving from the reorganisation of the Group companies (81 thousand Euro at 30 June 2024 compared to 21 thousand Euro in the same period of the previous year), as well as commissions on sales granted to employees (80 thousand Euro at 30 June 2024, substantially aligned with the comparison figure).

Like the headcount figure, the average number of Group employees in the first half of 2024 is also increasing compared to the figure for the same period in 2023:

	30 June 2024	30 June 2023	Change
Managers	14	15	(1)
Clerical staff	435	423	12
Manual workers	223	211	12
Total	**672**	**649**	**23**

24. Depreciation, amortisation and impairment

This item totals 3,983 thousand Euro, compared to 3,740 thousand Euro in the first half of 2023. These totals are analysed below:

(Euro /000)	30 June 2024	30 June 2023	Change
Intangible assets	892	931	(39)
Tangible assets	2,465	2,229	236
Usage rights	626	580	46
Total	**3,983**	**3,740**	**243**

The change, increasing by 243 thousand Euro, is affected by the high level of investment completed by the Group during 2023.

In addition, as from 1 January 2019, this item includes the depreciation of RoU assets pursuant to IFRS 16. The related charge for the period ended 30 June 2024 was 626 thousand Euro (580 thousand Euro reported at 30 June 2023).

“Depreciation, amortisation and impairment” are analysed by sector of activity in the following table:

(Euro /000)	30 June 2024	30 June 2023	Change
Sensors	2,340	2,153	187
Automation components	1,643	1,587	56
Total	**3,983**	**3,740**	**243**

25. Gains (losses) from financial assets/liabilities

The net gain of 98 thousand Euro compares with a net loss of 191 thousand Euro in the period ended 30 June 2023, as analysed below:

(Euro /000)	30 June 2024	30 June 2023	Change
Cash management			
Income from cash management	639	243	396
Other financial income	26	42	(16)
Medium-/long-term interest	(470)	(74)	(396)
Short-term interest	-	(29)	29
Factoring interest and fees	(14)	(16)	2
Other financial charges	(15)	(143)	128
Total income (charges) from cash management	**166**	**23**	**143**
Currency transactions			
Exchange rate gains	184	166	18
Positive currency valuation differences	101	557	(456)
Exchange rate losses	(303)	(510)	207
Negative currency valuation differences	(42)	(357)	315
Total other income (charges) from currency transactions	**(60)**	**(144)**	**84**
Other			
Gains from financial instruments	2	-	2
Interest on financial payables due to leasing under IFRS 16	(10)	(40)	30
Total other financial income (charges)	**(8)**	**(40)**	**32**
Gains (losses) from financial assets/liabilities	**98**	**(161)**	**259**

Cash management, which was positive overall as at 30 June 2024, consists of income of 665 thousand Euro (285 thousand Euro as at 30 June 2023) and charges totalling 499 thousand Euro (262 thousand Euro as at 30 June 2023). A prudential provision of 120 thousand Euro was recognised as at 30 June 2023, for the assessment notice received from the Italian Revenue Authority following the tax audit carried out with respect to the Parent Company and relating to the 2016-2017-2018 tax periods, which ended in the fourth quarter of 2023.

The balance of differences on currency transactions is negative and amounts to 60 thousand Euro, compared with the first half of the previous year when it was negative by 144 thousand Euro. The change is primarily a result of the exchange rates in effect between the Euro and the Indian Rupee, the Chinese renminbi and the Brazilian Real.

The item “Other financial charges” includes financial charges on financial payables resulting from application of the new accounting standard IFRS 16, worth 10 thousand Euro in the first six months of 2024 (40 thousand Euro in the first half of 2023).

26. Income taxes, deferred tax assets and deferred tax liabilities

The “Taxes” item is negative by 2,299 thousand Euro; this compares with a negative balance of 3,686 thousand Euro in the first half of 2023, and breaks down as follows:

(Euro /000)	30 June 2024	30 June 2023	Change
Current taxes			
IRES (corporate income tax)	(1,385)	(2,223)	838
IRAP (regional production tax)	(318)	(399)	81
Foreign taxes	(728)	(871)	143
Total current taxes	**(2,431)**	**(3,493)**	**1,062**
Deferred tax assets and liabilities			
Deferred tax liabilities	13	(184)	197
Deferred tax assets	119	(9)	128
Total deferred tax assets and liabilities	**132**	**(193)**	**325**
Total taxes	**(2,299)**	**(3,686)**	**1,387**

Overall, current taxes amount to 1,062 thousand Euro lower than in the first half of 2023.

Deferred taxes, overall positive and equal to 132 thousand Euro, arise mainly from the allocation of deferred tax assets recorded on the impairment of inventories in the Parent Company Gefran S.p.A., only partially offset by the use of deferred tax assets recorded for previous losses in the French subsidiary.

It should also be noted that, in application of the amendment to IAS 12 “Income Taxes” published by the IASB on 7 May 2021 and which came into effect on 1 January 2023, deferred tax assets are recognised in the first half of 2024 for a value of 4 thousand Euro and no deferred tax liabilities are recognised (at 30 June 2023 deferred tax assets and liabilities amounted to 209 thousand Euro). For the presentation in the statement of financial position, deferred tax assets and liabilities have been offset, as required by IAS 12.

See the Report on Operations for more information about the changes in deferred tax assets and liabilities.

The following table analyses the changes in deferred tax assets and deferred tax liabilities during the first half of 2024:

(Euro /000)	31 December 2023	Posted to the income statement	Recognised in shareholders' equity	Exchange rate differences	Other changes	30 June 2024
Deferred tax assets						
Impairment of inventories	968	172	-	-	-	1,140
Impairment of trade receivables	234	(15)	-	-	-	219
Impairment of assets	541	(1)	-	-	-	540
Deductible losses to be brought forward	635	(49)	-	4	-	590
Exchange rate fluctuations	-	-	-	-	-	-
Elimination of unrealised margins on inventories	353	7	-	-	-	360
Provision for product warranty risk	219	(3)	-	-	-	216
Provision for sundry risks	29	4	(1)		-	32
Fair value hedging	-	-	-	-	-	-
Other deferred tax assets	15	4	-	-	-	19
Total deferred tax assets	**2,994**	**119**	**(1)**	**4**	**-**	**3,116**
Deferred tax liabilities						
Discounting post-employment benefits reserve	(7)	-	-	-	-	(7)
Fair value measurement	(44)	(2)	7	-	-	(39)
Currency valuation differences	(6)	8	-	-	-	2
Other deferred tax liabilities	(877)	7	-	(27)	-	(897)
Total deferred tax liabilities	**(934)**	**13**	**7**	**(27)**	**-**	**(941)**
Total	**2,060**	**132**	**6**	**(23)**	**-**	**2,175**

The following table analyses the changes in deferred tax assets and deferred tax liabilities during the first six months of 2023:

(Euro /000)	31 December 2022	Posted to the income statement	Recognised in shareholders' equity	Exchange rate differences	Other changes	30 June 2023
Deferred tax assets						
Impairment of inventories	1,646	(82)		(8)		1,556
Impairment of trade receivables	268	(6)		(2)		260
Impairment of assets	544	-		(1)		543
Deductible losses to be brought forward	718	(146)		(29)		543
Exchange rate fluctuations	11	(11)		-		-
Elimination of unrealised margins on inventories	493	22		-		515
Provision for product warranty risk	321	5		-		326
Provision for sundry risks	146	-	(1)	1		146
Fair value hedging	-	-	-	-		-
Other deferred tax assets	-	209	-	-	(209)	-
Total deferred tax assets	**4,147**	**(9)**	**(1)**	**(39)**	**(209)**	**3,889**
Deferred tax liabilities						
Currency valuation differences	(149)	11	41	-	-	(97)
Other deferred tax liabilities	(880)	(195)		15	209	(851)
Total deferred tax liabilities	**(1,029)**	**(184)**	**41**	**15**	**209**	**(948)**
Total	**3,118**	**(193)**	**40**	**(24)**	**-**	**2,941**

27. Profit (loss) from assets held for sale and discontinued

The “Profit (loss) from assets held for sale” in the period to 30 June 2024 is null. The same, as of 30 June 2023, was overall negative and equal to 210 thousand Euro, connected with the motion control business sold to the WEG group under the framework agreement signed on 1 August 2022. In particular, it includes the EBIT of the motion control business units, sold during the first quarter of 2023 (negative result equal to 65 thousand Euro), as well as the adjustment with respect to the initial estimate (negative for 145 thousand Euro) of the net accounting effects expected from the complete disposal of the business units, already recognised in 2022.

28. Guarantees granted, commitments and other contingent liabilities

a) Guarantees granted

At 30 June 2024, the Group has granted guarantees for the payables or commitments of third parties or subsidiaries totalling 2,713 thousand Euro. These are summarised in the table below:

(Euro /000)	30 June 2024	31 December 2023
Sandrini Costruzioni	66	66
Sandrini Costruzioni	29	29
WEG Equipamentos Elétricos S.A.	2,300	2,300
Tenova S.p.A.	200	200
Tenova S.p.A.	115	115
Total	**2,710**	**2,710**

The two sureties issued in favour of Sandrini Costruzioni guarantee the rent of the industrial property used by Elettropiemme S.r.l. under 2 leases, one of which will expire on 31 January 2027 while the other will expire on 31 December 2029.

On 30 September 2022, with regard to the sale of the motion control business to the Brazilian group WEG, Gefran S.p.A. issued a bank guarantee of 2,300 thousand Euro to WEG Equipamentos Eléctricos S.A., expiring on 30 September 2026.

During 2023, two bank guarantees were issued in favour of Tenova S.p.A., a customer of Gefran Soluzioni S.r.l., to guarantee the quality of products supplied. The first guarantee, for a value of 200 thousand Euro, expires on 30 September 2024, while the second, with a value of 115 thousand Euro, expires on 19 August 2025.

b) Legal proceedings and disputes

The Parent Company and certain subsidiaries are involved in various legal proceedings and disputes. However, the resolution of these disputes is not thought likely to generate significant liabilities not already covered by existing provisions.

c) Commitments

The Group has entered into contracts for the rental of buildings and the lease of equipment, electronic machinery and company vehicles. Pursuant to IFRS 16, the initial lease liability is capitalised as a RoU asset with a matching entry to Financial payables due to leasing under IFRS 16; see the related explanatory notes for more information.
As envisaged in this standard, certain contracts are excluded from the application of IFRS 16 as they satisfy the requirements for exclusion; lease instalments for those contracts totalling 407 thousand Euro were charged to the income statement in the first half of 2024 (433 thousand Euro in the first six months of 2023).

At 30 June 2024, the total value of the Group's commitments is 883 thousand Euro, for leasing and rental contracts expiring within the next five years, which do not fall within the scope of application of IFRS 16 (equal to 880 thousand Euro at 30 June 2023). This amount mainly refers to ancillary services pertaining to contracts subject to IFRS 16, as well as to contracts for which, based on their value and duration, the above standard has not been applied.

29. Dealings with related parties

The following information on Group company dealings with related parties during the first half of 2024 and 2023 is provided in accordance with IAS 24.

In accordance with the provisions of Consob Resolution no. 17221 of 12 March 2010, the Board of Directors of Gefran S.p.A. has adopted a Regulation governing dealings with related parties, the current version of which was updated by the Board on 24 June 2021 to implement the new requirements of Directive (EU) 2017/828 (so-called "Shareholders' Rights II"), and can be viewed on the Company's website, at https://www.gefran.com/governance/documents-and-procedures/.

Dealings 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 dealings.

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

(Euro /000)	Imet S.p.A.	Total
Costs of raw materials and accessories		
2023	-	-
2024	(394)	(394)

(Euro /000)	Climat S.r.l.	#REF!	Total
Service costs			
2023	(90)	(52)	(142)
2024	(98)	(54)	(152)

(Euro /000)	Climat S.r.l.	Marfran S.r.l.	Imet S.p.A.	Total
Property, plant, machinery and tools				
2023	294	-	-	294
2024	197	-	-	197
Trade receivables				
2023	-	35	-	35
2024	-	-	-	-
Trade payables				
2023	144	14	170	328
2024	201	-	276	477

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

In dealings 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 1.8 million Euro under specific contracts (1.6 million Euro as of 30 June 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 first half of 2024, the Parent Company Gefran S.p.A. recognised dividends from subsidiaries amounting to 4.3 thousand Euro (3.3 million Euro in the first half of 2023).

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 responsibility, identified in the General Manager of Gefran S.p.A., as well as in the Chief Financial Officer, Chief People & Organisation Officer, Group Chief Technology Officer and Chief Sales Officer.

30. Summary of public funds pursuant to Article 1, paragraphs 125-129, Law no. 124/2017

In compliance with the transparency and publicity requirements provided for under Law no. 124 of 4 August 2017 article 1, paragraphs 125-129, which imposed on companies the obligation to indicate in the notes to the accounts “subsidies, contributions, and other economic advantages of any type”, it should be noted that during the first half of 2024 this case did not arise.

Provaglio d’Iseo, 1 August 2024

For the Board of Directors

Chairwoman	Chief Executive Officer
Maria Chiara Franceschetti	**Marcello Perini**

Annexes

a) Consolidated income statement by quarter

(Euro /000)		Q1 2023	Q2 2023	Q3 2023	Q4 2023	TOT 2023	Q1 2024	Q2 2024	TOT 2024
a	Revenues	36,064	35,424	29,738	31,552	132,778	34,156	34,343	68,499
b	Increases for internal work	445	715	648	628	2,436	474	579	1,053
c	Consumption of materials and products	10,415	11,186	9,368	10,137	41,106	10,081	9,824	19,905
d	**Value Added (a+b-c)**	**26,094**	**24,953**	**21,018**	**22,043**	**94,108**	**24,549**	**25,098**	**49,647**
e	Other operating costs	6,080	5,755	5,408	5,678	22,921	5,538	5,912	11,450
f	Personnel costs	11,775	12,239	11,131	11,897	47,042	11,883	12,981	24,864
g	**EBITDA (d-e-f)**	**8,239**	**6,959**	**4,479**	**4,468**	**24,145**	**7,128**	**6,205**	**13,333**
h	Depreciation, amortisation and impairment	1,870	1,870	1,882	1,973	7,595	2,021	1,962	3,983
i	**EBIT (g-h)**	**6,369**	**5,089**	**2,597**	**2,495**	**16,550**	**5,107**	**4,243**	**9,350**
l	Gains (losses) from financial assets/liabilities	(115)	(46)	110	251	200	55	43	98
m	Gains (losses) from shareholdings valued at equity	16	(4)	6	12	30	2	12	14
n	**Profit (loss) before tax (i±l±m)**	**6,270**	**5,039**	**2,713**	**2,758**	**16,780**	**5,164**	**4,298**	**9,462**
o	Taxes	(2,346)	(1,340)	(603)	(633)	(4,922)	(1,356)	(943)	(2,299)
p	**Result from operational activities (n±o)**	**3,924**	**3,699**	**2,110**	**2,125**	**11,858**	**3,808**	**3,355**	**7,163**
q	Net income from assets available for sale and discontinued operations	(31)	(179)	3	2	(205)	-	-	-
r	**Group net profit (loss) (p±q)**	**3,893**	**3,520**	**2,113**	**2,127**	**11,653**	**3,808**	**3,355**	**7,163**

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

End-of-period exchange rates

Currency	30 June 2024	31 December 2023
Swiss franc	0.9634	0.9260
Pound sterling	0.8464	0.8691
U.S. dollar	1.0705	1.1050
Brazilian real	5.8915	5.3618
Chinese renminbi	7.7748	7.8509
Indian rupee	89.2495	91.9045

Average exchange rates in the period

Currency	30 June 2024	30 June 2023
Swiss franc	0.9615	0.9856
Pound sterling	0.8546	0.8766
U.S. dollar	1.0812	1.0811
Brazilian real	5.4945	5.4833
Chinese renminbi	7.8011	7.4898
Indian rupee	89.9804	88.8775

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	Germania	EUR	365,000	Gefran S.p.A.	100.00
Gefran France SA	Saint-Priest	France	EUR	800,000	Gefran S.p.A.	99.99
Gefran Benelux NV	Geel	Belgium	EUR	344,000	Gefran S.p.A.	100.00
Gefran Inc	North Andover	United States	USD	1,900,070	Gefran S.p.A.	100.00
Gefran Brasil Elettroel. Ltda	San Paolo	Brazil	BRL	450,000	Gefran S.p.A.	99.90
					Sensormate AG	0.10
Gefran India Private Ltd	Pune	India	INR	100,000,000	Gefran S.p.A.	95.00
					Sensormate AG	5.00
Gefran Asia Pte Ltd	Singapore	Singapore	EUR	3,359,369	Gefran S.p.A.	100.00
Gefran Automation Technology (Shanghai) Co Ltd	Shanghai	China (PRC)	RMB	28,940,000	Gefran Siei Asia	100.00
Sensormate AG	Aadorf	Switzerland	CHF	100,000	Gefran S.p.A.	100.00
Gefran Soluzioni S.r.l.	Provaglio d'Iseo	Italy	EUR	100,000	Gefran S.p.A.	100.00
Elettropiemme S.r.l.	Trento	Italy	EUR	70,000	Gefran Soluzioni S.r.l.	100.00

d) List of companies consolidated using the equity method

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
Robot At Work S.r.l.	Rovato	Italy	EUR	14,500	Gefran S.p.A.	24.83

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

Certification of Consolidated Financial Statements pursuant to Article 81-ter of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

The undersigned **Marcello Perini,** in his capacity as Chief Executive Officer, and **Paolo Beccaria**, in his capacity as Executive in charge of financial reporting of Gefran S.p.A., hereby certify, with due regard for the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy, with respect to the Company's characteristics,

and

- the effective application of the administrative and accounting procedures applied to prepare the consolidated financial statements, during the first half of 2024.

There are no significant matters to report in this regard.

They further certify that:

the condensed **half-yearly consolidated financial statements**:

- were prepared in accordance with the applicable international accounting standards endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- correspond to the entries made in accounting ledgers and records;
- provide a true and accurate representation of the economic and financial situation of the issuer and all companies included in the scope of consolidation.

the **Report on Operations** contains a reliable analysis of operating performance, results and condition of the issuer and all companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Provaglio d'Iseo, 1 August 2024

Chief Executive Officer	Executive in charge of financial reporting
Marcello Perini	**Paolo Beccaria**

External auditors' report on the condensed half-yearly consolidated financial statements

REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the Shareholders of Gefran SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Gefran SpA and its subsidiaries (the Gefran Group) as of 30 June 2024, comprising the statement of profit/(loss) for the period, the statement of profit/(loss) for the period and other items of comprehensive income, the statement of financial position, the consolidated cash flow statement, the statement of changes in shareholders' equity and related notes.

The Directors of Gefran SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of Review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the consolidated condensed interim financial statements of Gefran Group as of 30 June 2024 are not prepared, in all material respects, in accordance with the international accounting standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Verona, 2 August 2024

PricewaterhouseCoopers SpA

Alessandro Vincenzi
(Partner)

This review report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

PricewaterhouseCoopers SpA

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