



Six  
Monthly  
Report  
**30 June 2023**

**EUROGROUP<sup>®</sup>**  
**LAMINATIONS**  
E-MOTION FOR THE PLANET



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# LETTER to the shareholders'

Dear shareholders,

We hereby submit for your attention the consolidated half-yearly report of EuroGroup Laminations S.p.A. (the "Group") as at 30 June 2023.

The first half of 2023 was an overall positive half-year for our Group, which recorded a turnover of Euro 453.8 million, up 6.1% compared to the first half of 2022, with similar growth in terms of margins (EBITDA of Euro 57 million, compared to Euro 54.6 million in the corresponding period of the previous year); all this in a challenging market context for the Industrial segment due to a sharp drop in demand, mainly due to the adverse macroeconomic scenario, characterised by the continuation of high inflation and high interest rates. The EV & Automotive segment, on the other hand, benefited from the strong growth in the global production of electrically driven vehicles, which recorded an increase in turnover of 73.1% to Euro 245.1 million and in EBITDA for the period of 73.4% from Euro 18.8 million to Euro 32.6 million. Net of all other income components, the first half of 2023 closed with a consolidated profit for the period of Euro 18.8 million, a decrease of Euro 3.2 million compared to the same period of the previous year. The decrease in net profit was mainly due to the higher incidence of depreciation and amortisation incurred as a result of the substantial investments being made to ensure the company's growth, and the volatility in exchange rates related to the increase in interest rates by central banks. In the six months ended 30 June 2023, the parent company EuroGroup Laminations S.p.A. recorded a profit for the period of Euro 2.1 million compared to a loss of Euro 0.5 million in the corresponding six months of the previous year.

The Group is the world leader in the design, production, and distribution of stators and rotors for electric motors and generators, and completed the listing on the Euronext Milan stock market, a regulated market organized and managed by Borsa Italiana S.p.A., in February 2023. The gross proceeds of the offer amounted to approximately Euro 409 million, including a capital increase of approximately Euro 250 million, and the market capitalization of the Company at the beginning of trading was approximately Euro 922 million.

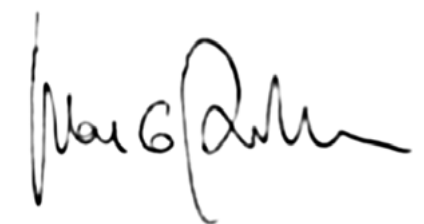
The success of the IPO can be explained, among other things, by the Group's leadership position on current trends in society, including the global focus on sustainability and zero-carbon goals, the energy transition to renewable energy, a supportive regulatory framework for the adoption of electric vehicles (demonstrated, for example, by the obligation introduced by the European Parliament to produce zero-emission vehicles from 2035) combined with the growing consumer acceptance of such vehicles and increasing energy efficiency requirements for electric motors used in industrial applications.

Electric motors, of which the Group produces the essential component, the motor core, are in fact the single largest source of electricity consumption worldwide.

The expected organic growth will require the continuation of the investment plan already being implemented by the Group's management, mainly aimed at expanding production capacity with consequent growth in the workforce, both in Italy and in the Group's numerous foreign subsidiaries, including Mexico, China, the United States and Tunisia, with the opening of new production facilities in these areas already expected by the end of the year.

With a unique set of competitive advantages in terms of innovation, technology, process and scale built over more than 55 years of history, the Group is in the best position to take advantage of the energy transition wave and seize the numerous expansion opportunities in the markets where it operates, also thanks to the funds raised in the IPO.

Chief Executive Officer  
**Marco Stefano Arduini**

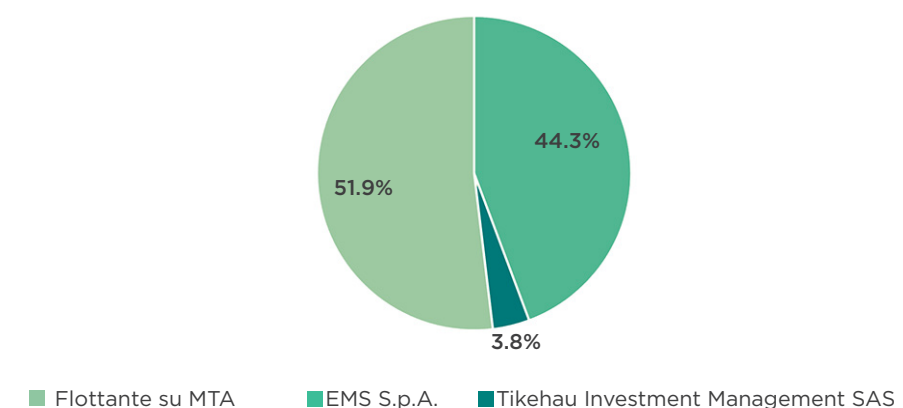


## SHAREHOLDING STRUCTURE

Following the completion of the process of listing the Company on the Euronext market, which ended on 10 February 2023, the Company's share capital is equal to Euro 6,111,941.00, divided into 94,016,319 ordinary shares listed on Euronext Milan and 73,677,026 non-listed multiple-voting shares, with no indication of par value, corresponding to a total of 315,047,397.00 voting rights exercisable at the Shareholders' Meeting. Each ordinary share entitles the holder to 1 (one) vote at the Company's ordinary and extraordinary general meetings, and each multi-voting share entitles the holder to 3 (three) votes at the Company's ordinary and extraordinary general meetings. It should be noted that at the current date, the Company held no treasury shares in its portfolio.

As at 30 June 2023, the relevant shareholders are shown in the chart below.

Shareholders as at 30 June 2023 by number of shares held



The Company does not hold treasury shares.



# Management report





Corporate bodies composition

Board of Directors

As of 10 February 2023, the trading start date, the Board of Directors includes the following directors, who will remain in office until the approval of the financial statements as at 31 December 2025:

Name and Surname	Position
Sergio Iori	Non-Executive Chairman
Isidoro Guardalà	Executive Vice Chairman
Marco Stefano Arduini	Chief Executive Officer
Gianluca Umberto Maria Bertocchi	Executive Director
Leonardantonio Franchini	Executive Director
Jean-Marc Pierre Gales	Non-Executive Director
Roberto Francesco Quagliuolo	Non-Executive Director
Alessandra Bianchi	Non-Executive Director <sup>(1)(2)</sup>
Gunter Beitinger	Non-Executive Director <sup>(1)</sup>
Maria Giovanna Calloni	Non-Executive Director <sup>(1)</sup>

(1) Independent director in accordance with art. 147-ter, paragraph 4, and of the art. 148, paragraph 3 of Law Decree No. 58 of 24 February 1998 and of the art. 2 of the Corporate Governance Code.

(2) Lead Independent Director pursuant to the Corporate Governance Code.

Since 10 February 2023, the following have also been established:

- a Control, Risk and Sustainability Committee, pursuant to Articles 1 and 6 of the Corporate Governance Code composed of Alessandra Bianchi (Chairperson independent), Maria Giovanna Calloni (independent) and Roberto Quagliuolo;
- an Appointments and Remuneration Committee, in accordance with Articles 4 and 5 of the Corporate Governance Code composed of Alessandra Bianchi (Chairperson independent), Maria Giovanna Calloni (independent) and Jean-Marc Pierre Gales;
- a Related Party Transactions Committee, in accordance with the Related Parties Regulation adopted by Consob with resolution no. 17221 of 12 March 2010, as subsequently amended with resolution no. 22144 of 22 December 2021, composed of Maria Giovanna Calloni (Chairperson independent), Alessandra Bianchi (independent) and Gunter Beitinger (independent).

To support its Internal Control and Risk Management System, the Company has established, starting from the trading start date, the Internal Audit function as indicated in Recommendation no. 36 of the Corporate Governance Code, outsourcing, with the favourable opinion of the Board of Statutory Auditors, to the consultancy firm Protiviti S.r.l.

Board of Statutory Auditors

The following table shows the members of the Company's Board of Statutory Auditors, in office from the start date of trading until the approval of the financial statements as at 31 December 2025:

Name and Surname	Position
Luigi Emilio Garavaglia	Chairman of the Board of Statutory Auditors
Pietro Ebreo	Standing Auditor
Maria Venturini	Standing Auditor
Giancarlo Gandola	Alternate Auditor
Roberta Sironi	Alternate Auditor

Manager responsible for preparing the Company's accounting documents

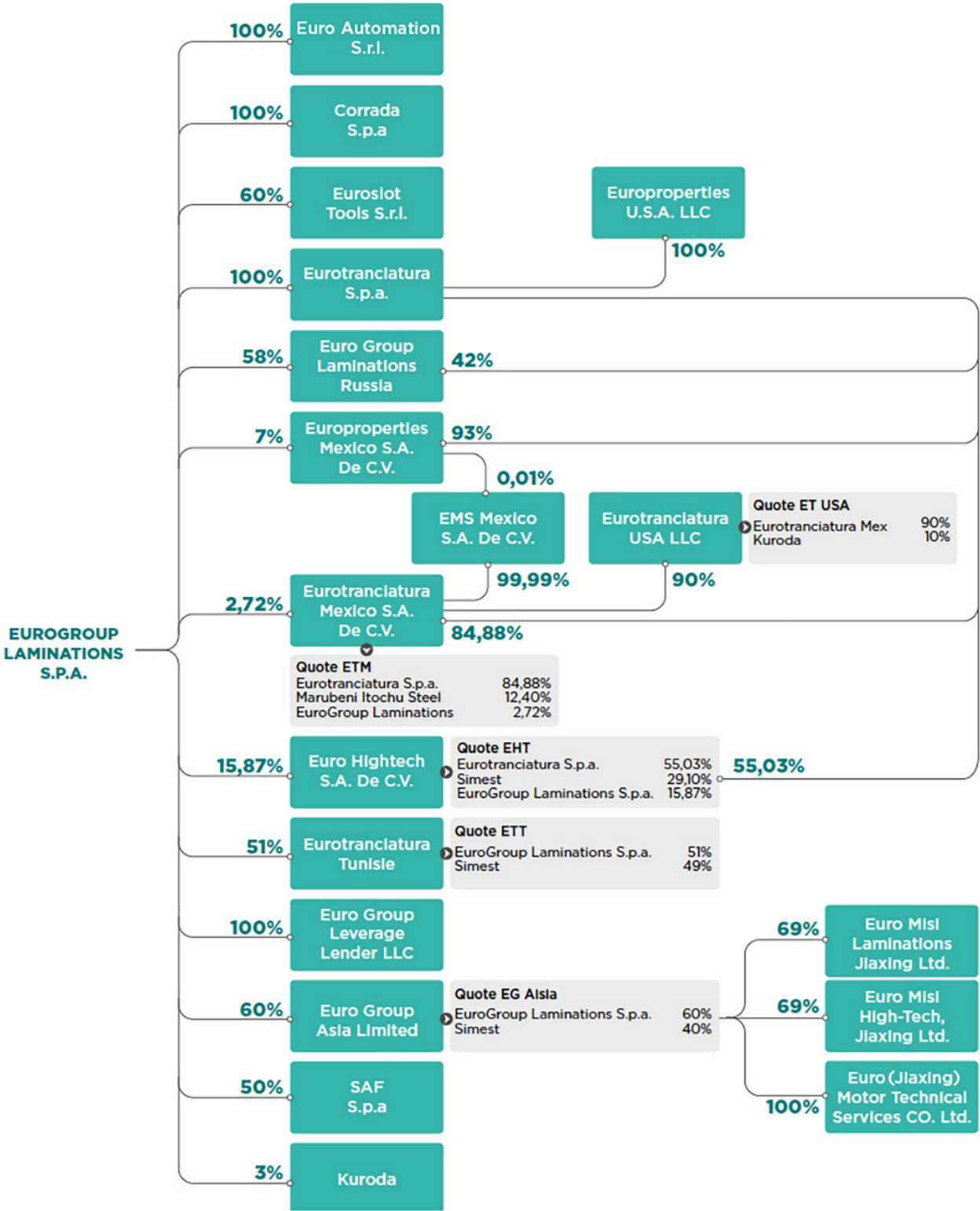
Isidoro Guardalà

Independent Auditor

Deloitte & Touche S.p.A., appointed by the Shareholders' Meeting on 18 November 2022, on the reasoned proposal of the Board of Statutory Auditors, for the nine-year period 2022-2030 and, therefore, until the approval of the financial statements as at 31 December 2030.

Group Structure

The following graph illustrates the structure of the Group as at 30 June 2023, with an indication of the main subsidiaries of the Group and the equity investment held by the Company, directly or indirectly, in each of them.



The following table provides an overview of the Group's subsidiaries as at 30 June 2023 and at the date of preparation of this report.

The central column indicates the percentage of capital held, directly and indirectly, both in terms of economic and voting rights.

On 26 May 2023, the company "EuroGroup Laminations S.p.A." established the company "Euro Automation S.r.l.", a limited liability company based in Milan. The company's purpose is the research, development, production and marketing of innovative products or services with high technological value. The share capital of Euro 100 thousand was fully paid in by EuroGroup Laminations S.p.A.

Subsidiary	%	Jurisdiction
Eurotranciatura S.p.A.	100.00%	Italy
Corrada S.p.A.	100.00%	Italy
Euroslot Tools S.r.l.	60.00%	Italy
Euro Automation S.r.l.	100.00%	Italy
Eurotranciatura Tunisie S.a.r.l.	100.00%	Tunisia
Euro Group Laminations Russia L.L.C.	100.00%	Russia
Eurotranciatura México S.A. de C.V.	87.60%	Mexico
Euro High Tech México S.A. de C.V.	100.00%	Mexico
Europroperties México S.A. de C.V.	100.00%	Mexico
Euro Group Leverage Lender L.L.C.	100.00%	United States
Euro Group Asia Ltd	100.00%	Hong Kong (China)
SAF S.p.A.	50.00%	Italy
Europroperties USA L.L.C.	100.00%	United States
Euro Management Services México S.A. de C.V.	87.60%	Mexico
Eurotranciatura U.S.A. L.L.C.	78.84%	United States
Euro Misi Laminations Jiaxing Co. Ltd	69.00%	China
Euro Misi High Tech, Jiaxing Co Ltd	69.00%	China
Euro (Jiaxing) Motor Technical Services Co., Ltd.	100.00%	China

## Summary of Group results

<i>In thousands of Euro unless otherwise indicated</i>	30 June 2023	30 June 2022
Revenues	453,804	427,765
EBIT	42,036	42,286
EBIT Margin	9.26%	9.89%
EBITDA	57,036	54,635
EBITDA Margin	12.57%	12.77%
Return On Capital Employed (ROCE)	15.14%	16.69%
Return On Equity (ROE)	12.60%	20.05%

<i>In thousands of Euro unless otherwise indicated</i>	30 June 2023	31 December 2022
Net invested capital	561,534	455,002
Net Trade Working Capital	253,617	157,014
Net Financial Debt	(113,478)	(259,377)
Gearing Ratio	0.3	1.3
Investment (CAPEX)	50,951	85,108

During the first half of 2023, revenues amounted to Euro 453.8 million, up 6.1% compared to 30 June 2022 (Euro 427.8 million).

The EV & Automotive segment achieved revenues of Euro 245.1 million, a growth of 73.1% compared to 30 June 2022 (Euro 141.6 million), mainly due to an increase in volumes related to the growing demand for EV propulsion products. This result confirms the Group's leadership in the markets where it operates.

The Industrial segment recorded a total revenues of Euro 208.7 million as at 30 June 2023, down 27% compared to the first half of 2022 (Euro 286.2 million). The decline reflects a decrease in sales volumes due to falling global demand and the reduction in sales prices related to the reduction in the prices of raw materials.

In terms of margins, the Group recorded a performance in line with the first half of 2022. EBITDA at the end of the first half of 2023 was Euro 57 million, up +4.4% compared to 30 June 2022 (Euro 54.6 million). This trend was mainly driven by the higher contribution of the EV & Automotive segment. The EBITDA margin was 12.6% compared to 12.8% in the first half of 2022.

In the first six months of 2023, the EBITDA of the EV & Automotive segment increased significantly compared to the same period of 2022, standing at Euro 32.6 million (Euro 18.8 million in 2022). EBITDA in the Industrial segment decreased to Euro 24.4 million (Euro 35.9 million in 2022) and confirmed a good margin (EBITDA margin of 11.7%).

EBIT amounted to Euro 42 million as at 30 June 2023, in line with the value as at 30 June 2022 (Euro 42.3 million), despite the increase in depreciation and amortisation following operating investments to support the Group's growth. The order portfolio of the EV & Automotive segment continues to grow, reaching an estimated value of Euro 6 billion as of 31 July 2023, with an additional order pipeline under discussion of approximately Euro 3.8 billion. These results further confirm the Group's solid long-term growth prospects and its contribution to decarbonisation and the development of more sustainable mobility.

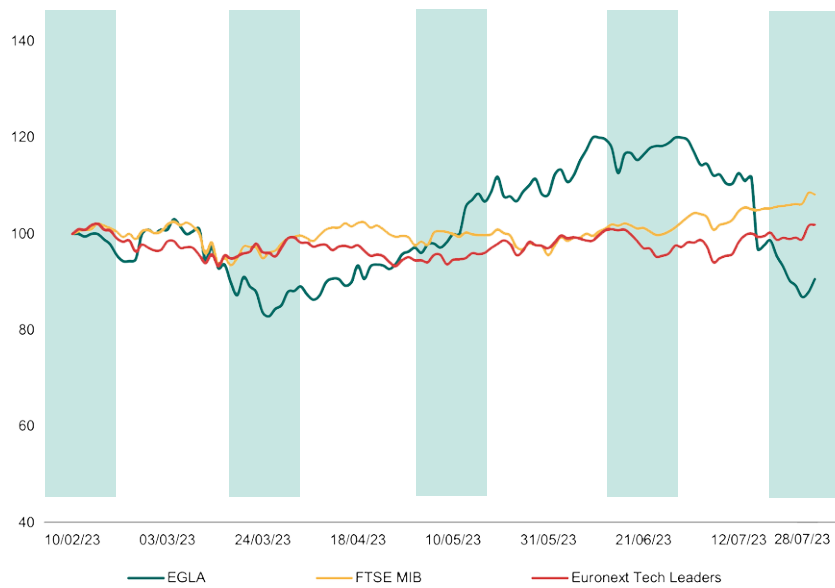
Net financial debt as at 30 June 2023 amounted to Euro 113.5 million, compared to Euro 259.4 million as at 31 December 2022. This decrease is mainly attributable to the effect of the Euro 250 million capital increase completed as part of the listing process, which was finalised in February, partially offset by the significant capital expenditure of Euro 51.0 million, mainly attributable to investments in increased production capacity to meet the planned volume increases of the EV & Automotive BU and the increase in net working capital.

## Main Stock Market indicators

- Official price at the start of trading (10 February 2023) of Euro 5.50
- Minimum price for the period as at 27 March 2023 of Euro 4.56
- Maximum price for the period as at 9 June 2023 of Euro 6.60
- Market capitalisation<sup>1</sup> at the start of trading (10 February 2023) of Euro 922 million
- Number of shares making up the share capital as at 10 February 2023 Euro 167,693,345, divided into 94,016,319 ordinary shares (ISIN IT0005527616) and 73,677,026 multiple voting shares (ISIN IT0005527624)
- Number of shares outstanding (free float) 74,339,367

### Share price trend EuroGroup Laminations vs. FTSE MIB and Euronext Tech Leaders (base 100)

The market performance of the EuroGroup Laminations' share since 10 February 2023, the start date of trading, is shown below.



(1) Market capitalisation is calculated taking into account both ordinary and multi-vote shares issued or to be issued by the Company. For regulatory reasons, the market capitalisation that will be shown on the Euronext Milan website will be different.

# 01 | Macroeconomic scenario

The most recent estimates by the International Monetary Fund (IMF<sup>2</sup>), updated in July 2023, predict an expansion of the global economy of 3.0% in both 2023 and 2024, following the 3.5% increase recorded in 2022. However, this rate is still lower than the average of +3.8% in the 2000-2019 period. The IMF has also revised upwards its 2023 growth forecast for the Italian economy to 1.1% (0.7% in the previous edition), while for the eurozone the expected growth rate for 2023 is 0.9%, before rising to 1.5% in 2024.

Global inflation is expected to fall to 6.8% in 2023 and to 5.2% in 2024, compared to 8.7% in 2022. This level remains significantly higher than the historical average of +4% in the 2000-2019 period.

In the Eurozone and Italy, inflation also remains high, but shows a downward trend compared to previous months, with the Eurosystem's estimate of 5.4% for 2023 decreasing to 2.2% in 2025 for the Eurozone and the Bank of Italy's estimate of 6.0% decreasing to 2.0% in 2025 for Italy<sup>3</sup>.

Expectations of lower inflation reflect the decrease in energy prices, an easing of tensions on supply chains and the decisive and coordinated intervention of central banks worldwide. It is significant to note that in recent meetings, central bankers have decisively reaffirmed their intention to maintain a restrictive monetary policy, while slowing down (or blocking) the increase in reference rates.

In fact, the main mechanism by which rising interest rates reduce the change in prices is by increasing the cost of debt, which tends to discourage investment and reduce overall demand; this also has an indirect effect on energy prices. The effects of this restrictive monetary policy seem to be even more pronounced in the case of 'coordinated' restrictive monetary policies, such as in the current context, which have seen the Fed's official interest rate rise from 0% at the beginning of 2022 to 5.50% today<sup>4</sup> and the ECB's official interest rate rise from 0% to 4.25% in the same time frame<sup>5</sup>.

The US economy grew by 0.5 % in the first quarter of 2023 compared to the previous quarter. Despite the negative signals regarding the economy's development, in the above-mentioned World Economic Outlook update the IMF estimates growth of 1.8% in 2023, revised upwards by 20 basis points from the outlook published in April, and growth at 1% for 2024. At the moment, however, the most widely accepted hypothesis is that of a 'soft landing' and not a full-blown recession.

In China, as economic and social activities return to normal, annual growth for most output and demand indicators has improved, albeit at a slightly slower pace than originally forecast.

To support economic activity, the Central Bank of China (PBoC) has embarked on a monetary policy of lowering rates. The Loan Prime Rate (LPR) and the Medium-term Lending Facility (MLF), the two main reference rates of Chinese monetary policy, stood at 3.55% and 2.65% respectively in June 2023 (these rates had been stable at 3.65% and 2.75% since August/July 2022).

The overall performance of the Chinese economy appears solid, but shows some weak indications of instability, despite the continuing post-pandemic recovery. Given the weight of this economy and its strategic importance globally, a slow recovery of economic activity translates into a slower recovery of the world economy as a whole.

Macroeconomic indicators for Europe show prospects of a slowdown. The manufacturing PMI index is deteriorating for the main Eurozone countries (Germany, France, Italy, Spain), with values below the expansion threshold. On the other hand, the services PMI index remains above the benchmark (with the exception of France), but shows a significant decline in recent months.

However, the above-mentioned forecasts for the Italian economy are subject to a high degree of uncertainty due to the conflicting signals emerging from the currently available data. Indeed, these forecasts are influenced by the international context, the reaction of households and businesses to rising rates and to still high inflation, and, finally, the implementation of the NRRP.

Despite rising interest rates and moderate economic growth, labour market statistics in Italy continue to show positive results. The number of employed people reached record levels (over 23.4 million, +383 thousand more than in May 2022, with the employment rate rising to 61.2% from 61.1% in May 2022<sup>6</sup>), while the number of jobseekers continued to decline. As a result, the unemployment rate in May 2023 was 7.6%, down from 7.8% in April and 8.1% in 2022.

(2) Source: IMF, "World Economic Outlook Update, July 2023, available at: <https://www.imf.org/en/Publications/WEO/Issues/2023/07/10/world-economic-outlook-update-july-2023>

(3) Source: Bank of Italy, "Economic Bulletin", number 3/2023, available at the link: <https://www.bancaditalia.it/pubblicazioni/bollettino-economico/2023-3/bol-co-3-2023.pdf>

(4) Source: <https://www.federalreserve.gov/monetarypolicy/openmarket.htm>

(5) Source: [https://www.ecb.europa.eu/stats/policy\\_and\\_exchange\\_rates/key\\_ecb\\_interest\\_rates/html/index.en.html](https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.en.html)

(6) Source: ISTAT, press release on labour market trends, available at the link: <https://www.istat.it/it/Archive/286225>



## 02 | Group operating performance

### Group Income Statement

The table below shows the consolidated income statement for the half-year ended 30 June 2023 compared with the corresponding period of the previous year.

	Half-year ended 30 June	
(in thousands of Euro)	2023	2022
Revenues from sales and services	453,804	427,765
Changes in inventories of finished and semi-finished products	3,970	24,966
Other revenues and income	1,718	204
Raw material costs	(295,255)	(294,209)
Costs for services	(50,370)	(46,959)
Personnel costs	(55,353)	(53,792)
Other operating expenses	(1,479)	(2,344)
Impairment of fixed assets	-	(4,402)
Depreciation and amortisation	(14,999)	(12,350)
<b>Operating profit</b>	<b>42,036</b>	<b>38,880</b>
Financial income	1,788	975
Financial expenses	(10,554)	(6,973)
Exchange gains (losses)	(4,923)	3,406
<b>Profit before tax</b>	<b>28,347</b>	<b>36,288</b>
Taxes	(9,595)	(14,297)
<b>Profit for the period</b>	<b>18,752</b>	<b>21,991</b>
Profit attributable to third parties	1,805	1,825
<b>Profit attributable to the Group</b>	<b>16,947</b>	<b>20,166</b>
Earnings per share	0.11	0.16

**Revenues** as at 30 June 2023 amounted to Euro 453,804 thousand (Euro 427,765 thousand as at 30 June 2022), an increase of Euro 26,039 thousand (increase of 6.1%) compared to the corresponding period of the previous year.

The following table shows the breakdown of revenues by operating segment for the first half of 2023 compared with the data for the corresponding period of the previous year:

	Change					
(in thousands of Euro)	30 June 2023	%	30 June 2022	%	2023 vs 2022	%
EV & Automotive	245,140	54.0%	141,591	33.1%	103,549	73.1%
Industrial	208,664	46.0%	286,174	66.9%	(77,510)	-27.1%
<b>Revenues</b>	<b>453,804</b>	<b>100.0%</b>	<b>427,765</b>	<b>100.0%</b>	<b>26,039</b>	<b>6.1%</b>

Revenues of the EV & Automotive segment as at 30 June 2023 amounted to Euro 245,140 thousand (Euro 141,591 thousand as at the same date in financial year 2022), an increase of Euro 103,549 thousand (increase of 73.1%) compared to the corresponding period of the previous year. This increase is attributable to the higher volume of activity recorded in 2023 following the growing demand for EV traction products, supported by the favourable regulatory context worldwide and by the increase in sales prices which reflects the increase in raw material prices.

Revenues of the Industrial segment as at 30 June 2023 amounted to Euro 208,664 thousand (Euro 286,174 thousand in the first half of 2022), down Euro 77,510 thousand (decrease of 27.1%) from the corresponding period of the previous year. The decrease is mainly attributable to the reduction in raw material prices reflected in sales prices as well as a contraction in volumes.

The Group's Revenues are generated in three geographic areas: EMEA, North America and Asia. The breakdown of revenues by geographical area is shown below:

	Change					
(in thousands of Euro)	30 June 2023	%	30 June 2022	%	2023 vs 2022	%
EMEA	267,143	58.9%	250,981	58.7%	16,162	6.4%
<i>of which in Italy</i>	263,004	58.0%	242,490	56.7%	20,514	8.5%
North America	164,469	36.2%	153,645	35.9%	10,824	7.0%
<i>of which in Mexico</i>	137,142	30.2%	91,390	21.4%	45,752	50.1%
<i>of which in United States</i>	27,327	6.0%	62,255	14.5%	(34,928)	-56.1%
Asia	22,192	4.9%	23,139	5.4%	(947)	-4.1%
<i>of which in China</i>	22,192	4.9%	23,139	5.4%	(947)	-4.1%
<b>Revenues</b>	<b>453,804</b>	<b>100.0%</b>	<b>427,765</b>	<b>100.0%</b>	<b>26,039</b>	<b>6.1%</b>

EMEA revenues amounted to Euro 267,143 thousand (Euro 250,981 thousand in the first half of 2022) and were up by 6.4%, mainly due to growth attributable to increased sales in the automotive market.

North American revenues amounted to Euro 164,469 thousand (Euro 153,645 thousand in the first half of 2022) and were up by 7.0% mainly due to growth attributable to increased sales in the automotive market.

Revenues in the Asia area amounted to Euro 22,192 thousand (Euro 23,139 thousand in the first half of 2022) and were down by 4.1% mainly due to the decrease in raw material prices, which was reflected in sales due to sales price adjustments.

**Other revenues** increased by Euro 1,514 thousand compared to the corresponding period of the previous year and included government grants for the reduction of costs related to energy and gas.

The **Change in inventories** amounted to Euro 3,970 thousand (Euro 24,966 thousand in the first half of 2022), a decrease of Euro 20,996 thousand, mainly due to higher market demand and efficient warehouse management of finished and semi-finished products.

**Purchase costs**, net of the change in raw material inventories, amounted to Euro 295,255 thousand (Euro 294,209 thousand in the first half of 2022), an increase of 0.4%. This change is in line with the overall increase in revenues and the change in inventories (+1.1%).

**Costs for services** amounted to Euro 50,370 thousand (Euro 46,959 thousand in the first half of 2022) and increased by Euro 3,411 thousand (increase of 7.3%) compared to the corresponding period of the previous year, mainly due to (i) an increase in maintenance costs attributable to increased maintenance activities carried out at the Mexican and Italian plants; (ii) an increase in outsourcing and consulting activities for increased production activity; (iii) an increase in travel expenses for post-pandemic recovery and the management of new group projects. The increase is partly offset by a substantial reduction in energy costs, due to a drop in market prices.

**Personnel costs** amounted to Euro 55,353 thousand (Euro 53,792 thousand in the first half of 2022) and increased by Euro 1,561 thousand (increase of 2.9%) compared to the corresponding period of the previous year. The increase in personnel costs is mainly attributable to (i) an increase in the number of employees from approximately 2,700 in 2022 to 2,900 in 2023, (ii) an increase in inflation-adjusted salaries, and (iii) the negative effect caused by the adverse change in the Mexican Peso/Dollar exchange rate.

**Other operating expenses** amounted to Euro 1,479 thousand (Euro 2,344 thousand in the first half of 2022) and decreased by Euro 865 thousand (decrease of 36.9%) compared to the corresponding period of the previous year mainly due to the provision for risks and charges recognised in the previous period following the notice of assessment received from the Italian revenues Agency for the 2016 tax period.

**Depreciation and amortisation** amounted to Euro 14,999 thousand (Euro 12,350 thousand in the first half of 2022) and increased by Euro 2,649 thousand (increase of 21.4%) compared to the corresponding period of the previous year. This increase is attributable to the increase in the value of the right of use, mainly related to commercial and industrial properties and equipment, as well as to investments in new machinery.

**Financial income** amounted to Euro 1,788 thousand (Euro 975 thousand in the first half of 2022) and increased by Euro 813 thousand (increase of 83.4%) compared to the previous period mainly due to the subscription of time deposits with different maturities within 12 months.

**Financial expenses** amounted to Euro 10,554 thousand (Euro 6,973 thousand in the first half of 2022) and increased by Euro 3,581 thousand (increase of 51.4%) compared to the previous period, mainly due to the increase in gross financial debt as at 30 June 2023 compared to 30 June 2022 and the effect of increased interest on medium/long-term loans substantially attributable to the increase in the variable parameter used to calculate them (3- and 6-month Euribor). The increase is partially offset by lower financial charges paid to other investors.

**Exchange gains (losses)** amounted to Euro (4,923) thousand (Euro 3,406 thousand in the first half of 2022). The balance as at 30 June 2023 refers entirely to unrealised exchange differences on intercompany loans. The loss for the half-year mainly derives from the adverse effect of the Euro/Dollar exchange rate.

**Income taxes** amounted to Euro 9,595 thousand (Euro 14,297 thousand in the first half of 2022) and decreased by Euro 4,702 thousand (decrease of 32.9%) compared to the corresponding period of the previous year mainly due to the lower pre-tax profit recorded by the Group in financial year 2023.

As a result of the above-mentioned trends, the Profit for the period amounted to Euro 18,752 thousand (Euro 21,991 thousand in the first half of 2022) and decreased by Euro 3,239 thousand (decrease of 14.7%) compared to the corresponding period of the previous year. In the first half of 2023, Profit attributable to the Group amounted to Euro 16,947 thousand (Euro 20,166 thousand in the corresponding period of financial year 2022), while Profit attributable to third parties amounted to Euro 1,805 thousand (Euro 1,825 thousand in the corresponding period of financial year 2022).

**Earnings per share** amounted to Euro 0.11 (Euro 0.16 in the comparative period). The reduction is mainly attributable to the share capital increase completed in February with the completion of the IPO process. Following the share capital increase, the number of shares rose from 122,238,800 to 167,693,345.



## Statement of financial position of the Group

The following table shows the reclassified consolidated statement of financial position as at 30 June 2023 compared with the figures as at 31 December 2022.

	(in migliaia di Euro)	30 June 2023	31 December 2022	Change
A	Intangible assets	2,475	2,774	(299)
B	Tangible assets	241,062	206,550	34,512
C	Rights of use	62,316	55,115	7,201
<b>D</b>	<b>Fixed assets A+B+C</b>	<b>305,853</b>	<b>264,439</b>	<b>41,414</b>
E	Other non-current assets and liabilities <sup>(1)</sup>	4,090	7,992	(3,902)
<b>F</b>	<b>Net fixed assets D+E</b>	<b>309,943</b>	<b>272,431</b>	<b>37,512</b>
G	Inventories	378,821	335,733	43,088
H	Trade receivables	163,934	150,573	13,361
I	Trade payables	(289,138)	(329,292)	40,154
<b>J</b>	<b>Net Trade Working Capital G+H+I</b>	<b>253,617</b>	<b>157,014</b>	<b>96,603</b>
K	Other current assets and receivables	39,702	57,722	(18,020)
L	Other current liabilities	(41,729)	(32,165)	(9,564)
<b>M</b>	<b>Net Working Capital J+K+L</b>	<b>251,590</b>	<b>182,571</b>	<b>69,019</b>
<b>N</b>	<b>Net Invested Capital F+M</b>	<b>561,534</b>	<b>455,002</b>	<b>106,532</b>
<b>O</b>	<b>Equity</b>	<b>448,055</b>	<b>195,625</b>	<b>252,430</b>
P	Medium-long term financial payables	174,245	190,778	(16,533)
Q	Liabilities for medium/long-term leased assets	46,024	41,202	4,822
R	Trade and other non-current payables <sup>(2)</sup>	1,002	113	889
<b>S</b>	<b>Medium-long term financial debt P+Q+R</b>	<b>221,271</b>	<b>232,093</b>	<b>(10,822)</b>
T	Short-term financial payables	113,168	142,279	(29,111)
U	Liabilities for short-term leased assets	8,126	7,192	934
V	Short-term financial receivables	(64,342)	(5,684)	(58,658)
W	Cash and cash equivalents	(164,745)	(116,503)	(48,242)
X	Short-term net financial debt T+U+V+W	(107,793)	27,284	(135,077)
<b>Y</b>	<b>Net financial debt S+X</b>	<b>113,478</b>	<b>259,377</b>	<b>(145,899)</b>
<b>Z</b>	<b>Total Equity + Net financial debt O+Y</b>	<b>561,534</b>	<b>455,002</b>	<b>106,532</b>

(1) the item "Other non-current assets and liabilities" includes the items "Deferred tax assets", "Other non-current assets", "Non-current receivables and financial assets", "Employee benefits", "Provisions for non-current risks and charges", "Other non-current liabilities (net of payables to shareholders for dividends)", "Deferred tax liabilities".

(2) the item "Trade payables and other non-current payables" the amount related to dividends payable to shareholders.

Fixed assets increased during the period from Euro 264,439 thousand as at 31 December 2022 to Euro 305,853 thousand as at 30 June 2023. This result is mainly due to investments in tangible assets made in 2023 as detailed in Note 1 "tangible assets".

Inventories amounted to Euro 335,733 thousand as at 31 December 2022 and Euro 378,821 thousand as at 30 June 2023. The increase in inventories is mainly due to (i) the increase in raw material inventories by Euro 22,984 thousand in order to support the production ramp-up for the second half of 2023 (ii) the increase in finished and semi-finished product inventories by a total of Euro 15,925 thousand to meet higher expected sales volumes, which led to an increase in production. Trade receivables increased during the period from Euro 150,573 thousand as at 31 December 2022 to Euro 163,934 thousand as at 30 June 2023. The increase in this item is attributable to an increase in business volume. Trade receivables are stated net of the allowance for doubtful accounts, which amounted to Euro 8,765 thousand as at 31 December 2022 and Euro 9,192 thousand as at June 2023. Trade payables amounted to Euro 329,292 thousand as at 31 December 2022 and Euro 289,138 thousand as at 30 June 2023. This item includes amounts due for the supply of materials for production, payables for expenses incurred for the purchase of assets and payables for services received. The Group has no reverse factoring and/or supplier financing transactions in place.

Other current assets and receivables amounted to Euro 57,722 thousand as at 31 December 2022 and Euro 39,702 thousand as at 30 June 2023. The decrease of Euro 18,020 thousand is mainly due to the combined effect of: the decrease in VAT and other tax receivables for offsetting and reimbursements of Euro 16,667 thousand, the increase in advances to suppliers of Euro 3,188 thousand and the decrease in other receivables of Euro 4,541 thousand mainly due to the recognition in equity of IPO costs suspended as at 31 December 2022.

Current and non-current liabilities include the short-term and medium- to long-term portions of financial payables and liabilities for leased assets. Medium- and long-term financial payables decreased from Euro 190,778 thousand as at 31 December 2022 to Euro 174,245 thousand as at 30 June 2023. Short-term financial payables amounted to Euro 7,192 thousand as at 31 December 2022 and Euro 8,126 thousand as at 30 June 2023.

The decrease in medium- and long-term financial payables of Euro 16,553 thousand is due to the repayment of loans during the half-year.

Liabilities for leased assets consist of the short-term and medium- to long-term portions. Liabilities for leased assets increased by Euro 5,756 thousand as a result of new contracts signed during the period.

Cash and cash equivalents amounted to Euro 116,503 thousand as at 31 December 2022 and Euro 164,745 thousand as at 30 June 2023. For more details on the movement of cash balances during the period, please refer to the Statement of Cash Flows.

The item "Other non-current assets and liabilities" includes the balance sheet items "Deferred tax assets", "Other non-current assets", "Non-current financial assets and receivables", "Employee benefits", "Provisions for non-current risks and charges", "Other non-current liabilities (net of dividends payable to shareholders)", "Deferred tax liabilities" and decreased from Euro 7,992 thousand as at 31 December 2022 to Euro 4,090 thousand as at 30 June 2023. The decrease is mainly due to the payment of the entire share capital of Euro Misi High Tech in the amount of Euro 957 thousand, the closure of pledged deposits in the amount of Euro 754 thousand for the release of the surety on Simest's authorisation, and the reduction in the market value of the shares in Kuroda in the amount of Euro 423 thousand.

“Deferred tax assets” amounted to Euro 23,325 thousand as at 31 December 2022 and Euro 21,953 thousand as at 30 June 2023. The decrease in deferred tax assets recorded in the first half of 2023 is mainly attributable to the timing differences that emerged from the valuation of the inventory obsolescence provision and allowance for doubtful accounts. Please refer to note 4 “Deferred tax assets and deferred tax liabilities” for details and a breakdown of the item and the changes in the half-year.

The item “Other non-current assets” amounted to Euro 1,834 thousand as at 31 December 2022 and Euro 1,760 thousand as at 30 June 2023. This item consists of the other non-current tax credits that relate to the portion of the tax credit, for investments in plant and equipment made during the years, that will be available for use in future years, and other non-current receivables amounting to Euro 94 thousand as at 30 June 2023.

The item “Employee benefits” amounted to Euro 4,070 thousand as at 31 December 2022 and Euro 3,868 thousand as at 30 June 2023. The item includes the Group’s severance indemnity liability accrued by managers and employees of the Italian companies. Foreign companies do not recognise employee benefits or other components similar to employee benefits.

The item “Provisions for risks and charges” amounted to Euro 1,230 thousand as at 31 December 2022 and Euro 887 thousand as at 30 June 2023. This item includes the Supplementary customer indemnity fund, which did not undergo any significant changes during the period, and other provisions for risks and charges amounting to Euro 732 thousand as at 31 December 2022 and Euro 393 thousand as at 30 June 2023. The decrease is attributed to EuroGroup Laminations S.p.a.’s signing of an agreement with the Italian Revenues Agency on 30 March 2023, leading to the payment of the owed amounts and a revision of the amounts set aside in the amount of Euro 70 thousand.

The item “Trade and other non-current payables” includes the amount due to shareholders for dividends resolved but not yet distributed in the amount of Euro 1,002 thousand.

Group Cash Flow Statement

The main items that influenced the trend of cash flows in the periods under review are summarised below.

Net financial flow generated/absorbed by operating activities

Activities during the period absorbed resources in the amount of Euro 81,945 thousand compared to an absorbed flow of Euro 62,995 thousand in 2022.

Net cash flow generated/absorbed by investing activities

The total cash flow absorbed by investing activities amounted to Euro 49,760 thousand compared to Euro 42,204 thousand in the corresponding period of 2022.

Net cash flow generated/absorbed by financing activities

The total cash flow generated by financing activities amounted to Euro 177,506 thousand compared to a cash flow generated in the previous period of Euro 40,961 thousand.

ALTERNATIVE PERFORMANCE INDICATORS

The Group uses some alternative performance indicators, which are not identified as accounting measures under IFRS, to allow for a better evaluation of the Group’s performance. Therefore, the determination criteria applied by the Group may not be consistent with that adopted by other groups, and the resulting balance may not be comparable to that determined by these other groups.

These alternative performance indicators are constructed solely from historical data of the Group and determined in accordance with the Guidelines on Alternative Performance Indicators issued by ESMA/2015/1415 and adopted by CONSOB with communication no. 92543 of 3 December 2015. They refer only to the performance of the accounting period subject to this Annual Financial Report and the periods compared and not to the expected performance of the Group, and they should not be considered as a substitute for the indicators provided by the reference accounting principles (IFRS).

The Alternative Performance Indicators are not subject to audit review.

Below are the definitions of the Alternative Performance Indicators used in the Interim Financial Report:

**EBIT:** calculated as profit for the period, gross of income taxes, exchange gains/losses, financial income and financial expense.

**EBIT margin:** calculated as the ratio of EBIT to revenues for the period under review.

**EBITDA:** calculated as profit for the period, before income tax, foreign exchange gains/losses, financial income, financial expense and depreciation and amortisation.

**EBITDA margin:** calculated as the ratio of EBITDA to revenues for the period under review.

**Net Trade Working Capital:** calculated as the sum of inventories, trade receivables and trade payables.

**Net Working Capital:** calculated as the sum of inventories, trade receivables, tax receivables, other current receivables and assets, trade payables, other current liabilities and current tax liabilities.

**Return On Capital Employed (ROCE):** calculated as the ratio of operating profit (EBIT) for the period under review to Net Invested Capital.

**Return On Equity (ROE):** calculated as the ratio of Profit for the period to Equity.

**Net Financial Debt:** calculated as the sum of total financial liabilities, net of cash and cash equivalents and current financial assets. The composition of Net Financial Debt is determined as required by CONSOB Communication DEM/6064293 of 28 July 2006 as amended by Communication No. 5/21 of 29 April 2021 and in accordance with the ESMA recommendations contained in Guidelines 32-382-1138 of 4 March 2021.

**Gearing Ratio:** calculated as the ratio of Net Financial Debt to Equity.

**Investments (CAPEX):** calculated as the sum of increases in intangible assets and tangible assets.



The table below provides the calculation of these indicators for the period ending 30 June 2023 versus the comparative period.

<i>In thousands of Euro, unless otherwise indicated</i>	30 June 2023	30 June 2022
EBIT	42,036	42,286
EBIT margin	9.26%	9.89%
EBITDA	57,036	54,635
EBITDA margin	12.57%	12.77%
Return On Capital Employed (ROCE)	15.14%	16.69%
Return On Equity (ROE)	12.60%	20.05%

<i>In thousands of Euro, unless otherwise indicated</i>	30 June 2023	31 December 2022
Net Invested Capital	561,534	455,003
Net Trade Working Capital	253,617	157,014
Net Financial Debt	(113,478)	(259,377)
Gearing Ratio	0.3	1.3
Investment (CAPEX)	50,951	85,108

**EBIT** as at 30 June 2023 amounted to Euro 42,036 thousand compared to Euro 42,286 thousand as at 30 June 2022.

The **EBIT Margin** as at 30 June 2023 was 9.26% compared to 9.89% as at 30 June 2022.

**EBITDA** as at 30 June 2023 was Euro 57,036 thousand compared to Euro 54,635 thousand as at 30 June 2022. The change in EBITDA is mainly due to higher revenues in the amount of Euro 26,039 thousand deriving from higher sales volumes in the Automotive BU and to cost efficiency. The reconciliation with net income is provided below:

<i>In thousands of Euro, unless otherwise indicated</i>	30 June 2023	30 June 2022
Profit for the period	18,752	21,991
Taxes	9,595	14,297
Financial expenses	10,554	6,973
Financial income	(1,788)	(975)
Exchange gains (losses)	4,923	-
Amortisation and depreciation	14,999	12,350
<b>EBITDA</b>	<b>57,036</b>	<b>54,635</b>

The **EBITDA Margin** as at 30 June 2023 was 12.57% compared to 12.77% as at 30 June 2022.

**Net Invested Capital** was Euro 455,003 as at 31 December 2022 and Euro 561,534 thousand as at 30 June 2023. The increase was mainly due to a combination of higher Group investments and an increase in net working capital.

**Net Trade Working Capital** was Euro 157,014 as at 31 December 2022 and Euro 253,617 thousand as at 30 June 2023. The increase in Net Trade Working Capital of Euro 96,603 thousand was mainly due to the increase in inventories and trade receivables of Euro 56,449 thousand and the reduction in trade payables of Euro 40,154 thousand.

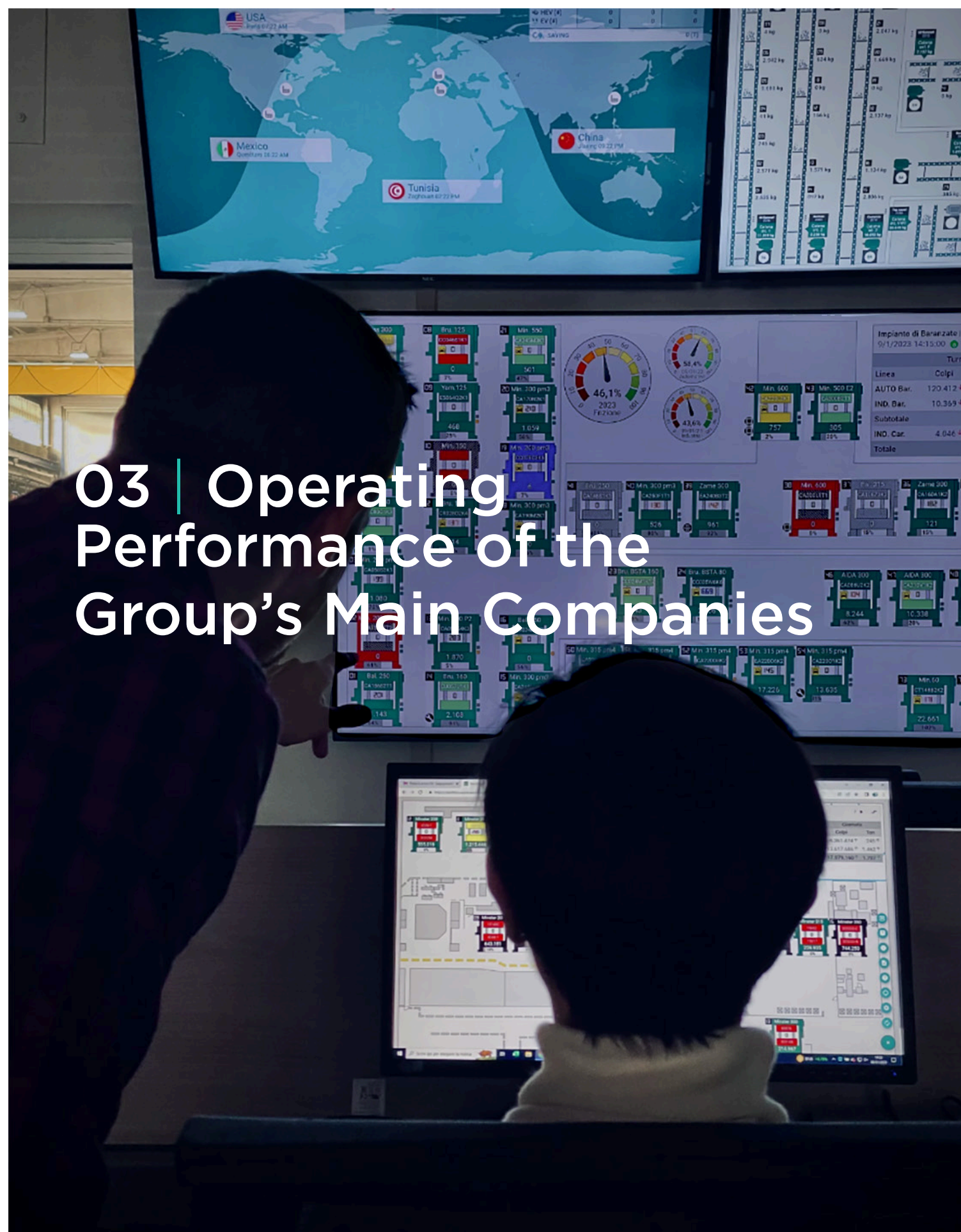
**The Return On Capital Employed (ROCE)** as at 30 June 2023 was 15.14% compared to 16.69% as at 30 June 2022. The decrease is mainly due to the increase in net invested capital. It should be noted that the ROCE was calculated as the ratio between the EBIT LTM (Last 12 Months) and the average net invested capital for the half-year.

**The Return on Equity (ROE)** as at 30 June 2023 was 12.60% compared to 20.05% as at 30 June 2022. The decrease is mainly attributable to the increase in Equity following the completion of the listing process in February. It should be noted that the ROE was calculated as the ratio between the net profit Last 12 Months and the average equity for the half-year.

As at 30 June 2023: (i) **the Group's net financial debt** amounted to Euro 113,478 thousand (down by Euro 145,899 thousand compared to Euro 259,377 thousand as at 31 December 2022); (ii) the Group's current financial debt amounted to Euro -107,793 thousand (down by Euro 135,077 thousand compared to Euro 27,284 thousand as at 31 December 2022); (iii) the Group's non-current financial debt amounted to Euro 221,271 thousand (down by Euro 10,822 thousand compared to Euro 232,093 thousand as at 31 December 2022); (iv) the Group's cash and cash equivalents amounted to Euro 164,745 thousand (up by Euro 48,242 thousand compared to Euro 116,503 thousand as at 31 December 2022); and (v) the Group's **Gearing Ratio** was 0.3 (down by 1 from 1.3 as at 31 December 2022).

Overall, the reduction in net financial debt is mainly attributable to the effect of the Euro 250 million capital increase completed as part of the listing process, which was finalised in February, partially offset by the significant capital expenditure of Euro 51.0 million, mainly attributable to investments in increased production capacity to meet the planned volume increases of the EV & Automotive BU and to the increase in net working capital.

In 2023, the Group continued to invest in order to increase its production capacity to meet the execution of its Order Book and to meet the growing market demand. As at 30 June 2023, the Group's capital expenditure amounted to Euro 50,951 thousand (vs. Euro 85,108 thousand as at 31 December 2022).



## 03 | Operating Performance of the Group's Main Companies

Comments on the operating performance of the Group's main companies are provided below in compliance with the IAS/IFRS standards.

### EuroGroup Laminations S.p.A. (Italy)

EuroGroup Laminations is the Group's holding company that performs the role of support, industrial, technical and commercial coordination, supervision and development for all its subsidiaries. As at 30 June 2023, the Company reported a profit of Euro 2,109 thousand (Loss Euro 471 thousand in the half-year ended 30 June 2022).

During the half-year under review, the company consolidated its organisational structure with the addition of new professionals in order to support the Group's growth.

### Eurotranciatuura S.p.A. (Italy)

Eurotranciatuura S.p.A. is the Group's most significant Italian subsidiary in terms of revenues, headquartered in Baranzate. As at 30 June 2023, it reported revenues of Euro 249,508 thousand (Euro 231,996 thousand as at June 2022), and EBITDA of Euro 30,014 thousand (Euro 30,837 thousand in the corresponding period of financial year 2022).

The increase in turnover in the period is attributable mainly to the start-up of some important platforms in the EV & Automotive segment which more than compensated for the reduction in volumes in the Industrial segment. Organisational actions aimed at increasing the efficiency and cost-effectiveness of various production processes continued during the half-year.

### Eurotranciatuura México S.A. de C.V. (Mexico)

Eurotranciatuura México S.A. de C.V. is a Mexican company headquartered in Santiago de Querétaro. In the first half of 2023, it achieved revenues of Euro 137,142 thousand (Euro 91,606 thousand in the corresponding period of 2022), recording an EBITDA of Euro 13,404 thousand (Euro 4,283 thousand in the corresponding period of 2022).

The positive performance in the first half of the year was helped by the increase in volumes realised with major OEMs in the EV segment, in addition to the implementation of initiatives aimed at enhancing production efficiency and cost-effectiveness.

### Eurotranciatuura USA LLC (United States)

Eurotranciatuura USA LLC is a US company headquartered in Paris, Tennessee. During the half-year ended 30 June 2023, it generated revenues of Euro 27,256 thousand (Euro 62,188 thousand as at 30 June 2022), recording EBITDA of Euro 3,114 thousand (Euro 8,471 thousand in the corresponding period of financial year 2022). Despite the significant drop in volumes, the company managed to generate good margins despite the contraction in volumes.

### Euro Misi Laminations Jiaxing Co. Ltd. (China)

Euro Misi Laminations Jiaxing Co. Ltd. is a Chinese company headquartered in Jiaxing. During the first six months of 2023, it achieved revenues of Euro 29,358 thousand (Euro 23,195 thousand in the corresponding period of financial year 2022), recording an EBITDA of Euro -50 thousand (Euro -223 thousand as at 30 June 2022).

### Euro Misi High Tech, Jiaxing Co Ltd.

Euro Misi High Tech, Jiaxing Co Ltd. is a Chinese company headquartered in Jiaxing. During the first six months of 2023, it achieved revenues of Euro 5,909 thousand, recording an EBITDA of Euro 291 thousand.

This is a company established in March 2022 that in the first half of 2023 started producing for the EV & Automotive segment.

### SAF S.p.A. (Italy)

SAF S.p.A. is an Italian company headquartered in Muscoline (BS). During the first half of 2023, it achieved revenues of Euro 17,201 thousand (Euro 18,699 thousand in the corresponding period of 2022), recording an EBITDA of Euro 6,120 thousand (an increase of Euro 1,041 thousand compared to Euro 5,079 thousand in the first half of 2022).



Eurotranciatura Tunisie S.a.r.l. (Tunisia)

Eurotranciatura Tunisie S.a.r.l. is a Tunisian company based in Zriba. In the half-year ended 30 June 2023, it achieved revenues of Euro 7,560 thousand (Euro 13,507 thousand in the corresponding period of 2022), recording an EBITDA of Euro 1,850 thousand (Euro 2,434 thousand in the corresponding period of 2022).

Euro Automation S.r.l. (Italy)

On 26 May 2023, the company “Euro Automation S.r.l.”, a limited liability company based in Milan and wholly owned by “EuroGroup Laminations S.p.A.”, was established. The company’s purpose is the research, development, production and marketing of innovative products or services with high technological value.  
The share capital of Euro 100 thousand was fully paid in by EuroGroup Laminations S.p.A.

Other Group companies

The Group’s other operating companies include Corrada S.p.A., which operates in the design and construction of progressive dies for the blanking of sheet metal, which achieved revenues of Euro 11,026 thousand in the half-year ended 30 June 2023 (Euro 6,763 thousand in the corresponding period of financial year 2022), Euroslot Tools S.p.A, active in the design and construction of block moulds for punching and die-casting, which achieved revenues of Euro 2,880 thousand in the year ended 30 June 2023 (Euro 2,342 thousand in the corresponding period of financial year 2022).  
As previously reported, Euro Group Laminations Russia LLC, suspended its industrial and commercial activities as a result of the conflict in Ukraine.

All the other companies included in the consolidation scope perform support activities for the operating companies, either by making available the industrial buildings and other assets they own or by providing specific services, without, however, performing activities for third parties.

Reconciliation of the Parent Company’s result and equity with the Group’s values

In thousands of Euro, unless otherwise indicated	30 June 2023	
	Result for the period	Equity
Total equity EuroGroup Laminations S.p.A.	2,109	296,856
Consolidation adjustments:		
Equity of consolidated companies and allocation of their results	17,501	260,041
Elimination of equity investments	144	(108,842)
Elimination of intercompany dividends	(1,002)	-
Equity and result for the period attributable to third parties	(1,805)	(32,361)
Total consolidation adjustments	14,838	118,838
Pertaining to the Group	16,947	415,694
Pertaining to Third parties	1,805	32,361
Consolidated amounts	18,752	448,055

04 | Significant events that occurred during the period

Approval of the Business Plan

On 18 January 2023, the Board of Directors approved the 2022-2026 Business Plan, which outlines the following business strategies, broken down by the relevant operating segments:

EV & AUTOMOTIVE: (i) expand its existing order book and additional pipeline of orders under discussion around the world (Europe, Asia and the United States), which are expected to generate revenues and cash flow in the coming years, with additional projects and initiatives currently being evaluated and implemented; (ii) leverage its success and reputation in the industry in order to take advantage of further growth opportunities in the electric vehicle market; (iii) leverage its long-standing relationships with key customers (OEMs and Tier 1) to maintain its market position in Europe and North America; (iv) achieve a leadership position in Asia through the continued growth of its current customer base, increased market penetration and the creation of a benchmark for Asian players; (v) continue to invest to strengthen its technological know-how through continuous innovation and maintain its competitive advantage; and (vi) improve the efficiency of its production processes to handle growing volumes and to sustain and further increase profitability.

INDUSTRIAL: (i) take advantage of the trends arising from the energy transition and increasing electrification and demand for energy efficiency in various sectors; (ii) leverage potential synergies with the EV & Automotive segment by sharing experiences, technologies and process automation; (iii) focus on product innovation to consolidate existing longstanding relationships with key Group customers and acquire new customers; (iv) pursue geographic, product and end-market diversification to ensure a highly diversified and stable revenues stream; (v) become a supplier of choice and increase market share by developing turnkey technical solutions through collaborations with existing customers; (vi) improve operational efficiency through new automation systems to reduce costs and time-to-market; and (vii) leverage its know-how and experience to develop new products with greater added value.

The Business Plan envisages a revenue CAGR between 23% and 25% for the period 2022-2025, an EBITDA CAGR between 27% and 29%, with Capex of approximately Euro 90 million in the first half of 2023 and an average Capex level for the 2024-2025 period equal to 4.5%-5% of revenues. The revenue growth projected by the plan is largely determined by the development of the EV & Automotive segment. In particular, the plan provides for an increase in revenues with particular reference to the EV Traction product line, which benefits from the Group’s substantial order portfolio. However, the revenue CAGR envisaged in the plan is deemed to be broadly in line with those of the Group’s reference markets.

### Listing on the Euronext Milan stock exchange

EuroGroup Laminations S.p.A. successfully completed the admission process for the listing of its ordinary shares on Euronext Milan following the listing decision by Borsa Italiana and the authorisation by the Italian National Commission for Companies and the Stock Exchange (“CONSOB”) issued on 31 January 2023 and 1 February 2023, respectively. The Company’s shares began trading on the Euronext Milan on 10 February 2023.

### Termination of management and coordination activities by Euro Management Services S.p.A.

With effect from the start of trading (i.e. from 10 February 2023) the Company ceased to be subject to management and coordination by Euro Management Services S.p.A. In particular, the termination of management and coordination activities occurred because, with the listing, the circumstances that previously needed management and coordination no longer applied. Specifically, as of the date of commencement of trading (i) all major decisions relating to the management of the Company’s business, including the approval of the strategic, business and financial plans and budgets of the Company and the Group, as well as the assessment of the adequacy of the organisational, administrative and accounting structure of the Company and the Group, now rest with the Company’s own bodies; (ii) the Company operates independently in its dealings with customers and suppliers, without any external interference; (iii) Euro Management Services S.p.A. continues to not exercise any centralised treasury function for the Company; and (iv) the Company is not subject to group regulations, or to directives or instructions issued by Euro Management Services S.p.A. concerning, among other things, the performance of extraordinary operations or the definition of group strategies.

### Approval of the 2023 Guidance

On 12 May 2023, the Board of Directors of EuroGroup Laminations S.p.A. approved and communicated to the Market the Guidance for the results for the year 2023, quantifying it as: revenues of between Euro 890 million and 910 million; EBITDA between Euro 116 and 120 million; Capex of approximately Euro 95 million; and Net Trade Working Capital between Euro 150 and 160 million.

### Euro Automation S.r.l.

On 26 May 2023, the Parent Company EuroGroup Laminations S.p.A. established Euro Automations S.r.l. by subscribing and paying up the entire share capital of Euro 100,000. The new entity will operate in the field of design and construction of technologically advanced systems for dimensional checks and ancillary post-cutting processing of the rotor-stator pack, supported where necessary by artificial intelligence systems. On the one hand, this will improve employees’ working conditions by simplifying human-machine interaction, with positive effects on workers’ safety, and on the other hand, it will increase the efficiency of the various stages of processing and of simulation, diagnostics and predictive maintenance processes.

### Development Contract with Invitalia S.p.A.

On 8 June 2023, Eurotranciatuura S.p.A. and Corrada S.p.A. presented, as proposing party and as adhering party respectively, a proposal for a Development Contract to be entered into with Invitalia S.p.A., pursuant to Article 9 of the Decree of the Ministry of Economic Development dated 9 December 2014 and the Directorial Decree dated 10 October 2022 “Support for the Automotive Supply Chain”. This proposal is focused on a series of significant industrial investments, worth around € 81 million, that the Group intends to put in place at the Baranzate and Bollate plants, functional to the execution of the Electric Vehicle (EV) supply contracts recently stipulated with

some leading OEMs. Of the total planned investments, about 72 million euro will be allocated to the structural and plant engineering part, while about 8 million euro will be dedicated to the related research and development activities. The contract proposal is still in the preliminary staging phase, which, should it be successfully concluded, envisages the distribution of grants in the amount estimated to date at approximately € 13 million, to be deployed over the next years.

### Eligio Re Fraschini S.p.A.

Also during the period under review, an agreement was signed with Eligio Re Fraschini S.p.A., a leading company in the field of composite materials processing and, among other things, supplier of Formula 1 and America’s Cup teams for several decades, an agreement for the joint development of innovative solutions in the field of using these materials, primarily carbon fibres, in the construction of increasingly high-performance electric motors for the EV segment.

### Treasury shares

On 9 June 2023, the Company’s Board of Directors resolved to submit to the Ordinary Shareholders’ Meeting a proposal to authorise the purchase and disposal of treasury shares for the purpose of providing the Company with a strategic flexibility instrument that can be used, in strict compliance with current EU and national regulations, as well as in accordance with market practices permitted from time to time, for the following purposes (i) to carry out corporate/financial transactions of an extraordinary nature, including, but not limited to, acquisitions, mergers, capital transactions, transfers, contributions, exchanges, financing transactions or other transactions, in relation to which the assignment or other act of disposal of treasury shares is necessary or appropriate (ii) to fulfil obligations arising from existing or future stock option plans, stock grants or any other incentive programmes, whether for consideration or free of charge, in favour of company officers, employees or collaborators of the Company or its subsidiaries; (iii) to support the liquidity of the Company’s stock.

The authorisation to purchase and dispose of treasury shares was requested within the limits indicated below:

- up to a maximum number not exceeding 10% of the total number of Company shares outstanding at the time (and including in the aforementioned calculation also the Company’s multiple voting shares);
- for 18 (eighteen) months from the date of the authorising resolution in respect of deeds of purchase, and without time limit in respect of deeds of disposal;
- at a purchase or disposal price, as the case may be, to be determined from time to time by the Board of Directors, also taking into account the method chosen to carry out the transaction and in compliance with any applicable regulatory provisions, it being understood that such price in any event shall not deviate, down or up, by more than 20% from the price recorded by the stock on the trading session on the day prior to each individual transaction.

As at 30 June 2023, the Company held no treasury shares in its portfolio.



## 05 | Research and development activities

The markets served by the Group are characterised by very demanding specifications for the motor core, including better insulation, less noise, reduced mechanical stress and reduced motor core losses. In particular, electric vehicle OEMs have increased requirements for the performance and key properties of electric motors, given the ongoing commitment to improve the efficiency of new motors. Each production phase is therefore highly complex. The Group has a highly specialised R&D team that is mainly dedicated to the development of the Group's products, also in response to customer requests and needs (especially for customised products) and making production processes more efficient.

The Group's research and development activity focuses on the study, design and implementation of new technical and technological solutions for the production of high-efficiency stators and rotors and the design of innovative stacking and cutting systems for thinner laminations. This function is fundamental to guarantee the quality and reliability of the Group's products and to identify technical solutions suitable to meet future customer needs. Thanks to the research and development function, the Group is able to constantly improve processes, efficiency and product performance, as well as to maintain the same standards globally, further increasing entry barriers.

The Group's customers increasingly request the development of products through a co-development process, through which the Group designs products and tools to be used in the production process together with customers' research and development functions. During this process, the Group's R&D function supports the customer's internal R&D function by providing the Group's process and product know-how to increase innovation and improve product design.

In the first half of 2023 to 30 June, the Group invested in research and development activities, including experimental research, for about 1.5% of its revenues during the period.

Specifically, the Group supports its customers and activities through research and development laboratories with proprietary simulation tools that guarantee better insulation of laminations, reduction of mechanical stress, noise reduction, lower motor core losses and supply chain optimisation.

Research programmes are integrated at the Group level and centrally coordinated, contributing to the creation of a project portfolio that management considers balanced between the development of new products and the optimisation of existing ones. The Group also works in collaboration with research centres and universities.

In recent years, the Group's R&D function has been crucial in the development of Corpack® technology, for which the Group holds a patent and a registered trademark, with the related proprietary laser technology applied to the welded lamination process currently in the process of patent filing. In addition, thanks to the Glue Fastec® technology, exclusively licensed to the Group by Kuroda Precision Industries Ltd. in June 2014 and recently renewed for another 8 years, the Group is able to acquire unique experience in the field of Glue Fastec® bonding technology that allows highly efficient performance

In the period 2023-2025, the Group intends to continue investing approximately 1.5% of its revenues each year in research and development activities to create more efficient processes and solutions and continue to have dedicated employees working in collaboration with research centres and universities.

The Group considers its trademarks, patents, licenses, know-how, domain names, and similar intellectual property rights important to its success and future growth. To this end, it relies on trademark and patent law and confidentiality, licensing, and intellectual property

rights agreements with its employees, customers, suppliers and others to protect its intellectual property rights. The patents of the Group – and in particular the Glue Fastec® technology – have proven crucial in obtaining important projects from new customers and strengthening relationships with existing ones. The development of new technologies is a key factor for the Group to maintain its competitive advantage.

The Group owns more than 30 domain names, over 50 patents on products and technologies mainly related to cutting dies, laminated articles for electrical use, circuit elements for electric machines, high-strength rotors and heat dissipating stators and rotors. In addition, the Group holds a patent registration for about 12 patents currently being evaluated by the relevant authorities. The Group has no patents expiring in the next 3 years, with the majority of patents expiring after 2032. With regard to plant innovation, the Group is currently developing fully automated plants in Mexico, Italy and China.



## 06 | Main risks and uncertainties

On 18 November 2022, the Company's Board of Directors, in compliance with the recommendations on corporate governance contained in the Corporate Governance Code, resolved to set up a Control, Risk and Sustainability Committee, pursuant to Articles 1 and 6 of the Corporate Governance Code, as of the trading start date, and approved its operating rules.

The Control, Risk and Sustainability Committee, in assisting the Board of Directors, in accordance with the provisions of Article 6 of the Corporate Governance Code, has the function, among other things, of (i) assessing the correct use of accounting standards; (ii) assessing the suitability of periodic financial and non-financial information to correctly represent the business model, strategies, the impact of its activities and the results achieved; (iii) expressing opinions on specific aspects relating to the identification of the main corporate risks and supporting the Board of Directors' decisions regarding risk management; (iv) examining periodic reports prepared by the Internal Audit function; (v) reporting to the Board of Directors, at least at the time of approval of the annual and half-yearly financial reports, on the activities performed as well as on the adequacy of the internal control and risk management system. Additionally, the Control, Risk and Sustainability Committee supports the Board of Directors in sustainability assessments and decisions.

In support of the Group's internal control and risk management system, in addition to the Control, Risk and Sustainability Committee, Recommendation 32 of the Corporate Governance Code stipulates that the Chief Executive Officer is responsible for setting up and maintaining the internal control and risk management system. On 18 November 2022, the Company's Board of Directors appointed the Chief Executive Officer Marco Stefano Arduini, effective as of the start date of trading, to the position of director in charge of the internal control and risk management system to perform the functions listed in Recommendation 34 of the Corporate Governance Code, which include, among other things, identifying the main corporate risks and periodically submitting them to the Board of Directors, designing, implementing and managing the internal control and risk management system

in accordance with the guidelines defined by the Board of Directors and providing timely information to the Control, Risk and Sustainability Committee regarding problems and critical issues that arise in the performance of his duties or of which he is otherwise aware, so that the committee can take appropriate initiatives.

On 18 November 2022, again in support of the internal control and risk management system, the Company established the internal audit function, as of the start date of negotiations, as indicated in Recommendation 36 of the Corporate Governance Code. On that date, the Board of Directors, with the favourable opinion of the Board of Statutory Auditors, appointed Protiviti S.r.l. as the fully outsourced Internal Audit.

The types of risks identified are as follows:

- **External risks**
- **Strategic risks**
- **Operational risks**
- **Financial risks**

The following are the main risks for the Group for each of the types of risks listed above. The order in which they are listed does not imply any classification, either in terms of the likelihood of their occurrence or in terms of possible impact.



EXTERNAL RISKS

Country risk

The Group operates in 5 countries with 12 production facilities, located in Italy, Mexico, the United States, China and Tunisia, including research centres (excluding the Russian plant, where activities have been suspended due to sanctions imposed against Russia in the context of the conflict between Russia and Ukraine). Additionally, the Group serves customers in approximately 40 countries. In view of the Group's structure in Europe, North Africa, North America and Asia, there is a country risk, which is considered mitigated by the diversification of business by geographic area. The Group constantly monitors the evolution of risks (political, economic/financial, and security) related to countries whose general political-economic context and tax regime could potentially become unstable in the future, in order to adopt any measures aimed at mitigating their potential risks.

Risk of pandemics, epidemics and other health emergencies

The global spread of pandemics, epidemics or other health emergencies such as the Covid-19 pandemic can adversely affect companies, including the Group, operating in affected countries.

In the future, in the event of new pandemic events or in the event of a resurgence of Covid-19, national governments may adopt restrictive measures to contain such events, which could result in interruptions in the Group's facilities, negatively affecting its production capacity, causing delays or interruptions in the Group's supply chains with possible cost increases or a lack of availability of raw materials, and slowing down the activities of existing or potential customers of the Group, or possible spending limits by business customers. Such effects could have a significant negative impact on the Group's business, financial conditions, and operating results, as well as delay the implementation of development projects and consequently prevent the Group from achieving its growth objectives.

Demand

The Group's activity is influenced by the performance of the sectors in which the Group's customers operate. In particular, the Group relies on the development of the automotive industry, as its activity is increasingly based on the production of components used in the manufacture of automobiles. Changes in macroeconomic and socio-political environments could damage the Group's operations. GDP growth and industrial production growth are significant factors in the end markets where the Group's customers operate. In particular, demand and prices for the Group's products are sensitive to actual or expected changes in GDP and industrial production growth. A decline in GDP and slowdowns in industrial production could lead to a decrease in the volume and prices of products sold by the Group. Any crisis or adverse trend in one of the Group's main final markets could have a significant negative impact on the Group's business, financial conditions and operating results. Additionally, growing protectionist tendencies could lead to significant changes in terms of customs, tax and regulatory policies, and reduce the importance of current free trade zones.

STRATEGIC RISKS

Innovation

The market for electric vehicles is becoming increasingly demanding in terms of efficiency, product complexity, reduced design times, price competitiveness and a high level of service, and is constantly evolving technologically to ensure reliable engine performance. In particular, to offer innovative and competitive products to the market, the Group must quickly and fully understand the needs of its customers and continuously train its personnel. Similarly, the products of the Group's industrial segment are used in a wide range of applications, including industrial engines, fluid and gas transfer devices, ventilation systems, home appliances and wind turbines, whose markets are driven, among other things, by increased government regulation relating to carbon emissions reduction. Furthermore, the ongoing transition towards the adoption of electric vehicles and electrification in general in all sectors, triggered by the fight against climate change, could encourage OEMs to enter the market by producing rotors and stators internally and attracting other new operators to the market, resulting in a significant increase in competition within the sector.

Through its Research & Development activity, the Group maintains an adequate level of product innovation, limiting the ability of competitors to offer products similar to those of the Group, thereby defending its technological competitive advantage.

Climate change

Since COP21 (the United Nations Conference on Climate Change in 2015) adopted the Paris Agreement in December 2015, the issue of climate change has become a global priority for businesses in all countries and regions. Although this objective provides the Group with business opportunities, climate change is also a source of wide-ranging medium- and long-term business risks, such as those caused by, among other things, changes in climate change policies and regulations, technological development, market trends and market reputation. Climate change can also cause direct losses in the event of natural disasters caused by climate change and extreme weather-related events (such as floods, cyclones and storms) that disrupt production and cause delays in shipping to customers and loss of business. Such circumstances could increase the Group's costs or liability in environmental matters, resulting in higher costs for environmental prevention and remediation measures.

The Group takes a comprehensive approach to managing this type of risk and in particular:

- **examines** its value chain to identify points where it may be exposed to risks, including an assessment of how its raw materials are extracted, processed and distributed, and an analysis of potential impacts on the Group;
- **identifies** specific risks, including those related to liability and reputation;
- **evaluates** the financial impacts of identified risks, such as repair and restoration costs following extreme weather events.

For further information, please refer to the yearly Consolidated Non-Financial Statement (NFS).

## OPERATIONAL RISKS

### Capital expenditure

The Group's business is capital-intensive and requires significant investments for the realisation of new projects. In particular, since most of the products in the EV & Automotive segment and a substantial part of the products in the Industrial segment are customised and developed according to specific customer requirements, the Group has to design the products, as well as the moulds for the manufacture of these products, produce or purchase and install the moulds, organise production in one of its plants and secure the necessary raw materials before production can begin. These activities, which require a significant amount of financial resources, usually take place one or two years before production begins, while revenues from product sales are generated only later. Furthermore, to grow its business, the Group will need to increase its production capacity. The Group's ability to design, build equipment and operate production plants and new presses (or expand existing plants) is subject to risks inherent in the development and construction of new plants.

### Supply chain

The Group uses a variety of raw materials, such as electrical steel, aluminium, and various types of resin, primer and glue for the production of its products. The quality of the Group's products depends significantly on the availability of high-quality raw materials (mainly electrical steel, resin, primer and glue), which the Group purchases from suppliers located mainly in the United States, Germany, Japan, Mexico and China, and the components required for the assembly process. This concentration of suppliers is due to the high quality of raw materials required for the production of stators and rotors for electric motors, and the need for suppliers to undergo specific selection and accreditation procedures, as required by the Group's major customers. In the short term, therefore, the Group may have difficulty replacing its suppliers, particularly the supply of high-quality electrical steel. Should the Group's suppliers default for any reason or supply poor quality or defective products, the Group may incur additional costs and suffer damage to its image or customer relations.

In addition, the price and availability of raw materials used by the Group depend mainly on factors beyond the Group's control, such as changes in laws and regulations, changes in exchange rates, changes in demand in the relevant markets, supplier allocations to competitors, interruptions in production cycles or supplier delivery orders, and delays in component delivery by suppliers. Following the drop in demand and global production of electrical steel in 2020 due to the Covid-19 pandemic, manufacturers restarted production of electrical steel in the first half of 2021; however, this resumption was accompanied by significant delivery delays. Further delivery delays could result from wars or conflicts, including the current crisis between Russia and Ukraine.

### Product Quality

The Group must deal with potential product liability relating to product defects or improper use of equipment, malfunctions and failures. Any widespread malfunctioning of any finished product in which the Group's products are incorporated may lead to consumer dissatisfaction, recalls and legal actions. The automotive, household appliance, commercial and industrial engine and other spare parts markets in which the Group operates are subject to strict regulatory safety standards required by the public, as the malfunctioning of vehicles, equipment or machinery could cause serious damage and, if attributable to defects in Group products, result in reputational damage. The Group may also be subject to adverse regulatory actions, face significant legal claims or disputes with customers, and be subject to administrative and/or criminal sanctions.

### Information Technology

The Group uses multiple computer systems that periodically require updates and maintenance or replacement with new and more advanced systems and technologies. These systems are exposed to the risk of network failures, incidents and malfunctions, data security breaches, viruses, unauthorised access and natural events (which could cause interruptions to information and telecommunications networks and the electrical grid); this could result in data loss or disclosure of confidential or proprietary information. The increasing use of teleworking following the Covid-19 pandemic, with the resulting use of private networks, has also increased these risks.

The Group frequently updates its systems to support its activities and growth and to maintain compliance with applicable laws, regulations and standards, as well as to ensure the adequacy of security systems in response to information technology risks.

### Legal and compliance

The Group and its products and activities are subject to regulations and the related compliance risks, including the effects of changes in laws, regulations, policies, codes of conduct, accounting principles and interpretations in Italy and other countries where the Group operates and sells its products. In particular, these regulations, both local and international, concern, among other things, data protection, antitrust, corruption, anti-terrorism, intellectual property, consumer protection, taxation, export regulation, tariffs, foreign trade control and exchange control. Failure to comply with such laws and regulations can result in fines, sanctions, claims, injunctions, public enforcement, damage to reputation and forced interruption of operations. Additionally, the Group may be subject to Italian legislation on the golden power, according to which there may be prohibitions or restrictions, among other things, on the acquisition of stakes in companies with activities and relationships in strategic sectors or resolutions involving companies with activities and relationships in such strategic sectors that entail a change in ownership, control, possession, or intended use of such activities or relationships.



In the course of its ordinary business, the Group may be involved in proceedings, including tax proceedings, that could give rise to obligations to pay damages and/or impose sanctions on the Group.

Furthermore, under certain circumstances, the Group's production and industrial activities may be hazardous to the environment and to health and safety in the workplace (e.g., moving loads, handling carcinogenic, corrosive and flammable liquid and gaseous substances, as well as exposure to noise and mechanical vibrations). These circumstances subject the Group to extensive regulation in Italy, in the European Union, as well as in the various countries where it operates. In this regard, the Group monitors the adequacy of its structures and invests regularly in order to maintain its activities in compliance with the various regulations concerning the environment, health and safety in the workplace.

The mitigation actions undertaken by the Group are considered to significantly reduce the exposure to risk scenarios and are aimed at spreading a culture of compliance globally through the definition of specific ethical and behavioural principles, in addition to constant monitoring of regulatory developments. It should be noted in this regard that the Company and its Italian subsidiaries have adopted the model 231 in accordance with Italian Law Decree No. 231/2001, which introduced a system of corporate liability for various types of criminal offences committed in the corporate interest and for the benefit of the entity concerned by administrators, executives and employees. However, it provides that an entity is not liable if it demonstrates that it has effectively adopted and implemented an organisational, management and control model aimed at preventing the commission of such offences.

## FINANCIAL RISKS

The Group is exposed to financial risks that are primarily associated with the ability of customers to meet their obligations (credit risk), the ability to raise funds in the market (liquidity risk), fluctuations in interest rates (interest rate risk), and fluctuations in foreign currency exchange rates (foreign exchange risk).

### Credit risk

The Group is exposed to the credit risk that customers may delay or fail to meet the agreed payment terms and that internal procedures adopted with regard to credit risk assessment and customer solvency may not be sufficient. To mitigate this risk, the Group controls the quality of third-party credit based on internal or external ratings and sets credit limits subject to regular monitoring. Customers are all major players in the sectors in which the Group is active, and credit risk is concentrated only on a small percentage of smaller customers. It should be noted that the Group uses factoring instruments (mainly without recourse) that allow the immediate collection and deconsolidation of a portion of trade receivables.

### Liquidity risk

The Group is exposed to the risk of not being able to find new financial resources on the market and not being able to obtain better or equal conditions than those in force on existing loans. In addition, any failure to comply with the covenants in place on existing loan agreements could result in the activation of cross default clauses and, therefore, the forfeiture of the benefit of the term on other loans.

Considering the net financial position and the ability to generate positive cash flows from operating activities, liquidity risk is assessed as low. The Group has credit lines granted by the banking system that are adequate for operational needs.

The Group's cash flows, financing requirements and liquidity are carefully monitored and managed in order to:

- **maintain** an adequate level of available liquidity;
- **diversify** the methods used to increase financial resources;
- **provide** adequate credit structures;
- **monitor** prospective liquidity conditions in relation to the corporate planning process.

The factors that mainly influence the Group's liquidity are the resources generated or absorbed by current operating and investing activities, the possible distribution of dividends, the maturity or refinancing of debt and the management of cash surpluses. The liquidity requirement or surpluses are monitored daily by the Group to ensure effective procurement of financial resources or adequate investment of excess liquidity.

Negotiation and management of credit lines are coordinated by the Group to meet the short and medium-term financing needs of individual Group companies based on efficiency and cost-effectiveness criteria. It has always been the Group's policy to maintain relationships with different banks and diversify the total amount of credit lines in a manner consistent with the Group's needs, in order to be able to dispose of the necessary liquidity at any time to meet and comply with all financial commitments at the established economic conditions, as well as to ensure the availability of an adequate level of operational flexibility for any expansion programme.

## Market risk – Exchange rates

The Group also operates in countries outside the so-called euro zone. In addition, the financial statements of non-EU foreign subsidiaries are drawn up in local currency and converted into euros. The Group is therefore exposed to the risk of significant fluctuations in exchange rates: (i) the so-called economic exchange rate risk, which is the risk that revenues and costs expressed in currencies other than the euro will assume different values from the time when price conditions were defined; (ii) the so-called conversion exchange rate risk, arising from the fact that the Group, in preparing its financial statements in euros, holds controlling interests in companies that prepare their financial statements in currencies other than the euro and, therefore, carries out transactions to translate assets and liabilities expressed in currencies other than the euro.

The Group does not adopt specific policies to cover fluctuations in exchange rates. To manage exchange rate risk, the Group carries out purchases and sales in the same local currency through bank accounts opened in individual countries.

## Market risk – Interest rate

The Group is subject to the risk of fluctuations in the interest rate on debt. Any change in interest rates (EURIBOR) could have an effect on increasing or decreasing financing costs. To mitigate this risk, the Group constantly monitors the interest rate market situation in order to identify opportunities to hedge interest rate risk that may arise over time through the definition and underwriting of (non-speculative) hedging derivative financial instruments such as IRS, CAP and Collars.

## 07 | Human Resources and Organisation

### Group personnel

The Group places significant emphasis on its personnel, considering them a fundamental pillar that requires continuous attention and investment. This is achieved by ensuring workplace health and safety, fostering stable employment relationships, offering various benefits and incentive programmes, encouraging personal and professional growth and promoting diversity and equal opportunities.

For this reason, a number of policies and procedures have been adopted over the years with which all employees are required to comply, in order to build and maintain a safe environment for staff.

In its day-to-day activities, the Group promotes and puts into practice its shared values of ensuring respect for diversity, protecting freedom of association and ensuring fair working conditions. Group personnel operate in full awareness of their responsibilities towards the companies in which they work, following working practices that respect human rights and protect the environment. Shared values and general responsibility towards the Group are constantly reinforced through ad hoc training programmes and the promotion of the principles of the Code of Ethics.

### Employee acquisition, development and retention

The Group considers the professional development of all its employees an important tool for improving overall business performance and increasing employee retention.

Eurotranciatuura S.p.A. has developed Euro Academy, an employee training programme created in 2018.

Since its establishment, Euro Academy has:

- organised training and updating courses, with qualified external teachers on various activities related to various business functions, including topics such as environmental emergency management and fire prevention;
- developed a project with an external supplier for the implementation of the new ERP for human resources "HR Infinity", which will bring new tools and structures.

About 22% of the Group's training programs focus on health and safety issues, including specialised training on unloading, loading, handling and management of dangerous goods, first aid, emergency fire response and forklift driving. New employees are also offered training programmes, which include information on the Code of Ethics with which the Group is required to comply.

The Group is constantly working to improve training programmes and monitors a series of key performance indicators (KPIs) related to training hours, based on which it sets targets for future improvement in both the quality and frequency of training programmes offered.

An initiative to highlight in terms of employee development is the one implemented by Eurotranciatuura México S.A. de C.V. Since 2017, a Technological Baccalaureate programme has been running, following a dual training approach that integrates productive work, academic training and technological innovation. This successful collaboration between Eurotranciatuura México S.A. de C.V. and the teachers and managers of the Centro de Bachillerato Tecnológico Industrial y de Servicios, located in the Municipality of Corregidora, has made this possible. In 2021, the first MBA programme started with the release of the first 12 degrees.



Health and safety

The Group considers the health, safety, and environment (HSE) of people to be one of its main priorities and is committed to continuously improving its environmental, health and safety management systems in line with the highest technical standards and certifications.

The Group focuses on reducing accidents, occupational illnesses and other accidental events through the implementation of appropriate preventive measures and the verification of the adequacy and effectiveness of internal policies and management systems. The Group identifies and constantly updates the internal procedures and requirements applicable to health and safety aspects.

Through the HSE management system, the top management of each entity has the primary objective and responsibility of defining and informing personnel and all parties involved about the objective of implementing and maintaining the aforementioned safety standards.

The Group's commitment is to identify all legal requirements, or those subscribed to by the company, applicable to each environmental and health and safety aspect, providing adequate managerial and economic resources to maintain full compliance with legal requirements and subscribed standards over time, providing safe and healthy working conditions, eliminating hazards and/or reducing risks associated with its activities. The Group is also committed to continuously consulting and involving its employees. In addition, the Group assumes responsibility for informing, educating and training its own personnel and the employees of external companies present at the plant regarding the health and safety consequences and the environmental impact caused by any deviations from the defined standards and procedures.

Specific technical training is provided to employees working in the production lines and to new hires participating in the onboarding programmes.

To monitor the progress of health and safety management processes, annual reports are generated with HSE key performance indicators, including 'near misses'.

Corporate culture and human rights

The Group expresses its responsibility to ensure a fair and sustainable working environment in compliance with international labour and human rights standards. As part of its dedication to respecting human rights, the Group has focused its commitment in the Sustainability Manual on the following areas:

- Child labour
- Freedom of association and the right to collective bargaining
- Discrimination
- Promotion of diversity
- Dignity at work
- Diversity and inclusion
- Dialogue with employees

More information, including numerical evidence, on the subject matter of this paragraph is available in the specific section of the yearly Consolidated Non-Financial Statement (NFS).

08 | Environment, safety and health

Environment

Environmental factors are central to the Group's values and strategy and represent a long-term commitment that the Group intends to strengthen through various initiatives and projects.

The Group conducts its business in an ethical and transparent manner and invests in the development of sustainable technologies that drive economic growth through careful management of natural resources and the use of clean energy.

The Group is committed to pursuing the continuous reduction of its environmental impact as an integral part of its business and as a strategic commitment, and to constantly monitoring compliance with environmental protection laws and regulations. To this end, the Group: (i) adopts policies for mobility transformation and innovation management; (ii) implements energy management and the transition to renewable energy; (iii) is climate change and emissions aware (carbon footprint assessment covering 100% of revenues) and, having equipped approximately 1.6 million electric vehicles and over 2,000 wind turbines worldwide in 2021, it will actively contribute to global decarbonisation allowing the avoidance of approximately 1.8 million tons of CO2 emissions with the use, throughout the entire life cycle, of its products; (iv) focuses on waste and material management, being able to recycle approximately 200,000 tonnes of metal material per year; and (v) some of the Group's manufacturing companies adopt a certified environmental management system to ensure the Group's environmental risk management.

In addition, the Group has two loans backed by a SACE Guarantee for a total amount of Euro 30 million. In particular, on 22 December 2021, Eurotranciaturo S.p.A. entered into a loan agreement with Crédit Agricole Italia S.p.A., for an amount of Euro 15 million maturing on 30 June 2027, and a loan agreement with Banca Nazionale del Lavoro S.p.A., for an amount of Euro 15 million maturing on 22 December 2028, both guaranteed by SACE S.p.A. The purpose of both loans is the development of investment projects for the production of components (rotors and stators) intended exclusively for vehicles classified as light and low-emission which therefore aim to pursue the environmental objectives defined by the Group in terms of climate change mitigation.

With regard to the certifications of the Management Systems, the following table shows the certifications obtained by the various subsidiaries:

	ISO 9001	ISO 14001	ISO 45001	IATF16949
Eurotranciaturo S.p.A.	x	x	x	x
Corrada S.p.A.	x			
SAF S.p.A.	x			x
Eurotranciaturo Mexico S.A. de C.V.	x	x		x
Eurotranciaturo USA L.L.C.	x			
Euro Misi Laminations Jiaxing Co. Ltd.		x		x

Since 2020, the Group has monitored its corporate carbon footprint annually. In addition, in March 2022, Eurotranciaturo S.p.A. obtained the Ecovadis gold medal for the sustainability of its activities.

The Group's facilities and their production activities are subject to the laws and regulations in force regarding the environment in every jurisdiction in which the Group operates.

These laws and regulations govern, among other things, the release of pollutants into the air, water and soil; the use, storage and disposal of hazardous substances and waste; and the remediation of contaminated areas.

For more information, see the 2022 Sustainability Report at the link: [2022 Sustainability Report](#).

# 09 | Related party transactions

On 18 November 2022, the Company's Board of Directors adopted, effective as of the date of commencement of trading, a Procedure for Related Party Transactions pursuant to the Related Party Regulations adopted by Consob with Resolution No. 17221 of 12 March 2010, as subsequently amended with Resolution No. 22144 on 22 December 2021.

The Group has relationships with related parties, particularly with the controlling company E.M.S. S.p.A., with whom it has commercial relationships related to lease contracts for properties owned by the controlling company.

Furthermore, under IAS 24, all entities and individuals able to exercise control, joint control or significant influence over the Group and its subsidiaries are identified as related parties of the Group. In addition, members of the Board of Directors, key management personnel, and their close family members are considered related parties.

Please refer to the explanatory notes to the consolidated half-yearly financial statements for a detailed analysis of the transactions with related parties.

It should be noted that during the half-year under review, no unusual or atypical transactions were carried out with related parties and that transactions with related parties occurred on terms consistent with normal market values.



# 10 | Other information

SHAREHOLDERS OF THE PARENT COMPANY EUROGROUP LAMINATIONS S.P.A.

The company’s share capital is equal to Euro 6,111,941.00, divided into 94,016,319 ordinary shares and 73,677,026 multiple voting shares, corresponding to a total of 315,047,397.00 voting rights exercisable in the Shareholders’ Meeting, without indication of the nominal value. The following table shows the main shareholders of the Parent company EuroGroup Laminations S.p.A.

Subject placed at the top of the investments chain	Direct shareholder	% voting rights
Euro Management Services S.p.A.	Euro Management Services S.p.A.	70.337%
Tikehau Investment Management S.A.S	Delorean Partecipazioni S.p.A.	3.359%
	Tikehau Investment Management S.A.S	0.462%
	Flottante	25.842%

Transactions deriving from atypical and/or unusual operations

The Parent Company EuroGroup Laminations S.p.A. and the Group have not carried out any atypical and/or unusual transactions, i.e. transactions that, due to their significance and/or relevance, the nature of the counterparties, the subject of the transaction, the way in which the transfer price was determined and the timing of the event, could give rise to doubts as to the correctness and/or completeness of the information in the financial statements, conflicts of interest, the safeguarding of company assets and the protection of minority shareholders.

Treasury shares and shares of parent companies

In accordance with Article 2428 of the Italian Civil Code, it is noted that:

- as at 30 June 2023, there were no treasury shares or shares of the parent company in the portfolio, not even indirectly through trust companies or intermediaries.

For more information on the authorisation to purchase and dispose of treasury shares resolved by the Shareholders’ Meeting on 20 July 2023, please refer to sections 4 and 11 of this Management Report.

Manager responsible for preparing the Company’s accounting documents

Isidoro Guardalà, the Group’s Chief Financial Officer, was appointed as Manager responsible for preparing the company’s accounting documents, in office as from the start of trading (i.e. as of 10 February 2023).

Waiver of the obligation to publish disclosure documents

In accordance with the provisions of Article 70, paragraph 8, and Article 71, paragraph 1-bis, of Consob Regulation No. 11971/1999 (“Issuers’ Regulation”), the Company has waived the obligation set forth in Article 70, paragraph 6, and Article 71, paragraph 1, relating to the publication of a disclosure document drawn up in accordance with Annex 3B of the Issuers’ Regulation, on the occasion of significant mergers, spin-offs, capital increases by contribution in kind, acquisitions and significant disposals.

### Subsidiaries established and governed by the law of non-EU states

It should be noted that as at 30 June 2023, the subsidiaries incorporated and governed by the laws of non-European Union countries that are relevant pursuant to Article 15, paragraph 1, of Consob Regulation No. 20249 of 28.12.2017 (the "Market Regulations") are the following: (i) Eurotranciatuara México S.A. de C.V.; (ii) Eurotranciatuara U.S.A. L.L.C.; and (iii) Euro Misi Laminations Jiaxing Co. Ltd. For companies established and governed by the laws of countries outside the European Union, the requirements set forth in paragraph 1 of said article are met.

### Adoption of Model 231

The Company has adopted the organisational and management model indicated in Italian Legislative Decree No. 231/2001 ("Model 231") for the purpose of creating a regulatory system aimed at preventing unlawful acts that may be considered potentially significant in application of this decree, and has consequently set up a supervisory body ("Supervisory Body" or "SB") as indicated in Article 6, paragraph 1, letter b) of Italian Legislative Decree No. 231/2001. The Company's Model 231 aims to:

- ensure conditions of fairness and transparency in the conduct of the Company's activities, to protect its position and image as well as the expectations of its employees; and
- educate the Company's personnel, in the performance of their activities, and ensure that they behave correctly, so as to avoid the risk of committing the offences provided for by Italian Legislative Decree No. 231/2001.

The Supervisory Board (OdV) is composed of 2 members, Rita Crobe and Paolo Terzi, appointed by the Board of Directors of the Company on October 5th, 2022. The SB satisfies the applicable requirements of autonomy, independence, professionalism and continuity of action. The SB is responsible, among other things, for: (i) monitoring the adequacy of Model 231, ensuring that the conduct implemented within the Company corresponds to Model 231, also by carrying out periodic checks, and verifying that Model 231 is consistent with (a) the Company's procedures constituting its implementation and (b) the Code of Ethics; (ii) assessing the effectiveness of Model 231, namely verifying, also in consideration of the evolution and changes that have occurred at the company level, that the prepared Model 231 is actually capable of preventing the commission of the offences covered by Italian Legislative Decree No. 231/2001, as subsequently updated; and (iii) assessing the advisability of proposing updates or modifications to Model 231, in order to adapt it to changes in the company structure and regulatory changes, including through periodic monitoring of the areas at risk of crime.

Model 231, which has also been adopted by the Italian subsidiaries Eurotranciatuara S.p.A., Corrada S.p.A., Euroslot Tools S.r.l. and SAF S.p.A., is supplemented by the Company's Code of Ethics, which identifies its reference values, establishes the rules of conduct, and highlights the rights, duties and responsibilities of all those who, in any capacity, work or collaborate with the Company.

### Market abuse

The Company adopted a resolution of the Board of Directors on 18 November 2022, effective as of the date of commencement of trading:

- on inside information concerning the Company, the "Internal procedure for the management and processing of inside information and for the external communication of documents and information" and the "Procedure for the keeping, management and updating of the register of persons with access to inside information", aimed at regulating the management and processing of inside information by the Company and its subsidiaries, as well as the creation and maintenance by the Company of the register of persons who, on the basis of their work or professional activities or functions performed, have access to inside information in accordance with Articles 7, 17 and 18 of the MAR Regulation;
- on internal dealing, the "Internal dealing procedure" referred to in Art. 19 of the MAR Regulation and 114, paragraph 7, of the Consolidated Law on Finance and 152-quinquies 1 et seq. of the Issuers' Regulation for the purpose of defining (i) the rules for fulfilling the obligations to inform Consob and the market of transactions on financial instruments issued by the Company, or other financial instruments linked to them, carried out on their own account even indirectly, by relevant persons, i.e. persons who, by virtue of the position held within the Company have decision-making power or significant knowledge of the Company's strategies, such as to benefit them in investment decisions on the Company's financial instruments, as well as (ii) the related restrictions.

### Shares held by Directors, Statutory Auditors and Key Management Personnel

For information regarding shares held by Administrators, Auditors and Key Management Personnel, please refer to the Report on the policy for remuneration and compensation paid in accordance with article 123-ter of the Consolidated Law on Finance, prepared in accordance with article 84-quater and Annex 3, Template 7-bis and 7-ter of the Issuers' Regulation and article 5 of the Corporate Governance Code, which can be consulted on the Company's website at <https://www.euro-group.it/it-IT/governance>.

### Compliance with corporate governance provisions

In light of the corporate governance measures described above, as of the date of commencement of trading, the Company's corporate governance system complies with the relevant provisions contained in the TUF and the Corporate Governance Code and, more generally, with the laws and regulations applicable to listed companies in Italy.



## Stock option plan

On 18 November 2022, the Ordinary Shareholders' Meeting resolved, with effect from the date of commencement of trading, to adopt a stock option plan aimed at aligning the interests of the Company with those of the Directors and key management personnel in the medium to long term ("Stock Option Plan" or "SOP"). The SOP, which provides for the assignment of option rights granting the right to subscribe ordinary shares, has the following objectives: i) to align the interests of the beneficiaries (identified by the Board of Directors, after consultation with the Nomination and Remuneration Committee) with those of shareholders and investors and with the Group's strategic plan as a whole; and ii) to incentivise the long-term retention of the beneficiaries of the plan. Pursuant to the SOP, the rules of which were approved by the Board of Directors on 18 January 2023, the beneficiaries will be entitled to receive up to a certain number of option rights free of charge, each of which confers the right to subscribe one ordinary share at a certain price. Specifically, the five-year SOP is structured in three cycles with eventual vesting of rights and allocation of shares in 2026, 2027 and 2028. At the end of each cycle, the beneficiary has the right to exercise one third of the options granted by paying the strike price; in addition, the options that the beneficiary has the right to exercise give the right to subscribe shares in the Company at a ratio of 1/1 and in total for a maximum number of shares corresponding to a maximum percentage of 2% of the Company's share capital. The exercise of options under

the SOP is not linked to the achievement of performance targets, being instead linked to the retention of beneficiaries. In order to be able to implement the SOP, on 18 November 2022, the Extraordinary Shareholders' Meeting resolved, among other things, to grant the Board of Directors, starting from the date of commencement of trading and for five years from the date of the resolution, the power to increase the share capital pursuant to Article 2443 of the Italian Civil Code to serve future incentive plans relating to the Company's ordinary shares, the beneficiaries of which will be identified by the Board of Directors, for a maximum amount of Euro 22,000 thousand, through the issue of new ordinary shares with no par value, excluding pre-emption rights pursuant to Article 2441, paragraphs 5 and 8 of the Italian Civil Code.

# 11 | Significant events after the end of the period

On **20 July 2023**, the Ordinary Shareholders' Meeting authorised the Company to purchase and dispose of treasury shares, giving a mandate to the Board of Directors, with the power to sub-delegate to Sergio Iori, Marco Stefano Arduini and Isidoro Guardalà, severally, to proceed, also through their proxies, to purchase and dispose of the Company's treasury shares. This resolution provides the Company with an instrument of strategic flexibility to which it can resort, in strict compliance with current EU and national regulations, as well as in accordance with market practices permitted from time to time, for the purposes and within the limits indicated in paragraph 4 of this Management Report.

Furthermore, on **20 July 2023** the Extraordinary Shareholders' Meeting of the Company resolved to amend Art. 10 of the Articles of Association, envisaging an "opt in" clause, in view of possible future regulatory provisions, which will make it possible to use the exclusive Designated Representative as one of the methods for holding meetings. In any case, the shareholders' meetings may continue to be held in person, and it will be the Board of Directors of the Company that will decide from time to time whether or not to make use of the possibility of holding the meetings through an exclusive Designated Representative, without the Company being bound thereby.

On **August 2, 2023**, the Group signed a binding agreement with Angelo Petrogalli to purchase the 100% of the shares of DS4 S.r.l. ("DS4"), a company based in Pedrengo (BG) active in the design and construction of custom-made software and hardware with applications in the field of industrial automation. DS4 was founded in 1996 as a manufacturer of laser cutting machinery mainly dedicated to the optics sector, and over the years it has also developed unique skills in the field of components to sup-

port machining on steel, combining elements of robotics, 3D vision and artificial intelligence, that have enabled it to obtain prestigious collaborations and awards, such as the ABB Most Innovative Solution Award. EuroGroup Laminations and DS4 boast a fruitful technical and commercial relationship, which began in 2019 with the development of an innovative human-less production line equipped with its own neural network system for the production of motor cores destined for the Electric Vehicles market. The transaction will enable EuroGroup Laminations to acquire strategic skills in industrial automation, that are key to support, also through the digitization of industrial processes, the future growth envisaged at the Group level, and will provide DS4 with the access to EuroGroup Laminations' consolidated platform of know-how and customers. Moreover, it is to be noted the high level of attainable operating synergies thanks to the acquisition.

In 2022 DS4 recorded € 7.9 million revenues and a € 2.5 million EBITDA, with a € 18.4 million order book as of July 2023.

The transaction has an enterprise value of approximately € 16.5 million, with a net cash position equal to € 1.9 million and includes the payment of a ticking fee of € 4,450 that will accrue daily from January 1, 2023 until the closing date and a part of the consideration equal to € 3.5 million to be paid in 5 equal annual instalments, with an annual interest which will accrue on each instalment. The payment of the consideration will be made entirely in cash, through the buyer's own resources. The transaction does not involve either debt assumption agreements or assignment of receivables. There are no call or put options. The completion of the transaction is subject to the clearance from the Italian Government pursuant to the golden power regulation within December, 31, 2023. It is expected that such condition may be satisfied by the end of September 2023.



## 12 | Business outlook

The year 2023 poses numerous challenges that the Group must address. The primary concerns include inflationary dynamics in the main business areas (America and Europe), the risk of recession or lack of growth as indicated by major international research institutes, and the geopolitical instability caused by the conflict between Russia and Ukraine.

Despite this, the first six months of the 2023 financial year have been in line with the 2023 Budget.

The reduction in demand in the Industrial market, which was more pronounced than expected, was counterbalanced by an excellent trend in the automotive sector. The synergies between the two Business Units made it possible to better manage costs and therefore generate the planned result.

The Group is closely monitoring the evolution of the markets of interest, both with reference to supply conditions and the availability of raw materials, and with reference to the dynamics related to the energy transition. With regard to the development of the crisis related to the Russia-Ukraine war, it is believed that there are no further significant impacts, since the Group has already reorganised its supply chain and recognised all accounting impacts in 2022.

On 14 February 2023, the European Parliament approved the agreement on cutting CO2 emissions for cars and light commercial vehicles, in line with the EU's ambitious climate targets. The legislation passed requires new passenger cars and light commercial vehicles to be CO2-neutral from 2035. The Company's management is confident that this resolution will accelerate, as far as the European market is concerned, the transition to electric mobility, which is one of the Group's major growth factors in the coming years.





# **Half-yearly condensed consolidated Financial Statement**

## Consolidated Statement of Financial Position as of 30 June 2023

<i>(In thousands of Euro)</i>	Notes	30 June 2023	Of which with Related parties	31 December 2022	Of which with Related parties
Intangible assets		2,475		2,774	
Tangible assets	(1)	241,062		206,550	
Rights of use	(2)	62,316	32,836	55,115	33,158
Non-current financial assets and receivables	(3)	4,013		5,931	
Deferred tax assets	(4)	21,953		23,325	
Other non-current assets		1,760		1,834	
<b>Total non-current assets</b>		<b>333,579</b>		<b>295,529</b>	
Inventories	(5)	378,821		335,733	
Cash and cash equivalents		164,745		116,503	
Trade receivables	(6)	163,934		150,573	43
Current financial assets and receivables	(7)	64,342		5,684	5,684
Other current assets and receivables		36,175		53,499	
Tax receivables		3,527		4,223	
<b>Total current assets</b>		<b>811,544</b>		<b>666,215</b>	
<b>Total assets</b>		<b>1,145,123</b>		<b>961,744</b>	
Share capital		6,112		6,112	
Share premium reserve		270,686		34,410	
Other reserves		4,040		4,963	
Retained earnings		134,856		118,020	
<b>Total Group equity</b>	<b>(8)</b>	<b>415,694</b>		<b>163,505</b>	
<b>Total Minority equity</b>		<b>32,361</b>		<b>32,120</b>	
<b>Total equity</b>		<b>448,055</b>		<b>195,625</b>	
Non-current financial liabilities	(9)	174,245		190,778	
Employee benefits		3,868		4,070	
Provisions for risks and charges		887		1,230	
Deferred tax liabilities	(4)	13,510		12,825	
Non-current financial liabilities from rights of use	(10)	46,024	29,883	41,202	23,568
Other non-current liabilities	(11)	6,372	482	5,085	549
<b>Total non-current liabilities</b>		<b>244,906</b>		<b>255,190</b>	
Current financial liabilities	(9)	113,168		142,279	
Trade payables		289,138		329,292	
Tax payables		14,857		9,849	
Other current liabilities		26,873		22,317	
Current financial liabilities from rights of use	(10)	8,126	3,535	7,192	2,571
<b>Total current liabilities</b>		<b>452,162</b>		<b>510,929</b>	
<b>Total liabilities</b>		<b>697,068</b>		<b>766,119</b>	
<b>Total liabilities and Shareholders' Equity</b>		<b>1,145,123</b>		<b>961,744</b>	

The Consolidated Statement of Financial Position should be read in combination with the enclosing notes. The accompanying notes are an integral part of the condensed consolidated financial statements.

## Consolidated Income Statement for the six month ended 30 June 2023

<i>(In thousands of Euro)</i>	Notes	30 June 2023	of which with related parties	30 June 2022	of which with related parties
Revenues	(12)	453,804	70	427,765	
Other revenues and income		1,718		204	
Changes in inventories of finished and semi-finished products		3,970		24,966	
Raw material costs		(295,255)		(294,209)	
Costs for services	(13)	(50,370)	(1,715)	(46,959)	(1,326)
Personnel costs	(14)	(55,353)	(1,820)	(53,792)	(4,477)
Other operating expenses	(15)	(1,479)		(2,344)	
Impairment of fixed assets		-		(4,402)	(4,402)
Depreciation and amortisation	(16)	(14,999)	(1,834)	(12,350)	(1,891)
<b>Operating profit</b>		<b>42,036</b>		<b>38,880</b>	
Financial expenses	(18)	(10,554)	(274)	(6,973)	(59)
Financial income	(17)	1,788	12	975	-
Exchange gains (losses)		(4,923)		3,406	
<b>Profit before tax</b>		<b>28,347</b>		<b>36,288</b>	
Taxes	(19)	(9,595)		(14,297)	
<b>Profit for the period</b>		<b>18,752</b>		<b>21,991</b>	
Profit attributable to the Group		16,947		20,166	
Profit attributable to third parties		1,805		1,825	
<b>Earnings per share</b>	<b>(20)</b>	<b>0.11</b>		<b>0.16</b>	

The reduction in earnings per share as at 30 June 2023 is mainly attributable to the share capital increase completed in February with the completion of the IPO process. Following the share capital increase, the number of shares rose from 122,238,800 to 167,693,345.

## Consolidated Statement of Comprehensive Income for the six month ended 30 June 2023

		30 June	
(In thousands of Euro)	Notes	2023	2022
<b>Profit for the period</b>		<b>18,752</b>	<b>21,991</b>
<b>Other gains/(losses) that will be reclassified to the income statement net of tax effect</b>			
Gains/(losses) in currency resulting from the conversion of transactions into currency	(8)	(1,234)	4,567
Gains/(losses) from the measurement at fair value of equity instruments before tax	(8)	(550)	(2,125)
Tax effect of gains/(losses) from the fair value measurement of equity instruments	(8)	132	510
Gains/(losses) from the fair value measurement of hedging derivatives before tax	(8)	(25)	-
Tax effect of gains/(losses) from the fair value measurement of hedging derivatives	(8)	6	-
<b>Other gains/(losses) that will not be reclassified to the income statement net of tax effect</b>	<b>(8)</b>	<b>(1,671)</b>	<b>2,952</b>
Actuarial gains/(losses) on employee benefits before tax	(8)	32	717
Tax effect of actuarial gains/(losses) on employee benefits	(8)	(8)	(172)
<b>Total other components of the total income statement for the period</b>		<b>24</b>	<b>545</b>
<b>Allocation:</b>			
Pertaining to the Group		15,862	21,789
Pertaining to Minorities		1,243	3,699
<b>Profit for the period</b>		<b>17,105</b>	<b>25,488</b>

The Consolidated Statement of Comprehensive Income should be read in combination with the enclosed notes.  
The accompanying notes are an integral part of the condensed consolidated financial statements.

## Consolidated Cash Flow statement for the six month period ended 30 June 2023

		30 June	
(In thousands of Euro)	Notes	2023	2022
<b>Profit for the period</b>		<b>18,752</b>	<b>21,991</b>
Income taxes	(19)	9,595	14,297
Depreciation and amortisation	(16)	14,999	12,350
Difference between pension contributions paid and pension charges		(178)	(21)
Financial income	(17)	(1,788)	(975)
Financial expenses	(18)	10,554	6,973
Capital gains (losses) from the disposal of tangible assets		(97)	200
Net changes in provisions for risks and charges		(343)	-
Write-down of receivables	(6)	427	8,928
Inventory write-down	(5)	(52)	4,402
Share-based compensation expenses		51	2,161
Impairment of fixed assets		-	1,100
<b>Cash flow before changes in Net Working Capital</b>		<b>51,920</b>	<b>71,405</b>
(Increase)/decrease in trade receivables	(6)	(13,788)	(72,403)
(Increase)/decrease in inventories	(5)	(43,036)	(101,418)
Increase/(decrease) in trade payables		(40,154)	61,871
Increase/(decrease) in tax payables		13,179	(6,954)
(Increase)/decrease in other receivables		(52,979)	(3,437)
Increase/(decrease) in other payables		5,190	(9,986)
<b>Cash flow after changes in Net Working Capital</b>		<b>(79,668)</b>	<b>(60,922)</b>
Income taxes paid		(2,277)	(2,073)
<b>Cash flow from operating activities (A)</b>		<b>(81,945)</b>	<b>(62,995)</b>
(Investments) in tangible assets	(1)	(50,420)	(42,214)
Disposal of tangible assets		160	4
(Investments) in intangible assets		(531)	(102)
Interest collected		1,031	108
Dividends received		-	-
<b>Cash flow from investing activities (B)</b>		<b>(49,760)</b>	<b>(42,204)</b>
Equity increase		236,276	-
New bank loans	(9)	8,203	21,286
Repayment of bank loans	(9)	(16,155)	(36,082)
Increase in current financial liabilities	(9)	30,477	79,630
Repayment of current financial liabilities	(9)	(66,676)	(11,781)
Repayments of financial liabilities arising from leases	(10)	(4,955)	(4,895)
Dividends paid		-	(3,822)
Interest paid		(9,664)	(3,375)
<b>Cash flow from financing activities (C)</b>		<b>177,506</b>	<b>40,961</b>
<b>Increase (decrease) in cash and cash equivalents (A+B+C)</b>		<b>45,801</b>	<b>(64,238)</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>116,503</b>	<b>137,662</b>
Effect of changes in exchange rates		2,441	1,041
<b>Cash and cash equivalents at the end of the period</b>		<b>164,745</b>	<b>74,465</b>



## Consolidated Statement of changes in Equity for the half year ended 30 June 2023

	Other reserves										
(In thousands of Euro)	Share capital	Share premium reserve	Legal reserve	First time adoption (FTA) reserve	Translation reserve	Other comprehensive income	Stock Option Plan	Retained earnings	Group equity	Third parties equity	Total equity
31 December 2021	6,112	34,410	648	(3,875)	1,714	6,717	-	81,829	127,555	19,772	147,327
Dividends distributed								(2,769)	(2,769)	(1,053)	(3,822)
Profit for the period								20,166	20,166	1,825	21,991
Actuarial gains						525			525	20	545
Losses from fair value measurement of equity instruments						(1,615)			(1,615)		(1,615)
Exchange differences					2,747				2,747	1,820	4,567
Total other components of the total income statement for the period					2,747	(1,090)		20,166	21,823	3,665	25,488
30 June 2022	6,112	34,410	648	(3,875)	4,461	5,627	-	99,226	146,609	22,384	168,993
31 December 2022	6,112	34,410	796	(3,875)	2,349	5,693	-	118,020	163,505	32,120	195,625
Allocation of profit			111					(111)	-	-	-
Equity increase		236,276							236,276		236,276
Dividends distributed										(1,002)	(1,002)
Stock Option Plan							51		51	-	51
Profit for the period								16,947	16,947	1,805	18,752
Actuarial gains						24			24	-	24
Losses from fair value measurement of equity instruments						(418)			(418)	-	(418)
Losses from the fair value measurement of hedging derivatives						(19)			(19)	-	(19)
Exchange differences					(672)				(672)	(562)	(1,234)
Total other components of the total income statement for the period					(672)	(413)	-	16,947	15,862	1,243	17,105
30 June 2023	6,112	270,686	907	(3,875)	1,677	5,280	51	134,856	415,694	32,361	448,055

## Explanatory Notes to the half-yearly condensed Consolidated Financial Statement for the six month period ended 30 June 2023

### ACCOUNTING STANDARDS AND BASIS OF PREPARATION

#### General information

EuroGroup Laminations S.p.A. (hereinafter “Company” or “Eurogroup Laminations”) is a public limited company registered in Italy. The parent company is Euro Management Services S.p.A. (also known as E.M.S.). The registered office address is Via Stella Rosa 48, Baranzate (Milan, Italy).

The main activities of the Company and its subsidiaries (collectively referred to as “the Group”) and the nature of the Group’s activities relate to the production of rotors and stators for rotating electric machines (electric motors and generators), by cutting (progressive and block) or punching magnetic laminations, the latter for large electric machines, as well as the casting of aluminium moulds of rotors intended for such electric machines. Also in these sectors, the Group carries out the assembly of the above-mentioned products and their auxiliary processes, as well as the design and construction of dies for cutting the above-mentioned laminations.

The condensed consolidated half-yearly financial statements were approved by the Board of Directors on 2 August 2023.

### CRITERIA FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

#### Declaration of conformity

The condensed consolidated half-yearly financial statements for the period ended 30 June 2023 have been prepared pursuant to Article 154-ter of Italian Legislative Decree No. 58/98, as well as the relevant Consob provisions and in accordance with IAS 34 - Interim Financial Reporting, and are subject to limited audit in accordance with the criteria recommended by Consob. In particular, as at 30 June 2023 it was prepared in summary form and does not con-

tain all the information and notes required for the annual consolidated financial statements and must therefore be read together with the annual consolidated financial statements as at 31 December 2022.

#### Contents of the Financial Statements

The Condensed Consolidated Half-Yearly Financial Statements comprise the Consolidated Statement of Financial Position as of 30 June 2023, the Consolidated Income Statement for the six months ended 30 June 2023, the Consolidated Statement of Comprehensive Income for the six months ended 30 June 2023, the Consolidated Cash Flow Statement for the six months ended 30 June 2023, the Consolidated Statement of Changes in Equity for the six months period and these Notes to the Half-Yearly Condensed Consolidated Financial Statements as of and for the six months ended 30 June 2023.

The Group presents the Consolidated Statement of Comprehensive Income for the half-year ended 30 June 2023 according to a classification method based on the nature of costs, as it is representative of the format used by management for internal reporting processes in evaluating business operations, and is therefore suitable for providing reliable information to investors.

The Consolidated Statement of Comprehensive Income Statement for the six months ended 30 June 2023 is presented separately and, in addition to presenting the profit and loss components recognised directly in the Consolidated Income Statement for the six months ended 30 June 2023 during the period, it presents the profit and loss components not recognised in the income statement as required by IFRS.

The Group presents current and non-current assets and liabilities with separate classification in the consolidated half-yearly financial statements. Current items are those expected

to be realised within 12 months from the reporting date or to be sold or consumed in the Group's normal operating cycle.

The Group presents its consolidated Statement of Cash Flows according through the indirect method, as permitted by IAS 7 — Statement of Cash Flows ("IAS 7"), and presents cash flows from operating, investing and financing activities.

The financial statements are presented in euros, which is the functional currency of the Company and the Group, and rounded to the nearest thousand. Foreign transactions are included according to the policies set out in the notes below.

The preparation of the condensed consolidated half-yearly financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities. If in the future these estimates and assumptions, based on the best judgement of management at the date of these condensed consolidated half-yearly financial statements, should deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. Please refer to the section "Use of estimates and significant impacts of accounting standards" of the consolidated half-yearly financial statements for a detailed description of the most significant valuation procedures used by the Group in preparing the consolidated half-yearly financial statements.

In addition, in accordance with IAS 34, some valuation processes, in particular those of a more complex nature relating to issues such as any impairment of non-current assets, are carried out in full only when preparing the annual consolidated financial statements, unless there are indications of impairment, in which case an immediate valuation is carried out. Similarly, the actuarial valuations required to determine the provisions for employee benefits are also usually carried out during the preparation of the annual consolidated financial statements, except in the case of significant market fluctuations or significant changes, reductions or settlements of the plans.

The measurement criteria used in the preparation of these consolidated half-yearly financial statements do not differ from those used in the preparation of the annual consolidated financial statements, with the exception of the following:

#### Share-based incentive plans

Incentive plans settled through the payment to beneficiaries of equity instruments of the Company are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details relating to the determination of the fair value of share-based transactions settled with equity instruments are reported in note (13).

The fair value of the plan determined at the grant date is charged to the income statement on a straight-line basis over the vesting period as a balancing entry to an increase in equity (IFRS 2 reserve), based on the Group's estimate of the number of equity instruments that will vest. At each reporting date, the Group reviews the estimate of the number of equity instruments that are expected to vest as a result of non-market vesting conditions. The impact of any revision of the original estimates is recognised in the income statement so that the cumulative charge reflects the revised estimate, with a corresponding adjustment of the reserve.

#### APPLICATION OF NEW AND REVISED ACCOUNTING STANDARDS

- The following IFRS accounting standards, amendments and interpretations were assessed for applicability or possible first-time application by the Group as of 1 January 2023.
- On 18 May 2017, the IASB published IFRS 17 – Insurance Contracts, which is intended to replace IFRS 4 – Insurance Contracts. The standard was applied starting from 1 January 2023. The aim of the new standard is to ensure that an entity provides relevant information that accurately represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single, principle-based framework to take into account all types of

insurance contracts, including reinsurance contracts that an insurer holds. The new standard also includes presentation and disclosure requirements to improve comparability between entities belonging to this sector. The new standard measures an insurance contract on the basis of a General Model or a simplified version of it, called the Premium Allocation Approach ("PAA"). The main characteristics of the General Model are:

- estimates and assumptions of future cash flows are always current;
- the measurement reflects the time value of money;
- the estimates envisage an extensive use of information observable on the market;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated into groups of insurance contracts at the time of initial recognition; and
- other expected profit is recognised over the contractual hedging period, taking into account adjustments resulting from changes in the cash flow assumptions for each group of contracts.

The PAA approach envisages the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at the time of initial recognition, the entity expects that this liability reasonably represents an approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications deriving from the application of the PAA method do not apply to the valuation of liabilities for outstanding claims, which are measured with the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will occur within one year from the date on which the claim is made.

The entity must apply the new standard to insurance contracts issued, including reinsurance contracts issued, to reinsurance contracts held and also to investment contracts with a discretionary participation feature (DPF).

Furthermore, on 9 December 2021, the IASB published an amendment entitled "Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information". The amendment is a transition option for comparative information on financial assets submitted at the initial date of application of IFRS 17. The amendment was applied from 1 January 2023, together with the application of IFRS 17, to avoid temporary accounting mismatches between financial assets and liabilities of insurance contracts, and to improve the usefulness of comparative information for readers of financial statements. The adoption of this standard and the related amendment had no impact on the Group's consolidated financial statements.

• On 7 May 2021, the IASB published an amendment called "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred taxes are to be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leasing and decommissioning obligations. The amendments were applied from 1 January 2023. The adoption of this amendment had no impact on the Group's consolidated financial statements.

• On 12 February 2021, the IASB published two amendments entitled "Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates—Amendments to IAS 8". The changes aim to improve disclosure on accounting policies to provide more useful information to investors and other primary financial statements users, and to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments were applied starting from 1 January 2023. The adoption of these amendments did not affect the Group's consolidated financial statements.

## IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET ENDORSED BY THE EUROPEAN UNION

At the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and standards described below.

- On 23 January 2020, the IASB published an amendment called "Amendments to IAS 1 Presentation of Financial statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 published an amendment called "Amendments to IAS 1 Presentation of Financial statements: Non-Current Liabilities with Covenants". The purpose of the documents is to clarify how to classify payables and other short- or long-term liabilities. The amendments come into force on 1 January 2024; earlier application is, however, permitted. The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.
- On 22 September 2022, the IASB published an amendment called "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to assess the liability for the lease arising from a sale & leaseback transaction so as not to recognise any income or loss relating to the retained right of use. The amendments will apply from 1 January 2024, but earlier application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.
- On 23 May 2023, the IASB published an amendment called "Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules". The document introduces a temporary exception to the obligations of recognition and disclosure of deferred tax assets and liabilities relating to the Model Rules of Pillar Two and provides for specific disclosure obligations for the entities concerned by the related International Tax Reform.

- The document provides for the immediate application of the temporary exception, while the disclosure requirements will only apply to annual financial statements starting on 1 January 2023 (or at a later date) but not to interim financial statements with a closing date prior to 31 December 2023. The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.
- On 25 May 2023, the IASB published an amendment called "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". The document requires an entity to provide additional information on reverse factoring agreements that allow users of the financial statements to assess how financial agreements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such agreements on the entity's exposure to liquidity risk. The amendments will apply from 1 January 2024, but earlier application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment. (Alternatively) The directors are currently assessing the possible effects of the introduction of this amendment on the Group's consolidated financial statements.
- On 30 January 2014, the IASB published IFRS 14 – Regulatory Deferral Accounts, which allows only first-time adopters of IFRSs to continue to recognise amounts related to rate-regulated activities under their previous adopted accounting standards. As the Company/Group is not a first-time adopter, this standard is not applicable.

## Use of estimates and significant impacts of accounting standards

The preparation of the condensed consolidated half-yearly financial statements requires management to make assessments, estimates and assumptions that affect the application of accounting standards and the reported amounts of assets and liabilities, revenues and costs. Actual results may differ from these estimates.

In preparing these condensed consolidated half-yearly financial statements, the significant assessments made by Management in applying the Group's accounting standards and the main sources of uncertainty in the estimates were the same as those applied to the consolidated financial statements as at 31 December 2022, as detailed below:

### Inventory obsolescence provision

The provision for inventory obsolescence reflects the Directors' estimate of the Group's expected loss in value, determined based on past experience and historical and expected trends in the market for raw materials (particularly the price of electrical steel, and finished products). For raw, ancillary and consumable materials, the net realisable value is the replacement cost. The main raw material purchased by the Group is electric steel, which represents over 60% of the Group's purchase costs and whose value represents the most significant component of inventories. Whereas, in the event of an increase in the prices of this raw material, the Group may make use of the price adjustment clauses included in the main sales contracts, a significant decrease in the price of electric steel could, conversely, have a negative effect on estimating the realisable value of inventories including electrical steel previously purchased at higher prices. For finished and semi-finished products, the net realisable value is the estimated selling price in the normal course of business, taking into account the trend in the price of raw materials and in particular electrical steel, net of the estimated costs of completion and those necessary to carry out the sale.

The calculation of the net realizable value of the inventories is carried out taking into account also the phenomenon of obsolescence of the same, applying differentiated depreciation percentages for homogeneous bands, determined on the basis of the indices of rotation of the inventories, and their terms and conditions at the date of drawing up of the budget and their prospects for implementation. A worsening of general economic and financial conditions could lead to a further deterioration of market conditions compared to the worsening already taken into account in the quantification of provisions in the consolidated half-yearly financial statements.

### Allowance for doubtful accounts

The Company applies the simplified approach in measuring expected credit losses (ECLs) for trade receivables. The ECL takes into account historical credit losses, adjusted for creditor-specific factors and the economic environment, and is based on the days past due for each class of customers grouped in the various clusters with similar historical loss trends. The matrix is based on the default rates observed in the Company. The Company balances the matrix to adjust historical loan loss data with forecast elements. The assessment of the correlation between historical default rates, projected economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and expected economic conditions. Historical experience on the Company's credit loss trends and forecasts of future economic conditions may also not be representative of actual customer insolvency in the future.



Leasing

Lease agreements may include options to extend and terminate the lease period. In assessing whether the exercise of an option to renew or terminate a lease is potentially safe, consideration is given to all relevant factors that create an economic incentive to exercise the option to renew or terminate the lease. After the start date of the lease (“commencement date”), the lease period is reviewed if there is a significant event or change that affects the ability to exercise the option or not to renew or terminate the lease. The implicit interest rate of a lease is not easily determined. Therefore, the Incremental Borrowing Rate (“IBR”) is used to determine the present value of lease costs. This corresponds to the interest rate that would be paid for a loan with a similar duration and guarantee.

Estimating the useful life of assets

In calculating the depreciation of tangible assets, the Group has defined the useful life on the basis of a physical estimate of asset obsolescence. The useful life may change significantly as a result of technical innovations or other events. Depreciation will increase when the useful life is less than the previously estimated life, or if assets are determined to be obsolete or non-strategic they will be eliminated or written down.

Estimating the impairment of property, plant and equipment, right-of-use assets and intangible assets with a defined useful life

The Group assesses the impairment of property, plant and equipment, right-of-use assets and intangible assets with a finite useful life when there are indicators of impairment. The complexity of the estimation process and issues related to the development of assumptions, risks and uncertainties in the application of the Group’s accounting estimates for impairment of property, plant and equipment, right-of-use assets and intangible assets affect the amounts reported in the Consolidated Half-Yearly Financial Statements. These estimates are characterised by long-term uncertainties. Therefore, if one or more of these estimates change significantly, it is likely that materially different amounts may be reported in the consolidated half-yearly financial statements. In particular, the directors use the budgets and forecasts included in the most recent business plans to determine the future cash flows expected from the continued use of non-financial assets. The budgets include forecasts of revenues, personnel costs and overheads based on current and expected market conditions that have been considered and approved by the Board of Directors. In this regard, the Group uses various assumptions, including estimates of future increases in sales, operating costs, terminal value growth rate, capital expenditure, changes in working capital and the weighted average cost of capital as the discount rate.

Estimating fair value

Certain assets and liabilities of the Group are measured at fair value in the Consolidated Half-Yearly Financial Statements. In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent that it is available (level 1). If Level 1 data is not available, the Group will engage third-party qualified evaluators to perform the assessment. Evaluation techniques may use:
 

- Level 2 factors, which include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in non-active markets, inputs other than quoted prices that are observable for the asset or liability (e.g. interest rates, spreads, etc.), factors corroborated by observable market data through correlation or other means.
- Level 3 factors, consisting of unobservable factors for which market data are not available and which reflect assumptions that market participants would use to determine an appropriate price for the asset or liability.

Going concern

At the time of approving these financial statements, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue to operate as a going concern for the foreseeable future. Therefore, they continue to adopt the going concern assumption in preparing the financial statements.

INFORMATION ON OPERATING SEGMENTS

The operating segments are reported in a manner consistent with the internal reports provided to the chief operating decision-maker (CODM). The CODM, responsible for allocating resources and assessing the performance of the operating segments, has been identified as the Board of Directors. The Group has determined the operating segments on the basis of the reports examined by the Board of Directors, which is considered the Chief Operating Decision Maker (CODM) as defined by IFRS 8 – Operating Segments (“IFRS 8”), for the purpose of allocating resources and assessing the Group’s performance. The Group is organised into two operating and separately representable segments, based on the perspective provided by the brand, as described below:
 

- EV & Automotive: EV & Automotive is a business unit introduced in recent years, operating mainly in the electric car sector and also in automotive-related utilities in general.
- Industrial: Industrial is the Group’s historical Business Unit and produces components mainly for the following product lines: home, logistic, energy, pumps, HVAC, tools and diversified industrial.

 Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA) is the key measure used by the CODM to assess performance and allocate resources to the Group’s operating segments, as well as to analyse operating trends, make analytical comparisons and benchmark performance between periods and between segments. EBITDA is defined as Earnings before taxes, financial income, financial expenses, foreign exchange gains/losses and depreciation and amortisation. There are no transactions between segments. No common cost allocations were made between the segments. Below is an analysis of the Group’s performance indicators by segment as at 30 June 2023 and 2022.

Below is an analysis of the Group's performance indicators by segment as at 30 June 2023 and 2022.

	EV & Automotive		Industrial		Consolidated	
<i>(In thousands of Euro)</i>	2023	2022	2023	2022	2023	2022
Revenues	245,140	141,591	208,664	286,174	453,804	427,765
<b>EBITDA</b>	<b>32,647</b>	<b>18,774</b>	<b>24,389</b>	<b>35,861</b>	<b>57,036</b>	<b>54,635</b>
<i>Items in reconciliation:</i>						
Depreciation and amortisation				(14,999)	(12,350)	
Financial income				1,788	975	
Financial expenses				(10,554)	(6,973)	
Exchange gains (losses)				(4,923)	-	
<b>Profit before tax</b>				<b>28,347</b>	<b>36,288</b>	
Income taxes				(9,595)	(14,297)	
<b>Profit for the period</b>				<b>18,752</b>	<b>21,991</b>	

For the purpose of monitoring the performance of segments and the allocation of resources between segments, the CODM monitors the total assets of each segment. All assets are allocated to the segments reported, with the exception of equity investments, non-current financial assets, deferred tax assets and other non-current assets.

	Assets broken down by segments	
<i>(In thousands of Euro)</i>	30 June 2023	31 December 2022
EV & Automotive	178,351	130,084
Industrial	127,502	134,355
<b>Total assets broken down by segments</b>	<b>305,853</b>	<b>264,439</b>
<i>Unallocated assets:</i>		
Deferred tax assets	21,953	23,325
Non-current financial assets	4,013	5,931
Other non-current assets	1,760	1,834
<b>Total non-current assets</b>	<b>333,579</b>	<b>295,529</b>

INFORMATION BY GEOGRAPHICAL AREA

The following table shows the Group's revenues and asset information by segment (total non-current assets excluding non-current financial assets, deferred tax assets, other non-current assets and equity investments) categorised by geographic location:

<i>(In thousands of Euro)</i>	30 June 2023	30 June 2022
EMEA	267,143	250,981
- of which in Italy	263,004	242,490
NORTH AMERICA	164,469	153,645
- of which in Mexico	137,142	91,390
- of which in the United States	27,327	62,255
ASIA	22,192	23,139
- of which in China	22,192	23,139
<b>Revenues by geographic area</b>	<b>453,804</b>	<b>427,765</b>

<i>(In thousands of Euro)</i>	30 June 2023	31 December 2022
EMEA	155,912	126,505
- of which in Italy	150,675	121,764
NORTH AMERICA	95,953	90,961
- of which in Mexico	67,436	61,634
- of which in the United States	28,517	29,327
ASIA	53,988	46,973
- of which in China	53,988	46,973
<b>Total assets broken down by segments</b>	<b>305,853</b>	<b>264,439</b>

INFORMATION ON MAJOR CUSTOMERS

Revenues from EV & Automotive includes revenues from the two main customers amounting to Euro 147,566 as at 30 June 2023 (Euro 85,787 thousand as at 30 June 2022). No other single customer contributed more than 10% of the Group's revenues as at 30 June 2023 or 30 June 2022.



SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

On **20 July 2023**, the Ordinary Shareholders’ Meeting authorised the Company to purchase and dispose of treasury shares, giving a mandate to the Board of Directors, with the power to sub-delegate to Sergio Iori, Marco Stefano Arduini and Isidoro Guardalà, severally, to proceed, also through their proxies, to purchase and dispose of the Company’s treasury shares.

This resolution provides the Company with an instrument of strategic flexibility to which it can resort, in strict compliance with current EU and national regulations, as well as in accordance with market practices permitted from time to time, for the purposes and within the limits indicated in paragraph 4 of this Management Report.

Furthermore, on **20 July 2023** the Extraordinary Shareholders’ Meeting of the Company resolved to amend Art. 10 of the Articles of Association, envisaging an “opt in” clause, in view of possible future regulatory provisions, which will make it possible to use the exclusive Designated Representative as one of the methods for holding meetings. In any case, the shareholders’ meetings may continue to be held in person, and it will be the Board of Directors of the Company that will decide from time to time whether or not to make use of the possibility of holding the meetings through an exclusive Designated Representative, without the Company being bound thereby.

On **August 2, 2023**, the Group signed a binding agreement with Angelo Petrogalli to purchase the 100% of the shares of DS4 S.r.l. (“DS4”), a company based in Pedrengo (BG) active in the design and construction of custom-made software and hardware with applications in the field of industrial automation. DS4 was founded in 1996 as a manufacturer of laser cutting machinery mainly dedicated to the optics sector, and over the years it has also developed unique skills in the field of components to support machining on steel, combining elements of robotics, 3D vision and artificial intelligence, that have enabled it to obtain prestigious collaborations and awards, such as the ABB Most Innovative Solution Award. EuroGroup Laminations and DS4 boast a fruitful technical and commercial relationship, which began in 2019 with the development of an innovative human-less production line equipped with its own neural network system for the production of motor cores destined for the Electric Vehicles market. The transaction will enable EuroGroup Laminations to acquire strategic skills in industrial automation, that are key to support, also through the digitization of industrial processes, the future growth envisaged at the Group level, and will provide DS4 with the access to EuroGroup Laminations’ consolidated platform of know-how and customers.

Moreover, it is to be noted the high level of attainable operating synergies thanks to the acquisition.

In 2022 DS4 recorded € 7.9 million revenues and a € 2.5 million EBITDA, with a € 18.4 million order book as of July 2023.

The transaction has an enterprise value of approximately € 16.5 million, with a net cash position equal to € 1.9 million and includes the payment of a ticking fee of € 4,450 that will accrue daily from January 1, 2023 until the closing date and a part of the consideration equal to € 3.5 million to be paid in 5 equal annual instalments, with an annual interest which will accrue on each instalment. The payment of the consideration will be made entirely in cash, through the buyer’s own resources. The transaction does not involve either debt assumption agreements or assignment of receivables. There are no call or put options. The completion of the transaction is subject to the clearance from the Italian Government pursuant to the golden power regulation within December, 31, 2023. It is expected that such condition may be satisfied by the end of September 2023.

Notes to the items in the Consolidated Statement of Financial Position as of 30 June 2023

NON-CURRENT ASSETS

(1) Tangible assets

The following table provides a breakdown of tangible assets:

<i>(In thousands of Euro)</i>	Land and buildings	Plants and machinery	Commercial and industrial equipment	Other property, plant and equipment	Assets under construction	Total
<b>Historical cost as at 31 December 2022</b>	<b>24,879</b>	<b>276,169</b>	<b>80,780</b>	<b>20,122</b>	<b>61,357</b>	<b>463,307</b>
Increases	1,518	13,823	4,557	1,319	29,204	50,421
Decreases	-	(350)	(24)	(164)	-	(538)
Reclassifications	1,062	9,141	1,516	405	(12,124)	-
Exchange rate differences and other changes	11	(3,095)	(588)	(107)	(2,373)	(6,152)
<b>Historical cost as at 30 June 2023</b>	<b>27,470</b>	<b>295,688</b>	<b>86,241</b>	<b>21,575</b>	<b>76,064</b>	<b>507,038</b>
<b>Accumulated depreciation as at 31 December 2022</b>	<b>(9,676)</b>	<b>(169,368)</b>	<b>(62,093)</b>	<b>(15,620)</b>	<b>-</b>	<b>(256,757)</b>
Depreciation	(764)	(7,327)	(2,490)	(497)	-	(11,078)
Decreases	-	308	17	152	-	477
Exchange rate differences and other changes	16	1,171	163	32	-	1,382
<b>Accumulated depreciation as at 30 June 2023</b>	<b>(10,424)</b>	<b>(175,216)</b>	<b>(64,403)</b>	<b>(15,933)</b>	<b>-</b>	<b>(265,976)</b>
<b>Book value:</b>						
<b>31 December 2022</b>	<b>15,203</b>	<b>106,801</b>	<b>18,687</b>	<b>4,502</b>	<b>61,357</b>	<b>206,550</b>
<b>30 June 2023</b>	<b>17,046</b>	<b>120,472</b>	<b>21,838</b>	<b>5,642</b>	<b>76,064</b>	<b>241,062</b>

The item “Land and buildings” mainly includes industrial sites and warehouses. The increases, of Euro 1,518 thousand as at 30 June 2023, are mainly related to building improvements to the Group’s buildings.

The item “Plant and machinery” includes the presses and other industrial machinery used for the production process. The increases, amounting to Euro 13,823 thousand as at 30 June 2023, are mainly related to the purchase of new presses, particularly by Eurotranciatura S.p.A.

The “Commercial and industrial equipment” category includes moulds and other industrial and commercial equipment. The increases amounted to Euro 4,577 thousand as at 30 June 2023 and refer mainly to the purchase of new moulds, in particular by Eurotranciatura S.p.A.

The item “Other tangible assets” includes furniture and furnishings for offices and warehouses, equipment for warehouses, shelving, electronic office machines, vehicles and cars. The increases of Euro 1,319 thousand as at 30 June 2023, refer mainly to the purchase of new electronic machines for offices for Euro 619 thousand, the purchase of new industrial vehicles for Euro 399 thousand in 2023 and new furniture and miscellaneous furnishings for Euro 103 thousand.

Assets under construction are assets not yet available for use. The increases of Euro 29,204 thousand as at 30 June 2023 relate to the substantial investments of the EV & Automotive BU in anticipation of the significant increases in volumes expected in the second half of 2023. This increase is mainly due to the advances for non-current assets of Eurotranciatura S.p.A. for Euro 5,785 thousand, Eurotranciatura Mexico S.A. de C.V. for Euro 7,247 thousand and Euro Misi High-Tech, Jiaxing Co Ltd for Euro 8,625 thousand.

## (2) Rights of use

The following table provides a breakdown of the resources relating to rights of use:

<i>(In thousands of Euro)</i>	Land and buildings	Plants and machinery	Commercial and industrial equipment	Other property, plant and equipment	Total
<b>Historical cost as at 31 December 2022</b>	<b>58,289</b>	<b>35,424</b>	<b>929</b>	<b>1,193</b>	<b>95,835</b>
Increases	9,616	935	180	31	10,762
Exchange rate differences and other changes	(55)	47	(39)	26	(21)
<b>Historical cost as at 30 June 2023</b>	<b>67,850</b>	<b>36,406</b>	<b>1,070</b>	<b>1,250</b>	<b>106,576</b>
<b>Accumulated depreciation as at 31 December 2022</b>	<b>(13,696)</b>	<b>(25,429)</b>	<b>(492)</b>	<b>(1,103)</b>	<b>(40,720)</b>
Depreciation	(2,472)	(999)	(42)	(179)	(3,692)
Exchange rate differences and other changes	138	17	(50)	47	152
<b>Accumulated depreciation as at 30 June 2023</b>	<b>(16,030)</b>	<b>(26,411)</b>	<b>(584)</b>	<b>(1,233)</b>	<b>(44,259)</b>
<b>Book value as at:</b>					
<b>31 December 2022</b>	<b>44,593</b>	<b>9,995</b>	<b>437</b>	<b>90</b>	<b>55,115</b>
<b>30 June 2023</b>	<b>51,820</b>	<b>9,994</b>	<b>485</b>	<b>17</b>	<b>62,316</b>

During the first half of 2023, rights of use were increased by Euro 10,762 thousand, of which Euro 9,616 in land and buildings deriving mainly from the signing of new leases relating to production sites and offices in Eurotranciatura for Euro 7,661 thousand and for a new production site in Corrada for Euro 1,693 thousand.

As at the reporting date, no impairment indicators were found that would make it necessary to carry out an impairment test with reference to rights of use.



### (3) Non-current financial assets and receivables

The following table gives a breakdown of non-current financial assets:

<i>(In thousands of Euro)</i> Description	30 June 2023	31 December 2022
Derivative financial instruments receivable	1,680	1,599
Investments in Kuroda	1,623	2,046
Miscellaneous guarantee deposits	696	560
Other securities	14	769
Receivables from parent companies	-	957
<b>Non-current financial assets and receivables</b>	<b>4,013</b>	<b>5,931</b>

The item “Derivative financial instruments receivable” refers to the fair value of derivative instruments receivable, the change in respect of which, in accordance with accounting standards, was recognised in the income statement.

The item “Investments in Kuroda” relates to the fair value of the minority interest held in Kuroda Precision Industries Ltd, listed on the Tokyo Stock Exchange. A reconciliation of the amount shown in the previous table is provided below:

	30 June 2023	31 December 2022
Number of shares held	168,600	168,600
Unit Price	9.63	12.14
<b>Fair value (in thousands of Euro)</b>	<b>1,623</b>	<b>2,046</b>

### (4) Deferred tax assets and deferred tax liabilities

The following table provides a detailed analysis of deferred tax assets and liabilities:

<i>(In thousands of Euro)</i>	31 December 2022	Recognised in profit or loss	Recognised in OCI	Exchange rate differences and other	30 June 2023
<b>Deferred tax assets arising from:</b>					
Employee benefits	13	(1)	(8)	-	4
Tangible assets	7,347	750	-	747	8,844
Rights of use	1,206	(44)	-	(907)	255
Intangible assets	2,078	213	-	(1,322)	969
Inventory obsolescence provision	4,903	(1,574)	-	(29)	3,300
Allowance for doubtful accounts	2,648	(272)	-	93	2,469
Tax losses	494	648	-	(13)	1,129
Customer advances	-	-	-	-	-
Other	4,636	1,435	-	(1,088)	4,983
<b>Deferred tax assets</b>	<b>23,325</b>	<b>1,155</b>	<b>(8)</b>	<b>(2,519)</b>	<b>21,953</b>
<b>Deferred tax liabilities arising from:</b>					
Employee benefits	67	33	7	-	107
Tangible assets	7,736	(229)	-	(116)	7,391
Rights of use	-	279	-	1,373	1,652
Share-based compensation	13	10	(11)	-	12
Other	160	(1,003)	-	512	(331)
Inventories	<b>4,849</b>	<b>173</b>	<b>-</b>	<b>(343)</b>	<b>4,679</b>
<b>Deferred tax liabilities</b>	<b>12,825</b>	<b>(737)</b>	<b>(4)</b>	<b>1,426</b>	<b>13,510</b>

The decrease in deferred tax assets recorded in the income statement in 2023 is mainly attributable to the timing differences that emerged from the valuation of the inventory obsolescence provision and allowance for doubtful accounts. Another important effect is attributable to the exchange differences recognised on intangible assets during the period.

CURRENT ASSETS

(5) Inventories

The detailed description of inventories is reported below:

<i>(In thousands of Euro)</i> Description	30 June 2023	31 December 2022
Raw materials	214,190	191,206
Semi-finished products	50,588	45,796
Finished products	120,834	109,701
Contract work in progress	6,097	6,377
Inventory obsolescence provision	(12,888)	(17,347)
<b>Inventories</b>	<b>378,821</b>	<b>335,733</b>

The following table shows the changes in the provision for inventory obsolescence:

<i>(In thousands of Euro)</i> Description	30 June 2023	31 December 2022
<b>Inventory obsolescence provision at the beginning of the period</b>	<b>17,347</b>	<b>6,530</b>
Provisions	2,801	16,520
Uses	(4,407)	(2,961)
Releases	(2,853)	(2,742)
<b>Inventory obsolescence provision at the end of the period</b>	<b>12,888</b>	<b>17,347</b>

(6) Trade receivables

Trade receivables include:

<i>(In thousands of Euro)</i> Description	30 June 2023	31 December 2022
Trade receivables	173,126	159,338
Allowance for doubtful accounts	(9,192)	(8,765)
<b>Trade receivables</b>	<b>163,934</b>	<b>150,573</b>

The changes in the allowance for doubtful accounts as at 30 June 2023 and 31 December 2022 are shown below:

<i>(In thousands of Euro)</i> Description	30 June 2023	31 December 2022
<b>Allowance for doubtful accounts at the beginning of the period</b>	<b>8,765</b>	<b>7,907</b>
Provisions	486	6,295
Uses	-	(854)
Releases	(59)	(4,583)
<b>Allowance for doubtful accounts at the end of the period</b>	<b>9,192</b>	<b>8,765</b>

The following table reports trade receivables divided by geographic area:

<i>(In thousands of Euro)</i> Description	30 June 2023	31 December 2022
EMEA	111,100	110,662
- of which in Italy	108,907	108,078
NORTH AMERICA	41,149	30,115
- of which in Mexico	34,904	24,945
- of which in the United States	6,245	5,170
ASIA	11,685	9,796
- of which in China	11,685	9,796
<b>Trade receivables</b>	<b>163,934</b>	<b>150,573</b>

(7) Current financial assets and receivables

Current financial assets and receivables include:

<i>(In thousands of Euro)</i> Description	30 June 2023	31 December 2022
Receivables for investments in time deposits	59,500	-
BTPs	4,842	-
Receivables from parent companies	-	5,684
<b>Current financial assets and receivables</b>	<b>64,342</b>	<b>5,684</b>

The increase of Euro 58,658 thousand is mainly due to the combined effect of:

- reduction of Euro 5,684 thousand in financial receivables from parent companies for the repayment of the loan by EMS;
- increase of Euro 59,500 thousand relating to the investment of liquidity through the subscription of time deposits at different maturities;
- increase of Euro 4,842 thousand relating to the investment of the available liquidity of SAF through the subscription of 12-month BTPs. The BTP accrues a coupon of 3.74% per annum and will be redeemed at the end of the maturity at the nominal value of Euro 5,000 thousand.

EQUITY

(8) Total group equity

As at 30 June 2023, the share capital was fully subscribed and paid up and amounted to Euro 6,111,941. This is divided into 94,016,319 ordinary shares and 73,677,026 multiple voting shares, corresponding to a total of 315,047,397 voting rights. The following table shows a reconciliation between the number of shares as at 31 December 2022 and 30 June 2023:

Number of shares as at 31 December 2022	122,238,800
Increase for subscription of a capital increase	45,454,545
Number of shares as at 30 June 2023	167,693,345

It should be noted that the number of shares as at 31 December 2022 was restated following the split.

Share premium reserve

The share premium reserve as at 30 June 2023 amounted to Euro 270,686 thousand and changed by Euro 236,276 thousand compared to 31 December 2022 following the share capital increase resulting from the listing and is shown net of the related costs incurred as part of the transaction.

Other reserves

Other reserves amount to Euro 4,040 thousand as at 30 June 2023, Euro 4,963 thousand as at 31 December 2022, and are broken down as follows:

(In thousands of Euro)	30 June 2023	31 December 2022
Legal reserve	907	796
First time adoption (FTA) reserve	(3,875)	(3,875)
Translation reserve	1,677	2,349
Stock Option Plan Reserve	51	
Other comprehensive income	5,280	5,693
Of which:		
• Actuarial gains/(losses) on employee benefits	103	79
• Gains from fair value measurement of equity instruments	5,045	5,464
• Losses arising from the fair value measurement of hedging derivatives	132	150
Other reserves	4,040	4,963

RETAINED EARNINGS

Retained earnings amounted to Euro 134,856 thousand as at 30 June 2023, Euro 118,020 thousand as at 31 December 2022.

NON-CURRENT LIABILITIES

(9) Financial liabilities

The following table shows details of changes in liabilities arising from financing activities:

(In thousands of Euro)	Bank loans	Financing lines	Payables to factors	Payables to other investors	Derivatives	Total
Opening balance	197,958	71,033	34,344	29,721	-	333,057
Refunds	(16,155)	(32,332)	(34,344)	-	-	(82,831)
Increases	8,203	-	30,477	-	-	38,680
Change in consolidation scope	-	-	-	-	-	-
Other non-financial movements	(1,316)	(264)	-	88	-	(1,493)
As at 30 June 2023	188,691	38,436	30,477	29,809	-	287,413
Of which:						
Non-current financial liabilities	147,756	-	-	26,489	-	174,245
Current financial liabilities	40,935	38,436	30,477	3,320	-	113,168

(In thousands of Euro)	Bank loans	Financing lines	Payables to factors	Payables to other investors	Derivatives	Total
Opening balance	164,545	39,007	11,781	17,041	158	232,532
Refunds	(57,492)	-	(12,647)	(5,542)	-	(75,681)
Increases	91,196	31,691	35,210	17,560	-	175,657
Change in consolidation scope	-	-	-	-	-	-
Other non-financial movements	(291)	335	-	662	(158)	549
As at 31 December 2022	197,958	71,033	34,344	29,721	-	333,057
Of which:						
Non-current financial liabilities	161,056	-	-	29,721	-	190,778
Current financial liabilities	36,902	71,033	34,344	-	-	142,279

Payables to other investors are linked to the investment agreements of Euro Group Asia Limited, Eurotranciatura Tunisie and Euro Hightech S.A. De C.V. with Simest S.p.A. The current portion of payables to other lenders relates to the repayment of the loan (QLICI B) taken out in February 2017 by the Eurotranciatura USA Group company.



Net financial debt

In accordance with the requirements of the ESMA communication 32-382-1138 of 4 March 2021 with the document “ESMA 32-382-1138” and taken up by CONSOB in its communication 5/21 of 29 April 2021, it should be noted that the Company’s net financial debt is as follows:

Item	Description	30 June 2023	31 December 2022
A	Cash and cash equivalents	94,745	116,503
B	Cash equivalents	70,000	-
C	Current financial assets and receivables	64,342	5,684
<b>D</b>	<b>Liquidity (A+B+C)</b>	<b>229,087</b>	<b>122,187</b>
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	80,359	112,569
F	Current portion of non-current financial debt	40,935	36,902
<b>G</b>	<b>Current financial debt (E+F)</b>	<b>121,294</b>	<b>149,471</b>
<b>H</b>	<b>Net current financial debt (G-D)</b>	<b>(107,793)</b>	<b>27,284</b>
I	Non-current financial debt (excluding the current portion and debt instruments)	220,269	231,980
J	Debt instruments	-	-
K	Trade and other non-current payables	1,002	113
<b>L</b>	<b>Non-current financial debt (I+J+K)</b>	<b>221,271</b>	<b>232,093</b>
<b>M</b>	<b>Total financial debt (H+L)</b>	<b>113,478</b>	<b>259,377</b>

(10) Financial liabilities arising from rights of use

The following table provides a breakdown for current and non-current financial liabilities arising from leases:

(In thousands of Euro) Description	30 June 2023	31 December 2022
Non-current financial liabilities arising from rights of use	46,024	41,202
Current financial liabilities arising from rights of use	8,126	7,192
<b>Total financial liabilities arising from rights of use</b>	<b>54,150</b>	<b>48,394</b>

(In thousands of Euro) Description	30 June 2023	31 December 2022
Opening balance	48,394	55,336
Increases for new leases	10,762	518
Repayment of the liabilities arising from leasing	(4,955)	(9,863)
Exchange rate differences	(51)	2,403
Business combinations	-	-
<b>Closing balance</b>	<b>54,150</b>	<b>48,394</b>

The following table summarises the undiscounted contractual cash flows of lease liabilities by maturity date:

(In thousands of Euro) Description	30 June 2023	31 December 2022
1 year	8,126	7,192
2 years	8,091	6,181
3 years	8,011	5,663
4 years	8,516	5,346
Beyond	21,406	24,012
<b>Financial liabilities from rights of use</b>	<b>54,150</b>	<b>48,394</b>

(11) Other non-current liabilities

The following table provides a breakdown of other non-current liabilities:

<i>(In thousands of Euro)</i> Description	30 June 2023	31 December 2022
Deferred income	5,226	4,534
Payables for dividends	1,002	113
Other non-current tax payables	143	438
Other non-current payables	1	-
<b>Other non-current liabilities</b>	<b>(6,372)</b>	<b>(5,085)</b>

The item “Deferred income” relates to grants, for investments made in 2020, 2021 and 2022, for the purchase of plants which are deferred over the depreciation period of the underlying asset. This capital contribution will be recognised in the financial statements on a pro-rata temporis basis, in the tax years in which the economic benefits arising from these investments will materialise, which will coincide with the economic useful life of these plants.

Notes to the items in the Consolidated Income Statement for the six month ended 30 June 2023

(12) Revenues

The Group generates revenues mainly from the sale of rotors, stators, spare parts and tools. The following table provides a breakdown of revenues by segment:

<i>(In thousands of Euro)</i> Description	30 June 2023	30 June 2022
EV & Automotive	245,140	141,591
Industrial	208,664	286,174
<b>Revenues</b>	<b>453,804</b>	<b>427,765</b>

(13) Costs for services

The following table provides a breakdown of the costs for services:

<i>(In thousands of Euro)</i> Description	30 June 2023	30 June 2022
Maintenance	9,365	8,428
Outsourced works	9,688	5,645
Energy	7,511	11,852
Transportation	5,928	6,272
Overheads	3,438	2,401
Remuneration of directors	2,112	1,519
Personnel search and selection costs	1,889	2,076
Rentals and leases	1,054	573
<i>of which short term</i>	<i>714</i>	<i>388</i>
<i>of which low value</i>	<i>340</i>	<i>185</i>
Consultancy fees	3,423	1,819
Legal, notary and administrative expenses	1,263	2,422
Fees	1,292	1,405
Insurance	798	813
Other costs for services	2,609	1,734
<b>Costs for services</b>	<b>50,370</b>	<b>46,959</b>

On 18 January 2023, the Company’s Board of Directors approved the regulation governing the 2023-2025 stock option plan (the “Plan”), effective from the date of commencement of trading, the purpose of which is to incentivise and retain individuals who play a key role in the achievement of the Group’s objectives, as well as to align the interests between the remuneration objectives of these individuals and those of increasing sustainable value and return on investment for shareholders. The Plan is therefore aimed at directing the company’s key resources towards the achievement of long-term objectives, allowing the priority objective of sustainable value creation to be pursued in the medium to long term.

On 14 April 2023, the Board of Directors of the Company generally identified the following classes of individuals who will be the beneficiaries of the Plan: 1) Executive Directors 2) Key Management Personnel 3) Managers whose activities have a significant impact at the level of Business, Corporate management and local entities. As at the date of this report, the assignment of options concerned only the first category of individuals. The total number of options assigned is 1,330,000.

The Plan, which has a duration of five years, is structured in three cycles each with a vesting period of 3 (three) years from the relative date of assignment of the options to the beneficiary and therefore with eventual vesting of the rights and assignment of the shares during 2026, 2027 and 2028. At the end of each cycle, the beneficiary has the right to exercise one-third of the options granted giving the right to subscribe shares in the Company according to the 1/1 ratio by paying the strike price equal to the IPO price for the beneficiaries already in the Group’s workforce prior to the IPO, while for the other beneficiaries equal to the average price of the Company’s shares in the 30 days prior to the assignment. Each beneficiary up to the expiry of the Plan may decide whether or not to exercise his or her options; unexercised options will be cancelled.

In application of IFRS 2, the financial instruments underlying the Plan were measured at fair value at the time of assignment.

The determination of the fair value, which takes into account the current value of the share at the grant date, volatility, the expected dividend flow, the duration of the Plan and the risk-free rate, was entrusted to an independent external expert and was carried out using a binomial valuation model. The input data used in the valuation are as follows:

Assignment date	14 April 2023
Average residual life at the grant date (in months)	58
Expected volatility of the share price	28.12%
Risk-free interest rate	2.63%
% dividends expected	0%
Fair value of the share at the grant date (Euro)	4.91
Exercise price (Euro)	5.50

The expected volatility was determined on the basis of the volatilities of a panel of comparables operating in sectors adjacent to the Group. The expected life used in the model was determined, based on the expectation of when the option will be exercised. The total cost recognised in the income statement in the period is Euro 51 thousand.

In the first half of 2023, there was an increase in service costs of Euro 3,411 thousand, mainly due to an increase of Euro 6,584 thousand in maintenance, outsourcing and consulting activities for increased production activity and an increase of Euro 875 in other service costs. The increase is offset by a substantial reduction of 4,341 thousand euros in energy costs, in line with market prices.

Other costs for services mainly include security and cleaning, travel and marketing expenses.

(14) Personnel costs

The following table gives a breakdown of personnel costs:

(In thousands of Euro) Description	30 June 2023	30 June 2022
Wages and salaries	44,566	42,039
Social security charges	9,419	8,258
Provision for severance pay	1,277	1,147
Other personnel costs	91	187
Share-based compensation	-	2,161
<b>Personnel costs</b>	<b>55,353</b>	<b>53,792</b>

Information on personnel is given below:

(In thousands of Euro) Description	30 June 2023	30 June 2022
Directors	43	44
Senior Managers	103	67
Employees	688	617
Workers	1,785	1,585
<b>Average total</b>	<b>2,619</b>	<b>2,313</b>



(15) Other operating expenses

The following table shows the breakdown of the other operating expenses:

<i>(In thousands of Euro)</i> Description	30 June 2023	30 June 2022
Other operating expenses	570	443
(Release)/Accrual to Allowance for doubtful accounts	486	(67)
Provision for risks	167	917
Costs for the previous period	127	533
Penalties	111	230
Capital losses on disposal of assets	18	8
Other provisions	-	280
<b>Other operating expenses</b>	<b>1,479</b>	<b>2,344</b>

(16) Depreciation and amortisation

The following table provides a breakdown of the item “Depreciation and amortisation”:

<i>(In thousands of Euro)</i> Description	30 June 2023	30 June 2022
Tangible assets	11,078	8,447
Rights of use	3,691	3,739
Intangible assets	230	164
<b>Depreciation and amortisation</b>	<b>14,999</b>	<b>12,350</b>

(17) Financial income

The following table shows a breakdown of financial income

<i>(In thousands of Euro)</i> Description	30 June 2023	30 June 2022
Derivative financial instruments measured at fair value	757	856
Bank interest income	730	31
Financial income from other investors	230	-
Other financial income	59	46
Financial income from the Parent Company	12	42
<b>Financial income</b>	<b>1,788</b>	<b>975</b>

(18) Financial expenses

The following table shows a breakdown of financial expenses:

<i>(In thousands of Euro)</i> Description	30 June 2023	30 June 2022
Bank interest expenses	6,321	1,965
Interest expenses from factors	2,524	659
Interest payable for leases	551	425
Other financial expenses	401	364
Financial charges from other investors	353	3,442
Interest for derivative financial instruments	347	118
Employee benefit expenses - severance pay	57	-
<b>Financial expenses</b>	<b>10,554</b>	<b>6,973</b>

(19) Taxes

The following table shows a breakdown of taxes:

<i>(In thousands of Euro)</i> Description	30 June 2023	30 June 2022
IRES – Company income tax	3,578	6,514
IRAP – Regional tax on production activities	1,267	1,397
Taxes on the income of foreign companies	3,054	1,242
Taxes from previous periods	(196)	836
Deferred tax assets/liabilities	1,892	4,306
<b>Taxes</b>	<b>9,595</b>	<b>14,295</b>

Taxes relating to previous periods as at 30 June 2022 mainly referred to the assessment notice received by the company on 15 July 2022 and relating to the 2016 tax period. During the first half of the year, on 30 March 2023, the Company initiated an appropriate application procedure. The following table provides a reconciliation between the effective income tax and the theoretical income tax calculated based on the Group's applicable average tax rate of 25.3% for the period 30 June 2023 and 30 June 2022:

<i>(In thousands of Euro)</i> Description	30 June 2023	30 June 2022
Profit before tax	28,347	36,288
<b>Theoretical Income Tax - Average Tax Rate</b>	<b>(7,158)</b>	<b>(9,163)</b>
<i>Tax effect:</i>		
Taxes from previous years	196	(836)
Deferred tax liabilities	(1,892)	(4,306)
Effect of different tax rates of subsidiaries operating in other jurisdictions	526	1,405
<b>Total tax charge, excluding IRAP</b>	<b>(8,328)</b>	<b>(12,900)</b>
Average effective tax rate	29.38%	<b>35.55%</b>
Regional tax on productive activities (IRAP)	(1,267)	(1,397)
<b>Taxes</b>	<b>(9,595)</b>	<b>(14,297)</b>

In order to facilitate understanding of the reconciliation of tax rates presented above, tax charges net of other taxes paid abroad and IRAP have been shown. IRAP is calculated on an income measure defined by the Italian Civil Code as the difference between revenues and operating expenses, financial income and charges, the cost of employees with temporary contacts, losses on loans and any interest included in lease payments. IRAP is calculated using financial data prepared according to Italian accounting standards. The IRAP rate applicable was 3.9% for the Italian consolidated companies, for the periods ending 30 June 2023 and 30 June 2022. There are no deferred tax assets related to unrecognised tax losses.

(20) Basic and diluted earnings per share

Basic and diluted earnings per share were calculated as the ratio of the Group's earnings to the weighted average number of outstanding shares (basic and diluted) of the Company.

The following table summarises the amounts used to calculate the basic and diluted earnings per share:

<i>((In thousands of Euro and number of shares))</i> Description	30 June 2023	30 June 2022
Result attributable to the Group (A)	16,947	20,166
Number of shares at the beginning of the period	122,238,800	122,238,800
Number of shares at the end of the period	167,693,345	122,238,800
Weighted average number of ordinary shares for the purpose of basic earnings (B)	157,397,012	122,238,800
<b>Earnings per share (Euro) i=(A)/(B)</b>	<b>0.11</b>	<b>0.16</b>

Diluted earnings per share is equal to basic earnings per share as there were no potentially dilutive instruments for the periods presented. For the change in the period, refer to note (8). The reduction in earnings per share as at 30 June 2023 is mainly attributable to the share capital increase completed in February with the completion of the IPO process. Following the share capital increase, the number of shares rose from 122,238,800 to 167,693,345.

# Notes to the items in the Consolidated Cash Flow statement for the six month period ended 30 June 2023

The main items that influenced the trend of cash flows in the periods under review are summarised below.

## Net financial flow generated/absorbed by operating activities

Activities during the period absorbed resources in the amount of Euro 81,945 thousand compared to an absorbed flow of Euro 62,995 thousand in 2022.

## Net cash flow generated/absorbed by investing activities

The total cash flow absorbed by investing activities amounted to Euro 49,760 thousand compared to Euro 42,204 thousand in the corresponding period of 2022.

## Net cash flow generated/absorbed by financing activities

The total cash flow generated by financing activities amounted to Euro 177,506 thousand compared to a cash flow generated in the previous period of Euro 40,961 thousand.

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# Other information

## RISK MANAGEMENT POLICY

### Credit risk

The Group is exposed to a credit risk due to the fact that its customers may delay or fail to meet their payment commitments on the agreed terms and that the internal procedures adopted in relation to the assessment of credit risk and customer solvency are insufficient.

These risks could have an adverse effect on the Group's economic, financial and asset situation. To mitigate this risk, the Group checks the credit quality of third parties on the basis of internal or external ratings and sets credit limits, which are subject to constant monitoring. The Group's customers are all major players in the sectors in which the Group operates, and credit risk is concentrated on only a small percentage of smaller customers. It may happen that the Group uses factoring tools to collect certain types of trade receivables. The following table contains a breakdown of trade receivables by past due date:

	30 June 2023		31 December 2022	
<i>(In thousands of Euro)</i>	Receivables	Allowance for doubtful accounts	Receivables	Allowance for doubtful accounts
Not yet past due	130,162	(125)	120,703	(298)
0-60 days past due	22,452	(162)	20,656	(106)
60-180 days past due	9,566	(687)	7,295	(272)
> 180 days past due	10,946	(8,218)	10,684	(8,089)
<b>Trade receivables</b>	<b>173,126</b>	<b>(9,192)</b>	<b>159,338</b>	<b>(8,765)</b>

### Liquidity risk

The Group is exposed to the risk of not being able to find new financial resources on the market and not being able to obtain better or equal conditions than those in force on existing loans. In addition, any failure to comply with the covenants in place on existing loan agreements could result in the activation of cross default clauses and, therefore, the forfeiture of the benefit of the term on other loans. The occurrence of such risks could have significant adverse effects on the Group's economic and financial situation.

Taking into account the net financial position and the ability to generate positive cash flows from operating activities, the liquidity risk is assessed, in the economic situation in which the Group is at the time of approval of these financial statements, as low. The Group has credit lines granted by the banking system adapted to operational requirements. The Group's cash flows, financial requirements and liquidity are carefully monitored and managed in such a way as to:

- maintain an adequate level of liquidity;
- diversify the methods of obtaining financial resources;
- provide adequate credit lines;
- monitor prospective liquidity conditions in relation to the corporate planning process.



<i>(In thousands of Euro)</i>	30 June 2023	Total cash flows	Less than 1 year	Between 1 and 5 years	> 5 years
Non-current financial liabilities	174,245	174,245	-	157,894	16,351
<i>Non-current financial liabilities from rights of use</i>	46,024	46,024	-	24,618	21,406
<b>Non-current financial liabilities</b>	<b>220,269</b>	<b>220,269</b>	<b>-</b>	<b>182,512</b>	<b>37,757</b>
Current financial liabilities	72,233	72,233	72,233	-	-
Current portion of non-current financial liabilities	40,935	40,935	40,935	-	-
Current financial liabilities from rights of use	8,126	8,126	8,126	-	-
<b>Current financial liabilities</b>	<b>121,294</b>	<b>121,294</b>	<b>121,294</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>	<b>341,563</b>	<b>341,563</b>	<b>121,294</b>	<b>182,512</b>	<b>37,757</b>

<i>(In thousands of Euro)</i>	31 December 2022	Total cash flows	Less than 1 year	Between 1 and 5 years	> 5 years
Non-current financial liabilities	190,778	190,778	-	163,213	27,565
<i>Non-current financial liabilities from rights of use</i>	41,202	41,202	-	17,190	24,012
<b>Non-current financial liabilities</b>	<b>231,980</b>	<b>231,980</b>	<b>-</b>	<b>180,403</b>	<b>51,577</b>
Current financial liabilities	105,377	105,377	105,377	-	-
Current portion of non-current financial liabilities	36,902	36,902	36,902	-	-
Current financial liabilities from rights of use	7,192	7,192	7,192	-	-
<b>Current financial liabilities</b>	<b>149,471</b>	<b>149,471</b>	<b>149,471</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>	<b>381,451</b>	<b>381,451</b>	<b>149,471</b>	<b>180,403</b>	<b>51,577</b>

The factors that mainly influence the Group's liquidity are the resources generated or absorbed by current operating and investing activities, any dividend distribution, the maturity or refinancing of debt and the management of cash surplus. Liquidity needs or surpluses are monitored on a daily basis by the parent company in order to ensure that financial resources are effectively raised or excess liquidity is adequately invested.

The negotiation and management of credit lines is coordinated by the Parent Company in order to meet the short- and medium-term financing needs of the individual Group companies according to efficiency and cost-benefit criteria. It has always been the Group's policy to sign and maintain with various and diversified banks a total amount of credit lines that is considered consistent with the needs of the individual companies and able to guarantee at any time the liquidity necessary to meet and fulfil all the Group's financial commitments, at the established economic conditions, as well as ensuring the availability of an adequate level of operational flexibility for any expansion programme.

## Interest rate risk

The Group is subject to the risk of fluctuations in the interest rate on its debt. Any change in interest rates (EURIBOR) could have an effect on increasing or decreasing financing costs.

<i>(in thousands of Euro)</i>	30 June 2023					
	Residual debt	% total	Within one year	% total	Over a year	% total
Fixed rate financial liabilities	237,852	69.64%	104,731	86.34%	133,121	60.44%
Variable rate financial liabilities	103,711	30.36%	16,563	13.66%	87,148	39.56%
<b>Financial liabilities</b>	<b>341,563</b>	<b>100.00%</b>	<b>121,294</b>	<b>100.00%</b>	<b>220,269</b>	<b>100.00%</b>
<b>Interest to be paid on the variable rate exposure not covered by derivatives</b>	<b>10,615</b>		<b>3,948</b>		<b>6,667</b>	
<b>Interest payable as a result of the change (+2%) in the base rate</b>	<b>16,186</b>		<b>5,915</b>		<b>10,271</b>	

<i>(in thousands of Euro)</i>	31 December 2022					
	Residual debt	% total	Within one year	% total	Over a year	% total
Fixed rate financial liabilities	199,755	52.37%	124,127	83.04%	75,628	32.60%
Variable rate financial liabilities	181,697	47.63%	25,344	16.96%	156,353	67.40%
<b>Financial liabilities</b>	<b>381,452</b>	<b>100%</b>	<b>149,471</b>	<b>100%</b>	<b>231,981</b>	<b>100%</b>
<b>Interest to be paid on the variable rate exposure not covered by derivatives</b>	<b>11,373</b>		<b>4,318</b>		<b>7,054</b>	
<b>Interest payable as a result of the change (+2%) in the base rate</b>	<b>18,572</b>		<b>5,964</b>		<b>12,608</b>	

Exchange rate risk

The Group carries out transactions in foreign currency; as a result, it is exposed to fluctuations in exchange rates. The Group does not adopt specific policies to cover fluctuations because, in order to mitigate exposure to exchange risk, the Group mainly carries out purchase and sale transactions in the same local currency.

The balance sheet values of the Group’s foreign currency monetary assets and liabilities at the balance sheet date are as follows:

(in thousands of Euro)	30 June 2023					
	USD	CNY	TND	RUB	JPY	Totale
Assets	1,673	-	-	-	1	1,674
Liabilities	10,687	-	-	-	3,404	14,091

(in thousands of Euro)	31 December 2022					
	USD	CNY	TND	RUB	JPY	Totale
Assets	24,736	282	-	-	282	25,300
Liabilities	5,296	978	-	-	(10,180)	(3,906)

The following table shows the sensitivity analysis to an increase and a decrease of 10% in the exchange values of the currency units concerned. The sensitivity analysis includes only foreign currency items in circulation and adjusts their conversion at the end of the period for around 10% of foreign currency rates.

(in thousands of Euro)	30 June 2023	
	FX +10%	FX -10%
USD - US Dollar	819	(1,002)
JPY - Japanese Yen	309	(378)
Other currencies	1,128	(1,380)
Effect on the Profit before tax	1,128	(1,380)

Financial assets and liabilities

- The following table combines information about:
- classes of financial instruments based on their nature and characteristics;
  - the carrying amount of the financial instruments;
  - fair value of financial instruments (except for financial instruments whose book value is close to their fair value);
  - fair value hierarchy of financial assets and liabilities for which fair value has been applied.

The levels of the fair value hierarchy (1 to 3) are based on the degree to which fair value is observable:

1. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for assets or liabilities identical to those being measured;
2. Level 2 fair value measurements are those derived from factors other than the quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. price derivatives);
3. Level 3 fair value measurements are those derived from measurement techniques that include inputs for assets or liabilities that are not based on observable market data (unobservable factors).

The following table shows the financial assets and liabilities for the valuation methodology applied:

(In thousands of Euro)	Financial assets and liabilities				Levels of the fair value hierarchy		
30 June 2023	Impact on income statement	Impact on comprehensive income	Amortised cost	Total	1	2	3
Non-current financial assets		1,755	2,259	4,014	1,623	2,391	
Trade receivables			163,934	163,934		163,934	
Other assets			66,102	66,102	59,500	6,602	
Cash and cash equivalents			164,745	164,745		164,745	
Financial assets		1,755	397,040	398,795	61,123	337,672	-
Financial payables			287,413	287,413		287,413	
Financial liabilities arising from leases			54,150	54,150		54,150	
Trade payables			289,138	289,138		289,138	
Other liabilities			26,872	26,872		26,872	
Financial liabilities	-	-	657,573	657,573	-	657,573	-

(In thousands of Euro)	Financial assets and liabilities				Levels of the fair value hierarchy		
31 December 2022	Impact on income statement	Impact on comprehensive income	Amortised cost	Total	1	2	3
Non-current financial assets		2,197	3,734	5,931	2,046	3,885	
Trade receivables			150,573	150,573		150,573	
Other assets			7,518	7,518		7,518	
Cash and cash equivalents			116,503	116,503		116,503	
Financial assets	-	2,197	278,328	280,525	2,046	278,479	
Financial payables			333,057	333,057		333,057	
Financial liabilities arising from leases			48,394	48,394		48,394	
Trade payables			329,292	329,292		329,292	
Other liabilities			27,402	27,402		27,402	
Financial liabilities	-		738,145	738,145		738,145	

RELATED PARTY TRANSACTIONS

In accordance with IAS 24, related parties are: a) companies that directly, or indirectly through one or more intermediary companies, control, or are controlled by, or are under common control with, the reporting company; b) associated companies; c) individuals who directly or indirectly have voting power in the reporting company that gives them a dominant influence over the company and their close family members; d) key management personnel, i.e. those who have the power and responsibility for planning, managing and controlling the activities of the reporting company, including directors and officers of the company and the close relatives of such persons; e) companies in which significant voting power is directly or indirectly held by any natural person described under c) or d) or over which such natural person is able to exercise significant influence. Case e) includes companies owned by the directors or major shareholders of the reporting company and companies that have a key manager in common with the reporting company.

The following table shows the list of Related parties with indication of the correlation type:

Related parties	Type and main correlation
EMS S.P.A.	Shareholder of the issuer
EUOTRANCIATURA S.P.A.	Company 100% owned by the issuer
CORRADA S.P.A.	Company 100% owned by the issuer
EUOTRANCIATURA MÉXICO, S. A. DE C. V	Company 87.6% owned by the issuer
EUOPROPERTIES MEXICO S.A. DE C.V.	Company 100% owned by the issuer
SAF S.P.A.	Company 50% owned by the issuer
EUOTRANCIATURA TUNISIE	Company 51% owned by the issuer
EMS MEXICO SA DE CV	Company 87.6% owned by the issuer
EUOSLOT TOOLS S.r.l.	Company 60% owned by the issuer
EURO GROUP LAMINATIONS RUSSIA LLC	Company 100% owned by the issuer
EUOTRANCIATURA USA LLC	Company 78.84% owned by the issuer
EUOPROPERTIES USA LLC	Company 100% owned by the issuer
EURO MISI LAMINATIONS JIAXING CO. LTD	Company 41.40% owned by the issuer
EURO GROUP ASIA LIMITED	Company 60% owned by the issuer
EURO HIGHTECH S.A. DE C.V	Company 70.90% owned by the issuer
EUROGROUP LEVERAGE LENDER LLC	Company 100% owned by the issuer
EURO (JIAXING) MOTOR TECHNICAL SERVICES CO. LTD.	Company 60% owned by the issuer
EURO MISI HIGH-TECH JIAXING CO. LTD	Company 41.40% owned by the issuer
EURO AUTOMATION S.r.l.	Company 100% owned by the issuer
Natural persons	
Iori Sergio	Chairman of the Board of Directors of the Issuer appointed on 18 November 2022
Arduini Marco Stefano	CEO of the issuer, appointed on 18 November 2022
Guardala' Isidoro	Vice Chair of the Issuer's Board of Directors appointed on 18 November 2022
Quagliuolo Roberto Francesco	Director of the Board of Directors of the issuer, appointed on 18 November 2022
Gales Jean-Marc Pierre	Director of the Board of Directors of the issuer, appointed on 18 November 2022
Bertocchi Gianluca Umberto Maria	Director of the Board of Directors of the issuer, appointed on 18 November 2022
Franchini Leonardantonio	Director of the Board of Directors of the issuer, appointed on 18 November 2022
Bianchi Alessandra	Director of the Board of Directors of the issuer, appointed on 18 November 2022
Calloni Maria Giovanna	Director of the Board of Directors of the issuer, appointed on 18 November 2022
Beitinger Gunter	Director of the Board of Directors of the issuer, appointed on 18 November 2022
Garavaglia Luigi Emilio	Member of the Board of Statutory Auditors in office appointed on 18 November 2022
Venturini Maria	Member of the Board of Statutory Auditors in office appointed on 18 November 2022
Ebreo Pietro Francesco	Member of the Board of Statutory Auditors in office appointed on 18 November 2022
Gandola Giancarlo	Member of the Board of Statutory Auditors in office appointed on 18 November 2022
Sironi Roberta	Member of the Board of Statutory Auditors in office appointed on 18 November 2022



The Group carries out transactions with Related parties on commercial terms consistent with the market, considering the characteristics of the goods or services in question.  
 The operations carried out by the Group with these Related parties are commercial and financial in nature and, in particular concern:

Related parties (in thousands of Euro)	Parent Company	SAFIM S.p.A.	Other (*)	Total	Total financial statements item	Impact on financial statements item
<b>Rights of use</b>						
As at 30 June 2023	26,749	6,087		32,836	62,316	52.69%
As at 31 December 2022	25,698	7,460		33,158	55,115	60.16%
<b>Current financial assets and receivables</b>						
As at 30 June 2023	-	-		-	64,342	0.00%
As at 31 December 2022	5,684	-		5,684	5,684	100%
<b>Trade receivables</b>						
As at 30 June 2023	-	-		-	163,934	0%
As at 31 December 2022	43	-		43	150,573	0%
<b>Non-current financial liabilities from rights of use</b>						
As at 30 June 2023	24,489	5,394		29,883	46,024	64.93%
As at 31 December 2022	17,783	5,785		23,568	41,202	57.20%
<b>Other non-current liabilities</b>						
As at 30 June 2023	-	482		482	6,372	7.56%
As at 31 December 2022	-	549		549	5,085	10.80%
<b>Current financial liabilities from rights of use</b>						
As at 30 June 2023	2,756	779		3,535	8,126	43.51%
As at 31 December 2022	1,798	773		2,571	7,192	35.75%
<b>Revenues</b>						
As at 30 June 2023	70	-		70	453,804	0.02%
As at 30 June 2022					427,765	0%
<b>Costs for services</b>						
As at 30 June 2023			(1,715)	(1,715)	(50,370)	3.40%
As at 30 June 2022	(63)		(1,263)	(1,326)	(46,959)	2.82%
<b>Personnel costs</b>						
As at 30 June 2023		-	(1,820)	(1,820)	(55,353)	3.29%
As at 30 June 2022	(2,161)		(2,316)	(4,477)	(53,792)	8.32%
<b>Depreciation and amortisation</b>						
As at 30 June 2023	(1,433)	(401)		(1,834)	(14,999)	12.23%
As at 30 June 2022	(1,490)	(401)		(1,891)	(12,350)	15.31%
<b>Financial expenses</b>						
As at 30 June 2023	(221)	(53)		(274)	(10,554)	2.59%
As at 30 June 2022		(59)		(59)	(6,973)	0.85%
<b>Financial income</b>						
As at 30 June 2023	12	-		12	1,788	0.68%
As at 30 June 2022					975	0%

\* other related parties include directors, key management personnel and statutory auditors.

**Key management personnel, directors and auditors**

In accordance with IAS 24 – Related Party Disclosures, Group Related Parties are all entities and individuals capable of exercising control, joint control or significant influence over the Group and its subsidiaries. In addition, members of the Board of Directors, key management personnel, and their close family members are considered Related Parties. The following table summarises the remuneration of the directors, key management personnel and auditors:

	2023			2022		
	Directors	Managers	Statutory Auditors	Directors	Managers	Statutory Auditors
Remuneration	2,061	1,820	68	1,519	2,316	28
Share-based compensation expenses	51	-	-	-	2,161	-



## Certification obtained in accordance with Article 154 Bis of Italian Legislative Decree No. 58 of 24 February 1998

The undersigned Marco Arduini and Isidoro Guardalà of EuroGroup Laminations S.p.A. hereby declare, also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998:

- adequacy in relation to the characteristics of the enterprise;
- the effective application of the administrative and accounting procedures for the preparation of the condensed half-yearly financial statements during the period from 1 January to 30 June 2023.

No relevant points have been raised in this regard.

It is also certified that:

the condensed half-yearly financial statements:

- have been prepared in compliance with the applicable international accounting standards recognised in the European Union pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- corresponds to the entries in the books and records;
- is suitable for providing a true and fair view of the assets and liabilities, profit and loss, and financial position of the issuer and the group of companies included in the consolidation.

The interim report on operations includes a reliable analysis of references to important events which occurred in the first six months of the year and their impact on the condensed half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim report on operations also includes a reliable analysis of the information on significant transactions with related parties.

*Marco Arduini*

*Isidoro Guardalà*



Deloitte & Touche S.p.A.  
Via Tortona, 25  
20144 Milano  
Italia

Tel: +39 02 83322111  
Fax: +39 02 83322112  
www.deloitte.it

REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS

To the Shareholders of  
EuroGroup Laminations S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of EuroGroup Laminations S.p.A. and subsidiaries (the “Group”), which comprise the consolidated statement of financial position as of June 30, 2023 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the half-yearly condensed consolidated financial statements in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange (“Consob”) for the review of the half-yearly condensed consolidated financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an 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.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of the Group as at June 30, 2023 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by  
**Lorenzo Rossi**  
Partner

Milan, Italy  
August 4, 2023

*This independent auditor’s 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.*

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.  
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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