



GEFRAN

BEYOND TECHNOLOGY



GEFRAN GROUP

**Interim Financial
Statements at
31 March 2022**



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Corporate Bodies

Board of Directors

Honorary Chairman	Ennio Franceschetti
Chairwoman	Maria Chiara Franceschetti
Vice Chairman	Andrea Franceschetti
Vice Chairwoman	Giovanna Franceschetti
Chief Executive Officer	Marcello Perini
Director	Daniele Piccolo
Director	Monica Vecchiati (*)
Director	Cristina Mollis (*)
Director	Giorgio Metta (*)

(*) Independent directors pursuant to the Consolidated Law on Finance (TUF) and the Corporate Governance Code

Board of Statutory Auditors

Chairman	Roberta Dell'Apa
Standing auditor	Primo Ceppellini
Standing auditor	Luisa Anselmi
Alternate auditor	Stefano Guerreschi
Alternate auditor	Simona Bonomelli

Control and Risks Committee

- Monica Vecchiati
- Daniele Piccolo
- Giorgio Metta

Appointments and Remuneration Committee

- Cristina Mollis
- Monica Vecchiati
- Daniele Piccolo

Sustainability Committee

- Giovanna Franceschetti
- Marcello Perini
- Cristina Mollis

External auditor

PricewaterhouseCoopers S.p.A.

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

Key consolidated income statement and statement of financial position figures

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

Group income statement highlights

(Euro /000)	31 March 2022		31 March 2021	
Revenues	45,301	100.0%	37,407	100.0%
EBITDA	8,636	19.1%	6,606	17.7%
EBIT	6,485	14.3%	4,575	12.2%
Profit (loss) before tax	6,670	14.7%	4,717	12.6%
Group net profit (loss)	4,843	10.7%	3,699	9.9%

Group statement of financial position highlights

(Euro /000)	31 March 2022	31 December 2021
Invested capital from operations	88,679	82,278
Net working capital	39,531	31,160
Shareholders' equity	91,106	85,538
Net financial position	2,427	3,260

(Euro /000)	31 March 2022	31 March 2021
Operating cash flow	839	6,864
Investments	1,369	1,057

Alternative performance indicators

In addition to the standard financial schedules and indicators required under IFRS, this document includes reclassified schedules and alternative performance indicators. These are intended to enable a better assessment of the Group's economic and financial management. However, these tables and indicators must not be considered as a substitute for those required under IFRS.

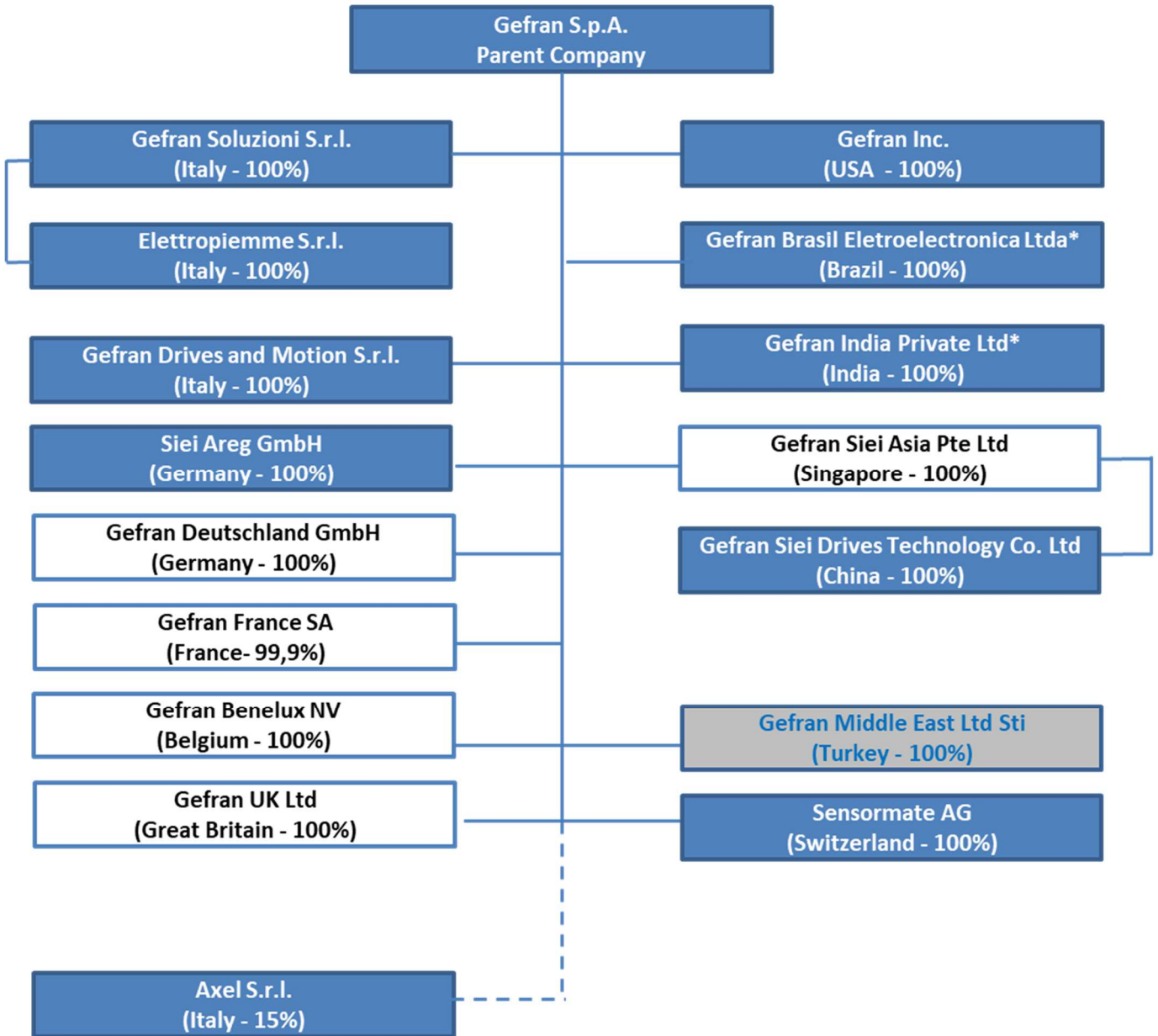
Specifically, the alternative indicators used in the notes to the income statement are:

- **Added value**: the direct margin resulting from revenues, including only direct material, gross of other production costs, such as personnel costs, services and other sundry costs;
- **EBITDA**: operating result before depreciation, amortisation and write-downs. The purpose of this indicator is to present the Group's operating profitability before the main non-monetary items;
- **EBIT**: operating result before financial management and taxes. The purpose of this indicator is to present the Group's operating profitability.

Alternative indicators used in the notes to the statement of financial position are:

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

Group Structure



- Production unit**
- Commercial unit**
- Non operative unit**

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

Financial Statement schedules

Statement of profit/(loss)

(Euro /000)	progress. 31 March	
	2022	2021
Revenue from product sales	45,115	37,184
of which related parties:	50	-
Other revenues and income	186	223
Increases for internal work	385	494
TOTAL REVENUES	45,686	37,901
Change in inventories	3,674	1,935
Costs for raw materials and accessories	(19,921)	(15,185)
Service costs	(6,484)	(5,398)
of which related parties:	(49)	(54)
Miscellaneous management costs	(224)	(242)
Other operating income	2	1
Personnel costs	(13,989)	(12,372)
Impairment/reversal of trade and other receivables	(108)	(34)
Amortisation and impairment of intangible assets	(571)	(531)
Depreciation and impairment of tangible assets	(1,267)	(1,195)
Depreciation/amortisation total usage rights	(313)	(305)
EBIT	6,485	4,575
Gains from financial assets	682	535
Losses from financial liabilities	(505)	(398)
(Losses) gains from shareholdings valued at equity	8	5
PROFIT (LOSS) BEFORE TAX	6,670	4,717
Current taxes	(1,854)	(927)
Deferred tax assets and liabilities	27	(91)
TOTAL TAXES	(1,827)	(1,018)
NET PROFIT (LOSS) FOR THE PERIOD	4,843	3,699
Attributable to:		
Group	4,843	3,699
Third parties	-	-

(Euro)	progress. 31 March	
	2022	2021
Basic earnings per ordinary share	0.34	0.26
Diluted earnings per ordinary share	0.34	0.26

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

(Euro /000)	progress. 31 March	
	2022	2021
NET PROFIT (LOSS) FOR THE PERIOD	4,843	3,699
- overall tax effect		-
- equity investments in other companies	(7)	68
Items that will or could subsequently be reclassified in the statement of profit/(loss) for the period		
- conversion of foreign companies' financial statements	557	727
- fair value of cash flow hedging derivatives	175	41
Total changes, net of tax effect	725	836
Comprehensive result for the period	5,568	4,535
Attributable to:		
Group	5,568	4,535
Third parties	-	-

Statement of financial position

(Euro /000)	31 March 2022	31 December 2021
NON-CURRENT ACTIVITIES		
Goodwill	5,946	5,894
Intangible assets	9,470	9,543
Property, plant, machinery and tools	43,860	44,034
of which related parties:	10	188
Usage rights	2,963	2,973
Shareholdings valued at equity	103	95
Equity investments in other companies	2,111	2,118
Receivables and other non-current assets	90	89
Deferred tax assets	4,282	4,279
Non-current financial investments for derivatives	143	-
Other non-current financial investments	58	67
TOTAL NON-CURRENT ACTIVITIES	69,026	69,092
CURRENT ACTIVITIES		
Inventories	32,094	28,039
Trade receivables	39,251	34,803
of which related parties:	62	68
Other receivables and assets	5,130	5,251
Current tax receivables	490	407
Cash and cash equivalents	32,290	35,723
TOTAL CURRENT ACTIVITIES	109,255	104,223
TOTAL ASSETS	178,281	173,315
SHAREHOLDERS' EQUITY		
Share capital	14,400	14,400
Reserves	71,863	57,446
Profit / (Loss) for the year	4,843	13,692
Total Group Shareholders' Equity	91,106	85,538
Shareholders' equity of minority interests	-	-
TOTAL SHAREHOLDERS' EQUITY	91,106	85,538
NON-CURRENT LIABILITIES		
Non-current financial payables	14,799	16,483
Non-current financial payables for IFRS 16 leases	1,923	1,258
Non-current financial liabilities for derivatives	-	88
Employee benefits	4,029	4,008
Non-current provisions	572	1,035
Deferred tax provisions	955	916
TOTAL NON-CURRENT LIABILITIES	22,278	23,788
CURRENT LIABILITIES		
Current financial payables	12,266	12,952
Current financial payables for IFRS 16 leases	1,076	1,749
Trade payables	31,814	31,682
of which related parties:	82	102
Current provisions	1,637	1,625
Current tax payables	4,545	2,789
Other payables and liabilities	13,559	13,192
TOTAL CURRENT LIABILITIES	64,897	63,989
TOTAL LIABILITIES	87,175	87,777
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	178,281	173,315

Consolidated cash flow statement

(Euro /000)	31 March 2022	31 March 2021
(A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	35,723	41,943
(B) CASH FLOW GENERATED BY (USED IN) OPERATIONS IN THE PERIOD		
Net profit (loss) for the period	4,843	3,699
Depreciation, amortisation and impairment	2,151	2,031
Provisions (Releases)	752	603
Net result from financial operations	(185)	(142)
Taxes	1,854	927
Change in provisions for risks and future liabilities	(699)	(284)
Change in other assets and liabilities	453	(112)
Change in deferred taxes	(30)	92
Change in trade receivables	(4,322)	(1,292)
of which related parties:	6	4
Change in inventories	(4,054)	(2,300)
Change in trade payables	76	3,642
of which related parties:	(20)	(152)
TOTAL	839	6,864
(C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES		
Investments in:		
- Property, plant & equipment and intangible assets	(1,369)	(1,057)
of which related parties:	(10)	-
- Financial receivables	(1)	2
Disposal of non-current assets	10	4
TOTAL	(1,360)	(1,051)
(D) FREE CASH FLOW (B+C)	(521)	5,813
(E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES		
Repayment of financial debts	(2,397)	(2,050)
Increase (decrease) in current financial payables	-	2
Outgoing cash flow due to IFRS 16	(321)	(307)
Taxes paid	(97)	(86)
Interest paid	(120)	(257)
Interest received	9	17
TOTAL	(2,926)	(2,681)
(F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)	(3,447)	3,132
G) Exchange rate translation differences on cash at hand	14	482
(H) NET CHANGE IN CASH AT HAND (F+G)	(3,433)	3,614
(I) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+H)	32,290	45,557

Statement of changes in shareholders' equity

(Euro /000)	Overall EC reserves											
	Share capital	Capital reserves	Consolidation reserve	Other reserves	Retained profit /(loss)	Fair value measurement reserve	Currency translation reserve	Other reserves	Profit/(loss) for the year	Group Total shareholders' equity	Shareholders' equity of minority interests	Total shareholders' equity
Balance at 1 January 2021	14,400	21,926	6,742	10,107	19,239	(70)	2,191	(709)	4,353	78,179	-	78,179
Destination of profit 2020												
- Other reserves and provisions	-	-	(1,927)	-	6,280	-	-	-	(4,353)	-	-	-
- Dividends	-	-	-	-	(8,480)	-	-	-	-	(8,480)	-	(8,480)
Income/ (Expenses) recognised at equity	-	-	-	(18)	-	350	-	44	-	376	-	376
Change in translation reserve	-	-	-	-	-	-	1,694	-	-	1,694	-	1,694
Other changes	-	-	79	(2)	-	-	-	-	-	77	-	77
Profit 2021	-	-	-	-	-	-	-	-	13,692	13,692	-	13,692
Balance at 31 December 2021	14,400	21,926	4,894	10,087	17,039	280	3,885	(665)	13,692	85,538	-	85,538
Destination of profit 2021												
- Other reserves and provisions	-	-	4,487	-	9,205	-	-	-	(13,692)	-	-	-
- Dividends	-	-	-	-	-	-	-	-	-	-	-	-
Income/ (Expenses) recognised at equity	-	-	-	-	-	168	-	-	-	168	-	168
Change in translation reserve	-	-	-	-	-	-	557	-	-	557	-	557
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
Profit 2022	-	-	-	-	-	-	-	-	4,843	4,843	-	4,843
Balance at 31 March 2022	14,400	21,926	9,381	10,087	26,244	448	4,442	(665)	4,843	91,106	-	91,106

Group performance in the first quarter of 2022

The income statement for the first quarter 2022 is shown below, in comparison with the income statement for the same period in the year 2021.

(Euro /000)	1Q 2022	1Q 2021	Var. 2022-2021	
	Total	Total	Value	%
a Revenues	45,301	37,407	7,894	21.1%
b Increases for internal work	385	494	(109)	-22.1%
c Consumption of materials and products	16,247	13,250	2,997	22.6%
d Added Value (a+b-c)	29,439	24,651	4,788	19.4%
e Other operating costs	6,814	5,673	1,141	20.1%
f Personnel costs	13,989	12,372	1,617	13.1%
g EBITDA (d-e-f)	8,636	6,606	2,030	30.7%
h Depreciation, amortisation and impairment	2,151	2,031	120	5.9%
i EBIT (g-h)	6,485	4,575	1,910	41.7%
l Gains (losses) from financial assets/liabilities	177	137	40	29.2%
m Gains (losses) from shareholdings valued at equity	8	5	3	60.0%
n Profit (loss) before tax (i±l±m)	6,670	4,717	1,953	41.4%
o Taxes	(1,827)	(1,018)	(809)	-79.5%
p Group net profit (loss) (n±o)	4,843	3,699	1,144	30.9%

Revenues in the first quarter of 2022 total 45,301 thousand Euro, as compared to 37,407 thousand Euro in the same period of the previous year, up by 7,894 thousand Euro (equal to 21.1%), which would be 6,997 thousand net of the negative effect of changes in exchange rates (18.7%). The first quarter of 2021 saw the consolidation of the first signs of market recovery which began to appear in the fourth quarter of 2020 following the widespread contraction resulting from the spread of Covid-19, first in Asia and then on other continents. The trend of growth in revenues continued throughout 2021, which closed with results better than either those recorded in 2020 or those recorded in 2019 under pre-pandemic conditions. Technological leadership, in-depth knowledge of industrial processes and a strong focus on customers' needs contributed to the steady increase in sales volumes and enabled the Group to react vigorously, taking full advantage of market trends. This trend was confirmed in the first quarter of 2022, recording higher revenues than in the same period in 2021 for all business lines and in all the main geographical areas served.

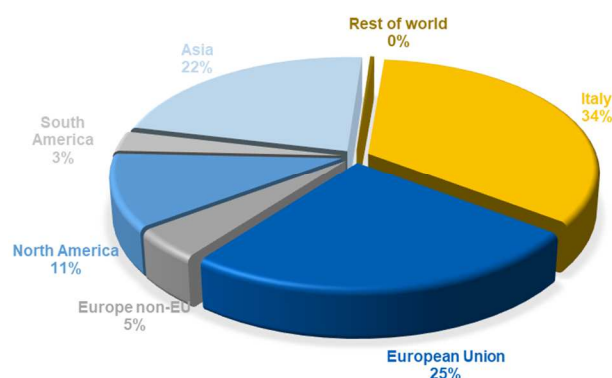
Analysing order collection in the first quarter of 2022 compared to the figure for the same period in 2021, an overall increase (+7.5%) was recorded. Orders increased in the automation components line (+29%) and the motion control line (+21.4%), while orders in the sensors line were down (-9.1%), mainly for customers in Asia.

The order book at 31 March 2022 was higher than in the previous year (+48%) and compared to the closing value for the year 2021 (+16%), confirming the good prospects generated on the market.

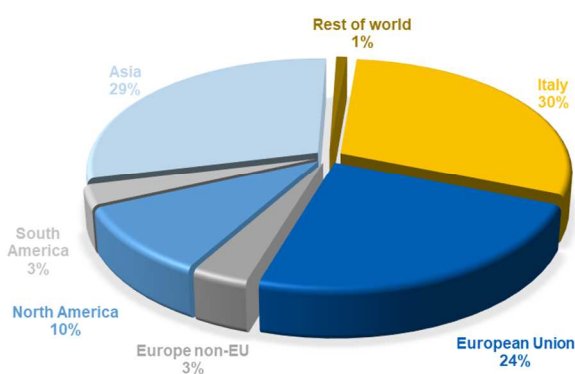
The table below shows a breakdown of revenues by geographical region:

(Euro /000)	1Q 2022		1Q 2021		Var. 2022-2021	
	Value	%	Value	%	Value	%
Italy	15,358	33.9%	11,115	29.7%	4,243	38.2%
European Union	11,383	25.1%	8,829	23.6%	2,554	28.9%
Europe non-EU	2,027	4.5%	1,325	3.5%	702	53.0%
North America	4,908	10.8%	3,753	10.0%	1,155	30.8%
South America	1,345	3.0%	1,088	2.9%	257	23.6%
Asia	10,146	22.4%	10,981	29.4%	(835)	-7.6%
Rest of the world	134	0.3%	316	0.8%	(182)	-57.6%
Total	45,301	100%	37,407	100%	7,894	21.1%

Revenues 1Q 2022



Revenues 1Q 2021



The breakdown of revenues by **geographical area** reveals double-digit growth in almost all the areas served by the Group, particularly in Italy (+38.2%), Europe (+32.1% overall) and the Americas (+29.2%), the latter affected by the effect of foreign exchange rates (US Dollar and Brazilian Real), which contributes to the increase recorded (22.3% growth net of exchange rate differences). One of the main areas served that goes against the trend is Asia, where the first quarter of 2022 saw shrinkage compared to the same period in 2021 (-7.6%), which would have been even more marked without the positive contribution made by currency dynamics (-12.4%). This shrinkage was partly due to a new rise in Covid-19 infection rates in China, fuelled by the Omicron variant, leading to the introduction of further and even tougher restrictions, to the point of new lockdowns in some parts of the country, particularly Shanghai, where one of the Group's production sites is located.

Below is a breakdown of revenues in the first quarter of 2022 by **business area** in comparison with the same period in the previous year:

(Euro /000)	1Q 2022		1Q 2021		Var. 2022-2021	
	Value	%	Value	%	Value	%
Sensors	22,818	50.4%	18,001	48.1%	4,817	26.8%
Automation components	13,823	30.5%	10,952	29.3%	2,871	26.2%
Motion control	10,874	24.0%	10,451	27.9%	423	4.0%
Eliminations	(2,214)	-4.9%	(1,997)	-5.3%	(217)	10.9%
Total	45,301	100%	37,407	100%	7,894	21.1%

Revenues were up in all the Group's lines of business. Growth in the sensors line was substantial (+26.8% over the first quarter 2021), with increased volumes of sale for all product ranges, particularly industrial pressure sensors and high temperature sensors, areas in which recent year have seen investment aimed at reinforcing production lines.

Revenues from automation components (+26.2%) also increased, mostly concentrated in Italy and Europe, where expansion of the range offered to customers played a decisive role, launching products with innovative features capable of interfacing with industrial processes developed with digital technology. Revenues in the motion control business were on the whole 4% higher than in the same period in the year 2021; revenues grew in Italy, Europe and America, while revenues from Asia dropped.

Increases for internal work in the first quarter of 2022 amount to Euro 385 thousand Euro, down 109 thousand Euro compared with the same period in the previous year. This item represents the cost of development of new products incurred in the period and capitalised.

Added value amounts to 29,439 thousand Euro (24,651 thousand Euro in the same period in 2021) and represents 65.0% of revenues, 0.9 percentage points less than the figure for the first quarter of the previous year. The increase in added value, 4,788 thousand Euro in absolute terms, reflects the higher revenues recorded, only partially offset by increased raw materials procurement costs, which led to a decrease in percentage margins.

Other operating costs in the first quarter of 2022 amount to 6,814 thousand Euro and are up by 1,141 thousand Euro in absolute terms over the figure for the first quarter of 2021, representing 15.0% of revenues (15.2% in the same quarter of the previous year). Variable costs were higher, particularly for external processing, as a result of higher sales volumes and utility costs.

Personnel costs total 13,989 thousand Euro, as compared to 12,372 thousand Euro in the first quarter of the previous year, representing an increase of 1,617 thousand Euro. The increase in cost reflects the increased workforce: the number of employees employed in the Group increased from 777 on 31 March 2021 to 800 as of 31 March 2022. As a percentage of revenues, the ratio is, however, lower, at 30.9% (33.1% in the first quarter of 2021).

EBITDA in the first quarter of 2022 is positive by 8,636 thousand Euro (6,606 thousand Euro in the first quarter of 2021), representing 19.1% of revenues (17.7% of revenues in 2021), up by 2,030 thousand Euro over the figure for the first quarter of the previous year. The improvement in EBITDA is due to the increase in revenues during the period, only partly offset by higher ordinary operating costs.

The item **depreciation, amortisation and impairment** totals 2,151 thousand Euro in the quarter, as compared to 2,031 thousand Euro in the same period of the previous year, an increase of 120 thousand Euro.

EBIT in the first quarter of 2022 is positive by 6,485 thousand Euro (14.3% of revenues), as compared to an EBIT of 4,575 thousand Euro in the same period in 2021 (12.2% of revenues), an increase of 1,910 thousand Euro. The change is linked to the same dynamics as were illustrated for EBITDA.

Income from financial assets/liabilities in the first quarter of 2022 totalled 177 thousand Euro (whereas in the first quarter 2021 137 thousand Euro in income was registered), including:

- financial income totalling 9 thousand Euro (17 thousand Euro in the first quarter of 2021);
- financial charges linked with the Group's indebtedness, totalling 88 thousand Euro, up over the first quarter of 2021, when this item totalled 116 thousand Euro;
- positive result of differences in foreign currency transactions of 265 thousand Euro, as compared to a positive result of 245 thousand Euro for the first quarter of the previous year. The change is primarily a result of the exchange rates in effect between the Euro, the Swiss Franc, the Indian Rupee and the Brazilian Real;
- financial charges on financial debts as a result of application of the new accounting standard IFRS16 totalling 9 thousand Euro, similar to the figure for the first quarter of 2020.

Income from valuation of investments using the equity method totals 8 thousand, compared to 5 thousand Euro in the first quarter of 2021, due to the results achieved by the affiliate Axel S.r.l.

Taxes had a negative balance of 1,827 thousand Euro in the quarter (as compared to a negative balance of 1,018 thousand Euro in the first quarter of 2021). This item may be broken down as follows:

- negative current taxes of 1,854 thousand Euro (negative by 927 thousand Euro in the first quarter of 2021); the change reflects the improved results achieved by the Group in the first quarter of 2022 as compared to the previous year;
- deferred tax assets and liabilities, on the whole positive by 27 thousand Euro (negative by 91 thousand Euro in the first quarter of the previous year).

Net Group net profit in the first quarter of 2022 totalled 4,843 thousand Euro, as compared to a profit of 3,699 thousand Euro in the same period of the previous year, an increase of 1,144 thousand Euro.

Reclassified consolidated financial position at 31 March 2022

The Gefran Group's reclassified consolidated statement of financial position as of 31 March 2022 may be broken down as follows:

(Euro /000)	31 March 2022		31 December 2021	
	Value	%	Value	%
Intangible assets	15,416	17.4	15,437	18.8
Tangible fixed assets	46,823	52.8	47,007	57.1
Other non-current assets	6,586	7.4	6,581	8.0
Net non-current assets	68,825	77.6	69,025	83.9
Inventories	32,094	36.2	28,039	34.1
Trade receivables	39,251	44.3	34,803	42.3
Trade payables	(31,814)	(35.9)	(31,682)	(38.5)
Other assets/liabilities	(12,484)	(14.1)	(10,323)	(12.5)
Working capital	27,047	30.5	20,837	25.3
Provisions for risks and future liabilities	(2,209)	(2.5)	(2,660)	(3.2)
Deferred tax provisions	(955)	(1.1)	(916)	(1.1)
Employee benefits	(4,029)	(4.5)	(4,008)	(4.9)
Net invested capital	88,679	100.0	82,278	100.0
Shareholders' equity	91,106	102.7	85,538	104.0
Non-current financial payables	14,799	16.7	16,483	20.0
Current financial payables	12,266	13.8	12,952	15.7
Financial payables for IFRS 16 leases (current and non-current)	2,999	3.4	3,007	3.7
Financial liabilities for derivatives (current and non-current)	-	-	88	0.1
Financial assets for derivatives (current and non-current)	(143)	(0.2)	-	-
Other non-current financial investments	(58)	(0.1)	(67)	(0.1)
Cash and cash equivalents and current financial receivables	(32,290)	(36.4)	(35,723)	(43.4)
Net debt relating to operations	(2,427)	(2.7)	(3,260)	(4.0)
Total sources of financing	88,679	100.0	82,278	100.0

Net non-current assets at 31 March 2022 total 68,825 thousand Euro, as compared with 69,025 thousand Euro on 31 December 2021. The main changes were as follows:

- intangible assets are essentially in line with the figure for the end of 2021 (they show an overall decrease of 2121 thousand Euro). The change includes increases due to capitalisation of development costs (377 thousand Euro) and new investment (118 thousand Euro) well as decreases due to amortisation in the period (571 thousand Euro). The change in exchange rates had a positive impact on the item amounting to 64 thousand Euro;
- tangible assets decreased by 184 thousand Euro over 31 December 2021. Investment in the first quarter of 2022 (874 thousand Euro) is compensated by depreciation/amortisation in the period (1,267 thousand Euro). In addition, the item includes the value of the right to use assets recognised in accordance with IFRS16, which increased by 300 thousand Euro in the first quarter of 2022 following the renewal or signing of new contracts and is offset by

- depreciation and amortisation totalling 313 thousand Euro. Finally, the change in exchange rates had a positive effect of 229 thousand Euro;
- other non-current assets at 31 March 2022 totalled 6,586 thousand Euro (6,581,581 thousand Euro at 31 December 2021).

Working capital at 31 March 2022 is 27,047 thousand Euro, as compared to 20,837 thousand Euro on 31 December 2021, revealing an overall increase of 6,210 thousand Euro. The main changes were as follows:

- inventories changed from 28,039 thousand Euro at 31 December 2021 to 32,094 thousand Euro at 31 March 2022, revealing net up of 4,055 thousand Euro. Stocks increased, primarily stocks of raw materials (2,585 thousand Euro), necessary to guarantee continuity of production in the plants in a contingencies such as the current one, characterised by low availability of a number of so-called “critical materials” (particularly electronic components) and the consequent extension of supply times; these phenomena have already been occurring since the start of the pandemic, and have now become even more pronounced. There was also an increase in stocks of semi-finished and finished products (1,042 thousand Euro and 428 thousand Euro, respectively), essential to process planned customer orders in the coming months within the requested times. The change in exchange rates contributes to an increase in inventories of 380 thousand Euro;
- trade receivables amount to 39,251 thousand Euro, up by 4,448 thousand Euro over 31 December 2021: the change is primarily due to increased revenues in the first quarter of the year, up over the previous quarter (the fourth quarter of 2021). The Group conducts an accurate analysis of receivables, taking various factors into account (geographical area, sector, degree of solvency of individual customers), and these checks do not show any critical positions that may not be collected;
- trade payables totalled 31,814 thousand Euro, up by 132 thousand Euro over 31 December 2021;
- other net assets and liabilities at 31 March 2022 are on the whole negative by 12,484 thousand Euro (negative by 10,323 thousand Euro at 31 December 2021). They include payables to employees and social security institutions and receivables and payables for direct and indirect taxes. The change in this item over 31 December 2021, totalling 2,161 thousand Euro, is primarily a result of increased other tax payables.

The **provision for risks and charges** includes funds set aside in view of pending legal disputes and various other risks, totalling 2,209 thousand Euro, representing a decrease over the figure at 31 December 2021 of 451 thousand Euro. The change was mainly due to changes in the provision for legal disputes in the Parent Company, down by 474 thousand Euro, to cover exchange losses and default interest arising from a legal dispute which was settled in the early months of 2022.

Employee benefits amount to 4,029 thousand Euro, as compared to a figure of 4,008 thousand Euro on 31 December 2021.

Shareholders' equity at 31 March 2022 amounts to 91,106 thousand Euro, in up by 5,568 thousand Euro over the end of the year 2021. The change reflects the positive result for the period, amounting to 4,843 thousand Euro, as well as the impact of changes in the translation reserve, positive by 557 thousand Euro, and the fair value reserve of 168 thousand Euro.

Net financial position at 31 March 2022 is positive by Euro 2,427 thousand Euro, down by 833 thousand Euro since the end of 2021, when it was on the whole positive by 3,260 thousand Euro.

Net financial debt comprises short-term cash and cash equivalents of 18,948 thousand Euro and medium/long term debts totalling 16,521 thousand Euro.

This item reflects the negative impact of application of accounting standard IFRS16, worth 2,999 thousand Euro at 31 March 2022, of which 1,076 thousand Euro was reclassified in the current part while 1,923 thousand Euro was reclassified in the non-current part (totalling 3,007 thousand Euro at 31 December 2021, including 1,749 thousand Euro reclassified in the current part and 1,258 thousand Euro included in the medium/long term balance).

No new loans were taken out in the first quarter of 2022.

The change in net financial position is mainly due to the positive cash flow from typical operations (839 thousand Euro), partially mitigated by expenditure on technical investments in the first quarter of the year (1,369 thousand Euro) and by payment of interest, taxes and rental fees (totalling 529 thousand Euro).

This item breaks down as follows:

(Euro /000)	31 March 2022	31 December 2021	Change
Cash and cash equivalents and current financial receivables	32,290	35,723	(3,433)
Current financial payables	(12,266)	(12,952)	686
Current financial payables for IFRS 16 leases	(1,076)	(1,749)	673
(Debt)/short-term cash and cash equivalents	18,948	21,022	(2,074)
Non-current financial payables	(14,799)	(16,483)	1,684
Non-current financial payables for IFRS 16 leases	(1,923)	(1,258)	(665)
Non-current financial liabilities for derivatives	-	(88)	88
Non-current financial investments for derivatives	143	-	143
Other non-current financial investments	58	67	(9)
(Debt)/medium-/long-term cash and cash equivalents	(16,521)	(17,762)	1,241
Net financial position	2,427	3,260	(833)

Consolidated cash flow statement at 31 March 2022

The Gefran Group's consolidated cash flow statement at 31 March 2022 reveals absorption of 3,433 thousand Euro in cash at hand, as compared to a positive change of 3,614 thousand Euro at 31 March 2021.

The change was as follows:

(Euro /000)	31 March 2022	31 March 2021
A) Cash and cash equivalents at the start of the period	35,723	41,943
B) Cash flow generated by (used in) operations in the period	839	6,864
C) Cash flow generated by (used in) investment activities	(1,360)	(1,051)
D) Free Cash Flow (B+C)	(521)	5,813
E) Cash flow generated by (used in) financing activities	(2,926)	(2,681)
F) Cash flow from continuing operations (D+E)	(3,447)	3,132
G) Exchange rate translation differences on cash at hand	14	482
H) Net change in cash at hand (F+G)	(3,433)	3,614
I) Cash and cash equivalents at the end of the period (A+H)	32,290	45,557

The cash flow from operations in the period was positive by 839 thousand Euro; specifically, operations in the first quarter of 2022, purged of the effect of provisions, amortisation and depreciation, and financial entries, generated 9,415 thousand Euro in cash (7,118 in the first quarter 2021), while the net change in other assets and liabilities in the same period generated 453 thousand Euro in resources (in the first quarter of 2021 it had absorbed 112 thousand Euro in resources) and management of working capital absorbed 8,300 thousand Euro in cash (whereas in the same period in the previous year it had generated 50 thousand Euro in cash).

Financial resources absorbed by technical investments amount to 1,360 thousand Euro (1,051 thousand Euro in the first quarter 2021).

Free cash flow (operating cash flow excluding investment) was positive by 521 thousand Euro, as compared with a positive flow of 5,813 thousand Euro at 31 March 2021.

Financing activities absorbed a total of 2,926 thousand Euro in resources (2,681 thousand in the first quarter of 2021).

Investments

Investment in the first quarter of 2022 amounted to 1,369 thousand Euro (1,057 thousand Euro in the first quarter 2021) and related to:

- production or laboratory plant and equipment, 662 thousand Euro in the Group's Italian plants (including 365 thousand Euro for the production lines of the sensors business and 297 thousand Euro for those of the automation components business) and in the other Group subsidiaries of totalling 6 thousand Euro; in the first quarter of 2021, 282 thousand Euro were invested in Italy and 60 thousand Euro in the other foreign subsidiaries of the Group;
- adaptation of the industrial buildings of the Group's Italian plants totalling 52 thousand Euro (whereas 6 thousand Euro had been invested in buildings on the Group's Italian sites in the first quarter of 2021);
- renewal of electronic office machines and IT system equipment, amounting to 94 thousand Euro in the Parent Company and 60 thousand Euro in the Group's subsidiaries (in the first quarter 2021 investments totalled 16 thousand Euro and 5 thousand Euro respectively);
- capitalisation of costs incurred in the period for new product development, totalling 377 thousand Euro (489 thousand Euro in the first quarter 2021);
- investments in intangible assets in the amount of 118 thousand Euro, mainly relating to management software licences and SAP ERP development (in the first quarter of 2021 other intangible assets were recognised at a value of 163 thousand Euro).

Investments are listed below by type and geographic region:

(Euro /000)	31 March 2022	31 March 2021
Intangible assets	495	651
Tangible assets	874	406
Total	1,369	1,057

(Euro /000)	31 March 2022		31 March 2021	
	intangible	tangible assets	intangible	tangible assets
Italy	495	832	622	323
European Union	-	14	2	-
Europe non-EU	-	-	-	1
North America	-	11	-	68
South America	-	6	27	2
Asia	-	11	-	12
Rest of the world	-	-	-	-
Total	495	874	651	406

Investments in the first quarter of 2022 are broken down by business line below:

(Euro /000)	Sensors	Automation components	Motion control	Total
Intangible assets	129	199	167	495
Tangible assets	416	356	102	874
Total	545	555	269	1,369

Results by business area

The following sections comment on the performance of the individual business areas.

To ensure correct interpretation of figures relating to the individual activities, it should be noted that:

- the business represents the sum of revenues and related costs of the Parent Company Gefran S.p.A. and of the Group subsidiaries;
- the figures for each business are provided gross of internal trade between different businesses;
- the central operations costs, which pertain to Gefran S.p.A., are fully allocated to the businesses, where possible, and quantified according to actual use; they are otherwise divided according to economic-technical criteria.

Sensors

Summary results

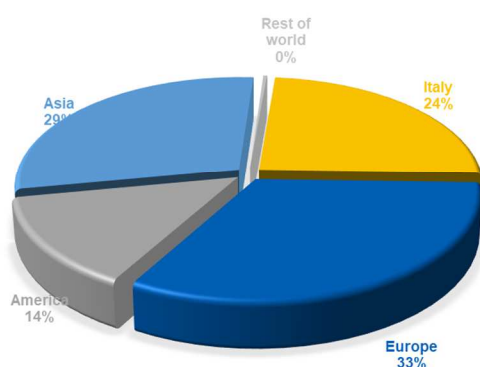
The table below shows the key economic figures:

(Euro /000)	31 March 2022		31 March 2021		Var. 2022 - 2021	
	Value	%	Value	%	Value	%
Revenues	22,818		18,001		4,817	26.8%
EBITDA	7,362		5,289		2,073	39.2%
	% of revenues	32.3%	29.4%			
EBIT	6,455		4,425		2,030	45.9%
	% of revenues	28.3%	24.6%			

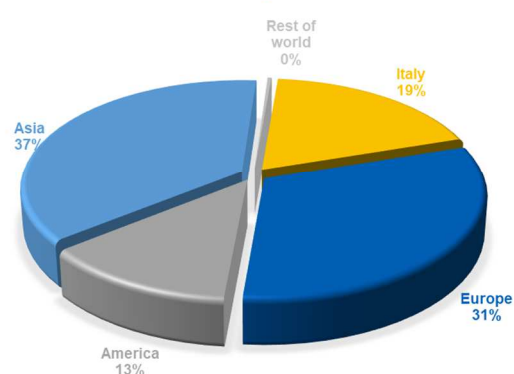
The breakdown of the sensors business revenues by geographic region is as follows:

(Euro /000)	31 March 2022		31 March 2021		Var. 2022 - 2021	
	Value	%	Value	%	Value	%
Italy	5,497	24.1%	3,338	18.5%	2,159	64.7%
Europe	7,467	32.7%	5,674	31.5%	1,793	31.6%
America	3,153	13.8%	2,308	12.8%	845	36.6%
Asia	6,633	29.1%	6,625	36.8%	8	0.1%
Rest of the world	68	0.3%	56	0.3%	12	21.4%
Total	22,818	100%	18,001	100%	4,817	26.8%

Revenues Sensors up to 31 March 2022



Revenues Sensors up to 31 March 2021



Business performance

Revenues from the business unit as of 31 March 2022 amount to 22,818 thousand Euro, up over the figure for 31 March 2021, 18,001 thousand Euro, registering a growth rate of 26.8% including the effect of exchange rate differences (positive by 658 thousand Euro). In the first quarter of 2022, despite a number of virus containment measures (such as limitation of non-essential travel and recent closures in China), the trend toward growth in business revenues was consolidated throughout 2021. This result has materialised thanks to the investments made in recent years and the new operating methods initiated following the spread of the Covid-19 pandemic, permitting full recovery of the global economy.

Compared with the first quarter of 2021, almost all geographical areas reached by the business show increasing revenues, especially Italy (+64.7%); revenues from the Asian market remain in line with the value for the previous quarter.

A few initial signs of a slowdown appeared in orders received in the first three months of 2022, totalling 22,417 thousand Euro, down over the first quarter of 2021, when orders totalled 24,668 thousand Euro (-9.1%). Despite this, short-term future prospects are good: the order backlog at 31 March 2022 is up over 31 March 2021 (+16.2%), and slightly up from the end of the previous year (+1%).

EBITDA at 31 March 2022 amounts to 7,362 thousand Euro (32.3% of business revenues), up by 2,073 thousand Euro over the figure at 31 March 2021, when it was 5,289 thousand Euro (29.4% of revenues). The change in EBITDA is due to the growth in sales volumes, which was only partially affected by higher operating costs related to the higher volumes realised.

EBIT for the first three months of 2022 amounts to 6,455 thousand Euro, equal to 28.3% of revenues, as compared to an EBIT of 4,425 thousand Euro in the same period in the previous year (24.6% of revenues), generating an increase of 2,030 thousand Euro. The change is essentially attributable to the increase in revenues.

Also note that the effect of adoption of accounting standard IFRS16 in the sensors business has resulted in reversal of 136 thousand Euro in leasing fees (126 thousand at 31 March 2021 and entry of amortisation of usage rights totalling 133 thousand Euro (128 thousand Euro at 31 March 2021)).

Investments

Investments in the first quarter of 2022 amount to 545 thousand Euro, and include 129 thousand Euro in investments in intangible assets, 85 thousand Euro of which was for research and development in new products. The remainder is represented by purchases of software programmes and licences, as well as a share in the cost of development of the company's information system.

Increases in "Tangible assets" totalled 416 thousand Euro, including 388 thousand Euro invested by the Parent Company, primarily for the purchase of production equipment for increasing the capacity and efficiency of production. Investments in the Group's subsidiaries totalled 28 thousand Euro, primarily for the purchase of equipment for the Group's American and Chinese subsidiaries.

Automation components

Summary results

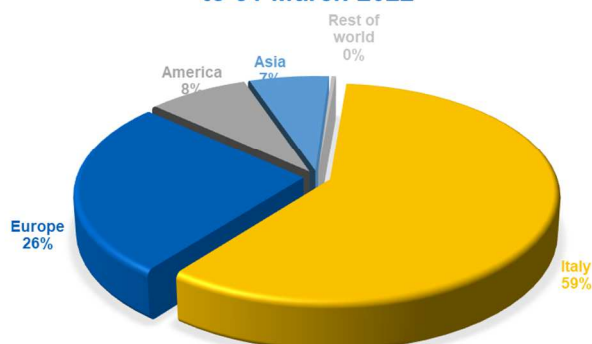
The table below shows the key economic figures:

(Euro /000)	31 March 2022	31 March 2021	Var. 2022-2021	
			Value	%
Revenues	13,823	10,952	2,871	26.2%
EBITDA	1,786	1,197	589	49.2%
	% of revenues	12.9%	10.9%	
EBIT	1,071	515	556	108.0%
	% of revenues	7.7%	4.7%	

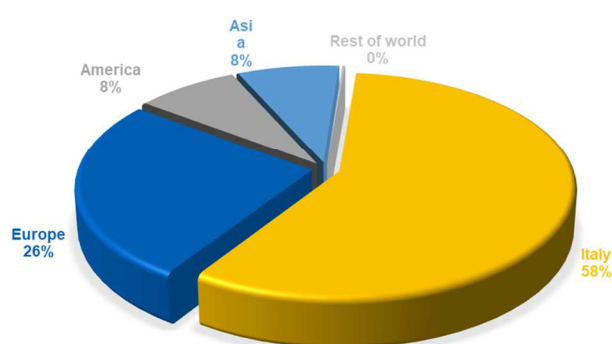
The breakdown of components business revenues by geographic region is as follows:

(Euro /000)	31 March 2022		31 March 2021		Var. 2022-2021	
	Value	%	Value	%	Value	%
Italy	8,189	59.2%	6,336	57.9%	1,853	29.2%
Europe	3,597	26.0%	2,848	26.0%	749	26.3%
America	1,113	8.1%	878	8.0%	235	26.8%
Asia	877	6.3%	867	7.9%	10	1.2%
Rest of the world	47	0.3%	23	0.2%	24	104.3%
Total	13,823	100%	10,952	100%	2,871	26.2%

Revenues Automation Components up to 31 March 2022



Revenues Automation Components up to 31 March 2021



Business performance

At 31 March 2022 the revenues of the business unit amount to 13,823 thousand Euro, up by 26.2% over 31 March 2021. A new way of approaching customers on the part of the sales network making use of digital tools, in addition to the activities carried out by the technical area for the development of new product families (such as the new SSR static units), as well as new and more modern functions applied to existing products (in the area of connectivity, for example, or the reduction of energy consumption and of the maintenance operations necessary in the event of machine downtime), allowed the business to fully take advantage of the first signs of recovery. The trend toward improving revenues which began in the last quarter of 2020 and continued throughout the year 2021 ended with sales back to pre-pandemic levels and continues in the first quarter 2022.

All the main geographical areas covered by the business see an increase in revenues compared to the same period in 2021, with particular reference to Italy (+29.2%) and Europe (+26.3%).

Order intake in the first quarter of 2022 amounts to 14,072 thousand Euro, and is higher overall than in the same period in the previous year (+29%). The order backlog as at 31 March 2022 also increased both compared to the value at 31 March 2021 (+76.2%) and the value at the end of the year 2021 (+23.2%).

EBITDA as at 31 March 2022 is positive by 1,786 thousand Euro (equal to 12.9% of revenues), up by 589 thousand Euro over the figure recorded on 31 March 2021 of 1,197 thousand Euro (10.9% of revenues). The increase in sales recorded in the first three months of the year and the higher added value achieved are the variables that determine the improvement in EBITDA compared to the first quarter of 2021.

EBIT in the first quarter of 2022 is positive at 1,071 thousand Euro. This compares with an EBIT for the same period in 2021 that was positive by 515 thousand Euro. The increase of 556 thousand Euro is a result of the dynamics described above: growing volumes of sale and therefore greater operating costs for ordinary management, only partially compensated by greater operating costs for ordinary management.

Also note that adoption of accounting standard IFRS16 led the automation components business unit to reverse leasing fees of 123 thousand Euro (114 thousand Euro on 31 March 2021) and entry of amortisation of usage rights totalling 119 thousand Euro (110 thousand Euro at 31 March 2021).

Investments

Investments in the first three months of 2022 totalled 555 thousand Euro. Investments in intangible assets amounted to 199 thousand Euro, of which 147 thousand Euro were to capitalise the cost of development of the new range of regulators and power controllers. The remainder relates to the purchase of software programs and licences, as well as the share of the development costs of the company's information system.

Investments in "Tangible Assets" amounted to 356 thousand Euro, including 349 thousand Euro invested in improvement of the Group's Italian production factories, plant and machinery and renewal of electronic office machines and equipment for information systems.

Motion control

Summary results

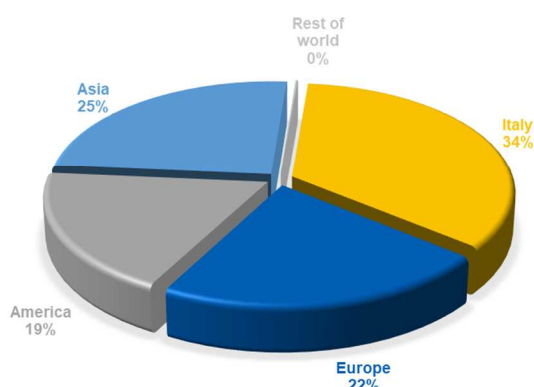
The table below shows the key economic figures:

(Euro /000)	31 March 2022		31 March 2021		Var. 2022-2021	
	Value	%	Value	%	Value	%
Revenues	10,874		10,451		423	4.0%
EBITDA	(512)		120		(632)	-526.7%
	% of revenues	-4.7%	1.1%			
EBIT	(1,041)		(365)		(676)	-185.2%
	% of revenues	-9.6%	-3.5%			

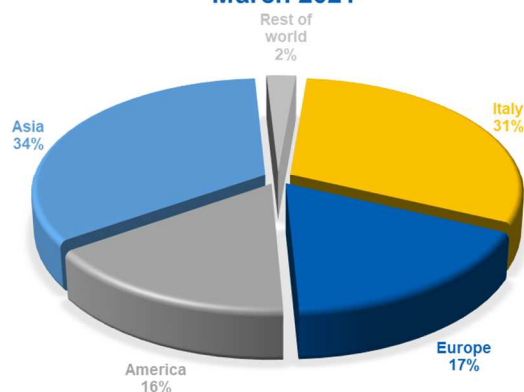
The breakdown of motion control business revenues by geographic region is as follows:

(Euro /000)	31 March 2022		31 March 2021		Var. 2022-2021	
	Value	%	Value	%	Value	%
Italy	3,750	34.5%	3,197	30.6%	553	17.3%
Europe	2,389	22.0%	1,805	17.3%	584	32.4%
America	2,019	18.6%	1,683	16.1%	336	20.0%
Asia	2,697	24.8%	3,527	33.7%	(830)	-23.5%
Rest of the world	19	0.2%	239	2.3%	(220)	-92.1%
Total	10,874	100%	10,451	100%	423	4.0%

Revenues Motion Control up to 31 March 2022



Revenues Motion Control up to 31 March 2021



Business performance

Revenues in the first three months of 2022 amount to 10,874 thousand Euro, up by 423 thousand Euro (+4.0%) over the figure for the first quarter of 2021. The activities on which work was carried out in 2021, which centred around development of custom projects, ensuring stability of factory volumes and efficiency, and expansion of the range of industrial and lift products through the introduction of new technologies and connectivity, made up for the drop in revenues linked to the effects of the spread of the Covid-19 pandemic. Revenues in almost all geographical areas of interest for the business have grown, particularly Europe (+32.4%) and Italy (+17.3%), while revenues in Asia were down (-23.5%, or -26.7% net of the effect of exchange rate differences).

The order portfolio in the first quarter of 2022 amounts to 15,468 thousand Euro, up 21.4% over the first three months of the previous year, when this item totalled 12,737 thousand Euro. The order backlog at 31 March 2022 is higher than the backlog at 31 March 2021 (+80.1%) and at the end of 2021 (30.5%).

EBITDA at 31 March 2022 is negative by 512 thousand Euro (4.7% of revenues). This compares with a figure at 31 March 2021 which was positive by 120 thousand Euro (1.1% of revenues), recording an overall decrease of 632 thousand Euro. The increase in sales volumes recorded in the first three months of the year is affected by the increased incidence of raw material costs and the increase in operating costs.

EBIT at 31 March 2022 is negative by 1,041 thousand Euro, as compared to an EBIT for the first quarter of 2021 that was negative by 365 thousand Euro, representing a decrease of 676 thousand Euro as a result of the dynamics described in discussion of the change in EBITDA.

Also note that adoption of accounting standard IFRS16 led the motion control business unit to reverse leasing fees of 62 thousand Euro (67 thousand Euro at 31 March 2021) and enter amortisation of usage rights totalling 61 thousand Euro (68 thousand Euro at 31 March 2021).

Investments

Investment in the first three months of 2022 totalled 269 thousand Euro, including 102 thousand Euro invested in tangible assets, primarily for renewal of production equipment and improvement of the efficiency of production.

Increases in "Intangible assets" amounted to 167 thousand Euro and primarily concerned the capitalisation of development costs (145 thousand Euro) relating to new products for the industrial sector and the lifting sector.

Human resources

Workforce

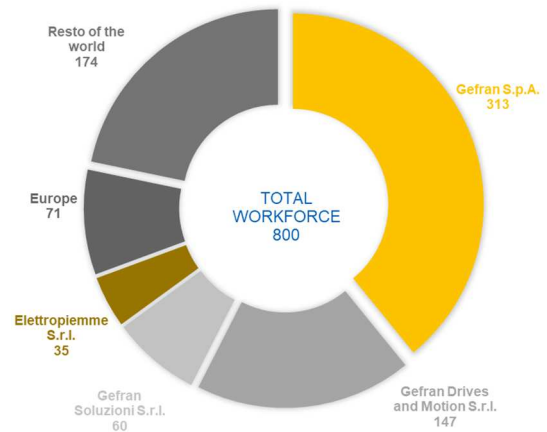
The Group's workforce as of 31 March 2022 numbered 800 people, up by 14 over the end of 2021 and by 23 over 31 March 2021.

This change marks an overall turnover rate within the Group of 5%.

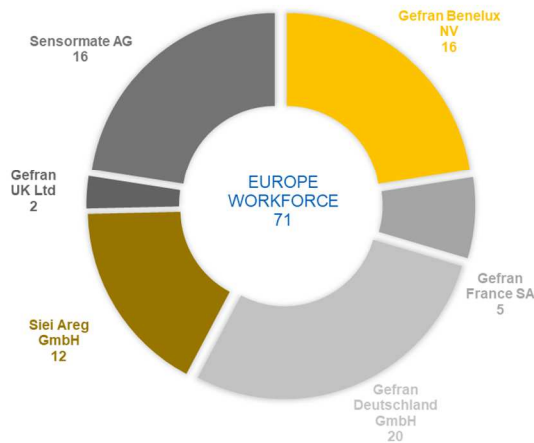
Changes in the first quarter of 2022 may be broken down as follows:

- 27 people joined the Group, including 14 manual workers and 13 clerical staff;
- 13 people left the Group, including 4 manual workers and 9 clerical staff.

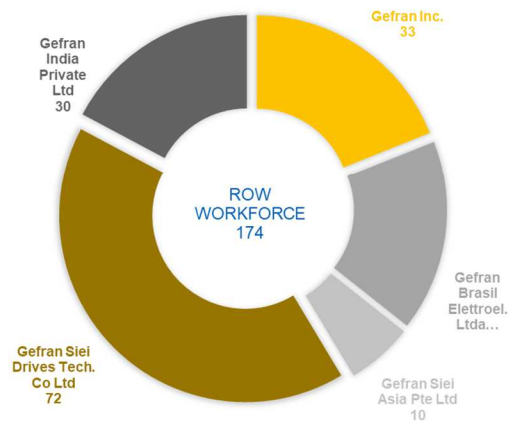
Workforce up to 31 March 2022



Europe Workforce up to 31 March 2022



Rest of the World Workforce up to 31 March 2022



Significant events in the first quarter of 2022

- On 10 February 2022, the Gefran S.p.A. Board of Directors examined the preliminary results as of 31 December 2021.

On the same date, the Board of Directors was informed that the Company had received the resignation of Dr. Fausta Coffano, Group Chief Financial Officer, Executive in Charge of Financial Reporting and Investor Relator. The resignation is effective as of 30 April 2022. The search for a successor is under way, and the chosen candidate will be announced to the public as required by law.

- On 10 March 2022, the Gefran S.p.A. Board of Directors unanimously approved the financial statements for the year ending on 31 December 2021, the consolidated financial statements and the consolidated non-financial statement.

The Board of Directors also resolved to propose to the Shareholders' Meeting distribution of a dividend of 0.38 Euro per share in circulation (not including own shares), through use of the necessary amount of the net profit for the year, carrying over the residual amount.

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

Significant events following the close of the first quarter of 2022

- On 13 April 2022, the Board of Directors of Gefran S.p.A., following the resignation received by Fausta Coffano and with the favourable opinion of the Board of Statutory Auditors, appointed Marcello Perini as the Executive in charge of financial reporting, effective as of 30 April 2022 and until the appointment of a new Chief Financial Officer.

In the same meeting and as of the same date, the Board of Directors also appointed Vice Chairwoman Giovanna Franceschetti to the role of Investor Relator.

- On 28 April 2022, the Ordinary Shareholders' Meeting of Gefran S.p.A. voted to:
 - o Approve the Financial Statements for the financial year 2021 and distribute an ordinary dividend, gross of withholding taxes, of 0.38 Euro per eligible share (ex-dividend date 09 May 2022, record date 10 May 2022 and payment date 11 May 2022). The remainder of the annual profit will be allocated to the retained earnings reserve.
 - o Authorise the Board of Directors to purchase up to a maximum of 1,440,000 own shares with a face value of 1 Euro each, within 18 months from the date of the Shareholders' Meeting.

In accordance with art. 123-ter of Italy's Consolidated Finance Act (TUF), the shareholders' meeting held a binding vote approving the Group's 2022 Remuneration Policy and its Remuneration Report for the year 2021.

Outlook

Despite the continuation of the Covid-19 pandemic, 2021 stood out for the economic revival that benefited the global growth outlook, such as the adoption of vaccines and vaccination campaigns that have been achieved, leading to an acceleration in economic activity, driven by an increase in consumer spending and supported by favourable monetary policy.

A number of events early in the year 2022 led the International Monetary Fund to revise its projections for the next two years. The uncertainty surrounding the spread of variants of the Covid-19 virus and the economic and monetary dynamics of the two major world economies played a decisive role in this revised forecast: on the one hand, fiscal and monetary policies, as well as the ongoing lack of product availability in the US, and on the other hand, disruption caused by the zero tolerance policy aimed at curbing the pandemic and prolonged financial stress in China, where recent lockdowns in major manufacturing and trade centres could lead to supply disruptions and have an impact on demand.

In addition to this, in the global scenario, the outbreak of the Russia-Ukraine conflict introduces new uncertainty: further commodity increases, as well as general and rising price pressures, are expected to lead to higher inflation (5.7% in advanced economies and 8.7% in emerging countries and developing economies).

In view of these new dynamics, the IMF expects global growth to slow from previous estimates, settling at around 3.6% for both 2022 and 2023 (0.8 percentage points lower for 2022 and 0.2 for 2023 compared to the January projections). In the medium term, global growth is expected to fall to a rate of around 3.3% after 2023.

This new forecast is conditional on the fact that the conflict remains confined to the Ukraine and that the impact of the pandemic on health and the economy decrease in 2022.

GDP in the Eurozone is projected to grow by 2.8% in 2022 and 2.3% in 2023. Within Italy, growth is estimated at 2.3% in 2022 and 1.7% in 2023.

The focus on the health and safety of all employees remains high in the Group, while maintaining a high level of service to the market in the face of significant growth in demand, particularly in certain product lines.

The greatest uncertainties regarding the possibility of converting the business opportunities that are gradually arising into revenues come from the supply chain, which remains highly uncertain, both as regards the possibility of receiving all the materials necessary for production and the actual timing of receipt of these materials.

The overall increase in the purchase price of raw materials is a potential risk factor for the margins that growth in demand could generate.

A number of current and potential market segments show room for growth for those able to guarantee products and services in this context of uncertainty; the Group's concentration on meeting the demands of the market has been maximised in order to seize these opportunities of growth.

In light of these considerations, the Group believes that revenues in 2022 will exceed the figure for 2021, with margins in line with previous years.

Possible impact of the conflict in Ukraine

The early months of 2022 were marked by heightened tensions between Russia and Ukraine. The geopolitical crisis which led to the current conflict has progressively spread to an international scale, leading the NATO countries to introduce increasingly stringent sanctions against the invading country.

This state of global uncertainty has led to a rise in inflation, reflecting higher raw material costs, particularly energy costs, as Russia is one of the world's leading energy suppliers.

Gefran, which supports the international community in demanding peace, is committed to supporting the economic sanctions applied by the European community and acting in accordance with them, and has stated its intention not to undertake any new activity or sign any new contracts involving Russian and Belarus customers or suppliers.

Noting that the Group does not own strategic assets in the territories directly involved in the conflict and that sales in these regions are limited (only 0.6% of the Group's 2021 revenue was generated in the countries currently involved), no direct impact is estimated. However, the Group continues to follow developments in the area and monitor procurement costs, and it cannot be excluded that the evolution of the global scenario could have an impact on the Group.

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

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

Analysis of risk factors through assessment of their potential impact and formulation of plans for mitigation and containment of this risk are essential for generating value in the organisation. The ability to track and respond correctly to risk will help the Company to face corporate and strategic choices with confidence and contribute to prevention of negative impact on the Group's targets and business.

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

Risks associated with the general economic conditions and market trends

The global growth outlook estimated at the end of 2021 by the International Monetary Fund saw GDP growth of 4.4% for the year 2022 and 3.8% for 2023. The International Monetary Fund's projection for the next two years in the Eurozone as of the end of 2021 is a growth rate of 3.9% in 2022 (with the rate for Italy estimated at +3.8%) and 2.5% in 2023 (Italy at 2.2%).

However, following the spread of the Omicron variant of Covid-19 and the subsequent Russian invasion of Ukrainian territory, in the first quarter of 2022, global economic activity showed some signs of a slowdown dictated by rising inflation, rising energy prices, and supply bottlenecks.

The dynamics observed have recently led the IMF to publish new, more conservative forecasts: world GDP will grow by 3.6% in 2022 (-0.8 points compared to the previous estimate), maintaining the same rate in 2023 (-0.2 points compared to the projection at the end of 2021).

Possible developments in the conflict between Russia and Ukraine could have further repercussions for estimates of global economic growth, which could affect European countries in particular. Noting that the Group does not own strategic assets in the territories currently involved in the hostilities and that sales in these regions are limited (in 2021 only 0.6% of Group revenues were generated in the countries currently involved), although the scenario could evolve further, in light of current assessments, Gefran does not consider that the current hostilities will have a significant impact on its activities and consequently its ability to generate income.

Country risk

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

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

New unfavourable political or economic developments in the countries where the Group operates could adversely affect the Group's outlook, activities and financial results, to a different extent depending on the countries in which these events occur.

In the light of the recent political developments pertaining to the Russia-Ukraine conflict, Gefran has formally expressed its willingness to discontinue its commercial relations with customers residing in Russia. It should also be noted that the Group does not own strategic assets in these areas, and that commercial activities in these regions are limited. Gefran has, in any case, recently announced its intention to stop supplying customers in Russia and Belarus. Noting that the volume of business affected is modest (with reference to 2021, only 0.6% of the Group's revenues are generated in the countries currently involved in the conflict), it is believed that this decision will not significantly affect the Group's overall sales.

Although the scenario may evolve further, in light of the current forecasts, Gefran does not consider the hostilities that have occurred to have a significant impact on its activities and consequently its ability to generate income.

Risks associated with fluctuations in commodity prices

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

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

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

The current market trend is toward widespread increases, mainly driven by the lack of availability of raw materials, particularly electronic components, and is leading to significant fluctuation in prices with an impact on the overall cost of the product, though currently only to a limited extent.

The Russia-Ukraine conflict could lead to further widespread increases in raw materials costs, the effects of which could affect the Group's economic results. These effects are currently estimated to be insignificant, though they remain difficult to predict so far.

Credit risk

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

The Group grants its customers deferred payment conditions, which vary according to the market practices in individual countries. All customers' solvency is regularly monitored, and any risks are periodically covered by appropriate provisions. Despite these precautions, under current market conditions, it cannot be ruled out that some customers may not be able to generate sufficient cash flow or may lack access to sufficient sources of funding, resulting in payment delays or a failure to honour obligations.

The current Russia-Ukraine conflict could lead to an indirect insolvency risk for Gefran, as the Group's customers could in turn have customers located in the conflict areas, preventing them from fulfilling their commitments. The Group promptly intervened, implementing procedures to minimise these impacts, which are currently considered insignificant.

Receivables were adjusted to their estimated realisable value through a specific provision for doubtful receivables, calculated on the basis of an examination of individual debtor positions as required by IFRS 9 and taking into account past experience in each specific line of business and geographic region.

The Group has developed estimates based on the most accurate information available on past events, current economic conditions and forecasts for the future.

With reference to the latter point, the Group has conducted its analyses using a risk matrix that takes into account geographic region, industry, and individual customer solvency.

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

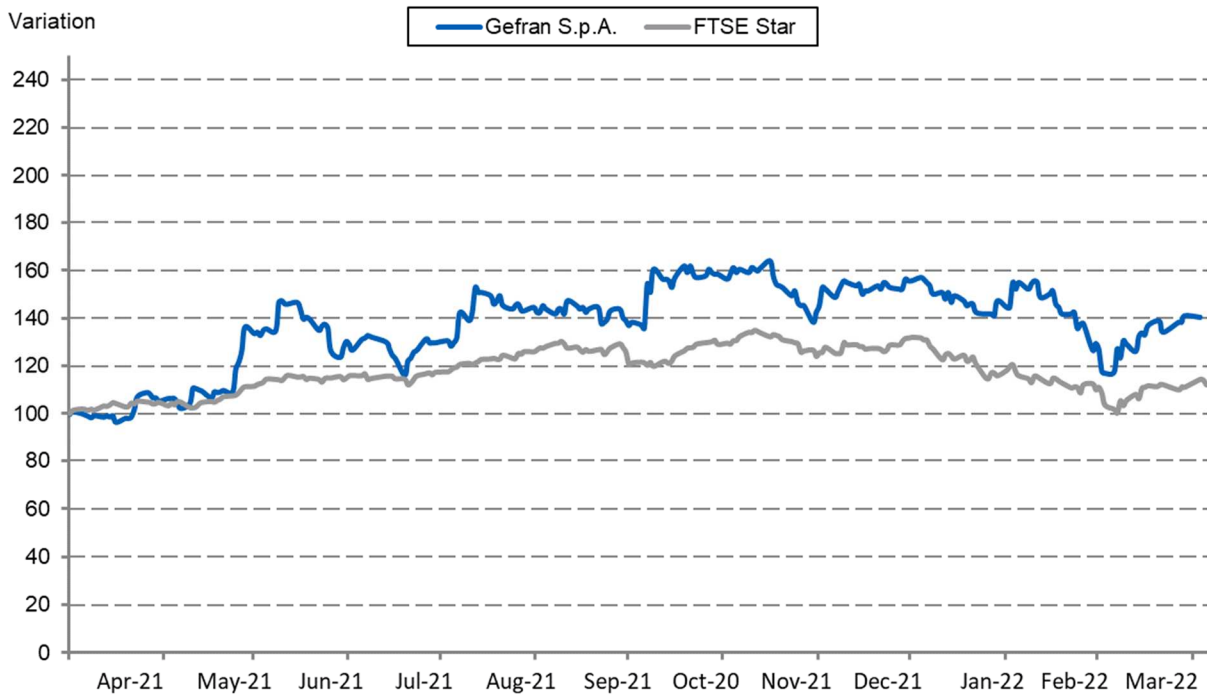
Own shares and stock performance

As of 31 December 2021, Gefran S.p.A. held 27,220 shares (0.19% of the total) with an average carrying value of Euro 5.7246 per share, all purchased in the fourth quarter of 2018.

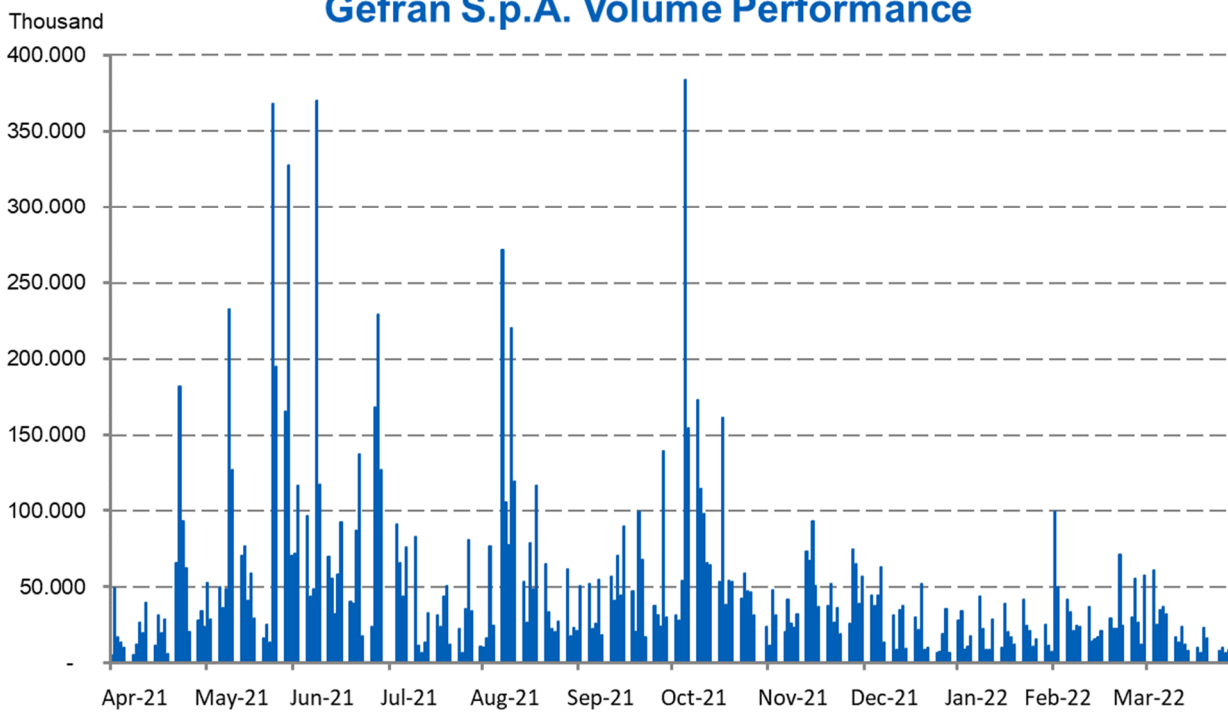
No own shares were sold during the first quarter of 2022, and at the date of this report the situation is unchanged.

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

Gefran S.p.A. stock performance



Gefran S.p.A. Volume Performance



Dealings with related parties

On 12 November 2010, the Gefran S.p.A. Board of Directors approved its “Procedure on Internal Dealing” in application of Consob resolution No. 17221 dated 12 March 2010. These regulations have been published in the “Governance” section of the Company’s internet site, available at <https://www.gefran.com/en/gb/governance>, in the “Documents and procedures” section.

The procedure in question was updated by the Board of Directors on 24 June 2021 to implement the new requirements of EU Directive 2017/828 (referred to as “Shareholders’ Rights II”), introduced into Italian law by means of Legislative Decree No. 49 of 2019, with regard to primary regulations, and by means of Consob Resolution no. 21624 of 10 December 2020, with regard to secondary regulations.

The “Procedure on Internal Dealing” is based, *inter alia*, on the following general principles:

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

The “Internal Dealing Procedure” is structured as follows:

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

The following information on Group companies’ transactions with related parties in the first quarter of 2022 and 2021 is provided in accordance with IAS 24.

Transactions with related parties are part of normal operations and the typical business of each entity involved and are carried out under normal market conditions. There were no atypical or unusual transactions.

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

(Euro /000)	Climat S.r.l.	Total
Service costs		
2021	(54)	(54)
2022	(49)	(49)

(Euro /000)	Climat S.r.l.	Marfran S.r.l.	Total
Property, plant, machinery and tools			
2021	188	-	188
2022	10	-	10
Trade receivables			
2021	-	68	68
2022	-	62	62
Trade payables			
2021	102	-	102
2022	82	-	82

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

In relations with its subsidiaries, the Parent Company Gefran S.p.A. has provided technical and administrative/management services and paid royalties on behalf of the Group's operative subsidiaries totalling 1,080 million Euro under specific contracts (960 million Euro as of 31 March 2021).

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

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

Persons of strategic importance have been identified as members of the executive Board of Directors of Gefran S.p.A. and other Group companies, as well as executives with strategic responsibilities, identified as the General Manager of Gefran S.p.A., the General Manager of the Drives and Motion Control Business Unit, the Group's Chief Sales Officer and the Sensors Business Unit General Manager, the Chief Financial Officer, the Chief People & Organisation Officer, and the Group's Chief Technology Officer.

Disclosure simplification

On 1 October 2012, the Gefran S.p.A. Board of Directors voted to use the option to provide simplified disclosure pursuant to article 70, paragraph 8, and article 71, paragraph 1-*bis*, of Consob Regulation 11971/1999 as amended.



Specific explanatory notes to the accounts

1. General information, form and content

Gefran S.p.A. is incorporated and domiciled in Italy, with registered office at Via Sebina 74, Provaglio d'Iseo (BS).

This interim report of the Gefran Group for the period ending on 31 March, 2022 was approved, and its publication was authorised, by the Board of Directors on 12 May 2022.

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

The Company prepared this document in accordance with the international accounting standards (IFRS) issued by the IASB and approved by the European Union pursuant to Regulation (EC) 1606/2002 of the European Parliament and Council of 19 July 2002, and in particular IAS 34 – Interim Financial Reporting.

In preparing these interim financial statements, the same accounting criteria were applied as in the preparation of the annual financial report for the year ending 31 December 2021. The interim financial statements for the quarter ending on 31 March 2022 do not contain all the additional information required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ending on 31 December 2021, prepared in accordance with IFRS.

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

These interim financial statements for the quarter ending on 31 March 2022 are consolidated on the basis of the income statement and statement of financial position figures of Gefran S.p.A. and its subsidiaries relating to the first three months of 2022, prepared in accordance with international accounting standards. These accounting statements were prepared using valuation criteria in line with those of the Parent Company, or adjusted owing to consolidation.

Interim financial statements are not subject to an audit.

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

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

2. Consolidation principles and valuation criteria

The valuation criteria adopted for the preparation of these interim financial statements as at 31 March 2022 are the same as those adopted in preparing the annual financial report for the year ending on 31 December 2021.

In line with the requirements of document no. 2 of 6 February 2009 issued jointly by the Bank of Italy, Consob and ISVAP, the Gefran Group's interim financial statements were prepared on the assumption that the Group is a going concern.

With reference to Consob Communication DEM/11070007 of 5 August 2011, it is also noted that the Group does not hold in its portfolio any bonds issued by central or local governments or government agencies, and is therefore not exposed to risks generated by market fluctuations. The consolidated interim financial statements were prepared using the general historic cost criterion, adjusted as required for the valuation of certain financial instruments.

With reference to Consob Communication 0092543 dated 3 December 2015, it is hereby revealed that in the Report on operations the guidelines of the ESMA (ESMA/2015/1415) were followed with regard to the information aimed at ensuring the comparability, reliability and comprehensibility of the Alternative Performance Indicators.

3. Change in the scope of consolidation

The scope of consolidation as at 31 March 2022 was unchanged from 31 December 2021, while it was different from that of 31 March 2021 as the winding-up of the Chinese subsidiary Gefran Siei Electric, which had not been operational since the beginning of 2009, was completed.

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

Property, plant, machinery and tools

This item decreased from 44,034 thousand Euro on 31 December 2021 to 43,860 thousand Euro on 31 March 2022 and shows the following changes:

Historical cost	31 December 2021	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2022
(Euro /000)						
Land	5,217	-	-	-	12	5,229
Industrial buildings	45,882	10	-	12	194	46,098
Plant and machinery	49,823	79	(6)	604	206	50,706
Industrial and commercial equipment	21,092	45	-	138	29	21,304
Other assets	7,360	71	(25)	40	66	7,512
Assets in progress and payments on account	1,794	669	(4)	(790)	4	1,673
Total	131,168	874	(35)	4	511	132,522

Accumulated depreciation	31 December 2021	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2022
(Euro /000)						
Industrial buildings	23,378	319	-	-	61	23,758
Plant and machinery	38,013	661	(6)	-	157	38,825
Industrial and commercial equipment	19,745	166	-	-	26	19,937
Other assets	5,998	121	(24)	-	47	6,142
Total	87,134	1,267	(30)	-	291	88,662

Net value	31 December 2021	31 March 2022	Change
(Euro /000)			
Land	5,217	5,229	12
Industrial buildings	22,504	22,340	(164)
Plant and machinery	11,810	11,881	71
Industrial and commercial equipment	1,347	1,367	20
Other assets	1,362	1,370	8
Assets in progress and payments on account	1,794	1,673	(121)
Total	44,034	43,860	(174)

This is the table of changes in the first three months of 2021:

Historical cost	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2021
(Euro /000)						
Land	5,171	-	-	-	26	5,197
Industrial buildings	44,105	2	-	14	241	44,362
Plant and machinery	46,091	15	(1)	266	281	46,652
Industrial and commercial equipment	20,608	19	(75)	30	39	20,621
Other assets	7,395	40	-	32	74	7,541
Assets in progress and payments on account	951	330	(15)	(392)	10	884
Total	124,321	406	(91)	(50)	671	125,257

Accumulated depreciation	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2021
(Euro /000)						
Industrial buildings	22,047	307	-	-	24	22,378
Plant and machinery	35,122	606	-	(50)	233	35,911
Industrial and commercial equipment	19,096	175	(75)	-	40	19,236
Other assets	6,095	107	-	-	66	6,268
Total	82,360	1,195	(75)	(50)	363	83,793

Net value	31 December 2020	31 March 2021	Change
(Euro /000)			
Land	5,171	5,197	26
Industrial buildings	22,058	21,984	(74)
Plant and machinery	10,969	10,741	(228)
Industrial and commercial equipment	1,512	1,385	(127)
Other assets	1,300	1,273	(27)
Assets in progress and payments on account	951	884	(67)
Total	41,961	41,464	(497)

The change in the exchange rate had a positive impact of 229 thousand Euro.

The biggest changes during the period related to:

- investment of 662 thousand Euro in production and laboratory plant and equipment in the Group's Italian factories and 6 thousand Euro in other Group subsidiaries;
- adaptation of industrial buildings housing the Group's Italian plants, totalling 52 thousand Euro;
- renewal of electronic office machines and IT system equipment, amounting to 94 thousand Euro in the Parent Company and 60 thousand Euro in the Group's subsidiaries;

The increases in the historic value of the item "Buildings, plant and machinery and equipment", worth 874 thousand Euro in the first quarter of 2022, include 8 thousand Euro linked with capitalisation of internal costs (5 thousand in the first quarter of 2021).

Net working capital

"Net working capital" totals 39,531 thousand Euro, as compared to 31,160 thousand Euro on 31 December 2021, and may be broken down as follows:

(Euro /000)	31 March 2022	31 December 2021	Change
Inventories	32,094	28,039	4,055
Trade receivables	39,251	34,803	4,448
Trade payables	(31,814)	(31,682)	(132)
Net amount	39,531	31,160	8,371

The value of **inventories** at 31 March 2022 is 32,094 thousand Euro, up by 4,055 thousand Euro over 31 December 2021, where the change in exchange rates contributes 380 thousand Euro to the increase. The balance breaks down as follows:

(Euro /000)	31 March 2022	31 December 2021	Change
Raw materials, consumables and supplies	21,150	18,504	2,646
<i>provision for impairment of raw materials</i>	<i>(3,750)</i>	<i>(3,689)</i>	<i>(61)</i>
Work in progress and semi-finished products	10,935	9,780	1,155
<i>provision for impairment of work in progress</i>	<i>(2,470)</i>	<i>(2,357)</i>	<i>(113)</i>
Finished products and goods for resale	8,362	7,854	508
<i>provision for impairment of finished products</i>	<i>(2,133)</i>	<i>(2,053)</i>	<i>(80)</i>
Total	32,094	28,039	4,055

The gross value of inventories was 32,094 thousand Euro, up by 4,055 thousand Euro since the end of 2021.

The economic impact of the change in inventories, on the other hand, saw a more limited decrease compared to 31 December 2021 of 3,675 thousand Euro, since the average progressive exchange rate for the year is used for the economic recognition of events.

During the first quarter of 2022 the provision for obsolescence and slow-moving inventories was adjusted according to need through specific provisions amounting to 409 thousand Euro (as compared to 364 thousand Euro in the year 2021).

Movement in the provision in the first three months of 2022 is shown below:

(Euro /000)	31 December 2021	Provisions	Uses	Releases	Exchange rate differences	31 March 2022
Provision for impairment of inventory	8,099	409	(188)	(30)	63	8,353

Movements in the provision as of 31 March 2021 appear below:

(Euro /000)	31 December 2020	Provisions	Uses	Releases	Exchange rate differences	31 March 2021
Provision for impairment of inventory	7,208	364	(111)	-	82	7,543

Trade receivables amount to 39,251 thousand Euro, as compared to 34,803 thousand Euro on 31 December 2021, up by 4,448 thousand Euro:

(Euro /000)	31 March 2022	31 December 2021	Change
Receivables from customers	40,965	36,712	4,253
Provision for doubtful receivables	(1,714)	(1,909)	195
Net amount	39,251	34,803	4,448

The change is due to increased sales revenues recorded in the first quarter of 2022.

Receivables were adjusted to their estimated realisable value through a specific provision for doubtful receivables, calculated on the basis of an examination of individual debtor positions and taking into account past experience in each specific line of business and geographic region, as required by IFRS 9. The provision as at 31 March 2022 represents a prudential estimate of the current risk, and registered the following changes:

(Euro /000)	31 December 2021	Provisions	Uses	Releases	Exchange rate differences	31 March 2022
Provision for doubtful receivables	1,909	108	(322)	-	19	1,714

The table of changes in the first quarter of 2021 appears below:

(Euro /000)	31 December 2020	Provisions	Uses	Releases	Exchange rate differences	31 March 2021
Provision for doubtful receivables	1,952	34	-	-	12	1,998

The value of use of the fund includes amounts covering losses on unrecoverable receivables. The Group monitors the situation of the receivables most at risk and initiates the appropriate legal action. The carrying value of trade receivables is considered to approximate to their fair value.

There is no significant concentration of sales to individual customers: this phenomenon remains below 10% of Group revenues.

Please see the Report on Operations for further details on changes in financial operations during the period.

Trade payables total 31,814 thousand Euro, as compared with 31,682 thousand Euro on 31 December 2021. This item breaks down as follows:

(Euro /000)	31 March 2022	31 December 2021	Change
Payables to suppliers	23,106	26,595	(3,489)
Payables to suppliers for invoices to be	7,651	4,341	3,310
Advance payments received from customers	1,057	746	311
Total	31,814	31,682	132

Trade payables up by 132 thousand Euro over 31 December 2021. The increase is related to the higher purchases recorded in the period for raw materials, necessary to cope with the growth in sales volumes, service costs, in particular variable costs related to sales volumes, and utility costs.

Net financial position

The table below shows a breakdown of the net financial position:

(Euro /000)	31 March 2022	31 December 2021	Change
Cash and cash equivalents and current financial receivables	32,290	35,723	(3,433)
Financial investments for derivatives	143	-	143
Other non-current financial investments	58	67	(9)
Non-current financial payables	(14,799)	(16,483)	1,684
Non-current financial payables for IFRS 16 leases	(1,923)	(1,258)	(665)
Current financial payables	(12,266)	(12,952)	686
Current financial payables for IFRS 16 leases	(1,076)	(1,749)	673
Financial liabilities for derivatives	-	(88)	88
Total	2,427	3,260	(833)

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

(Euro /000)	31 March 2022	31 December 2021	Change
A. Cash on hand	31	33	(2)
B. Cash in bank deposits	32,259	35,690	(3,431)
C. Securities held for trading	-	-	-
D. Cash and cash equivalents (A) + (B)	32,290	35,723	(3,433)
Current financial liabilities for derivatives	-	-	-
Current financial investments for derivatives	-	-	-
E. Fair value current hedging derivatives	-	-	-
F. Current portion of long-term debt	(11,044)	(11,756)	712
G. Other current financial payables	(2,298)	(2,945)	647
H. Total current financial payables (F) + (G)	(13,342)	(14,701)	1,359
I. Total current payables (E) + (H)	(13,342)	(14,701)	1,359
J. Net current financial debt (I) + (D)	18,948	21,022	(2,074)
Non-current financial liabilities for derivatives	-	(88)	88
Non-current financial investments for derivatives	143	-	143
K. Fair value non-current hedging derivatives	143	(88)	231
L. Non-current financial debt	(16,722)	(17,741)	1,019
M. Other non-current financial investments	58	67	(9)
N. Net non-current financial debt (K) + (L) + (M)	(16,521)	(17,762)	1,241
O. Net financial debt (J) + (N)	2,427	3,260	(833)
of which to minorities:	2,427	3,260	(833)

Net financial position as at 31 March 2022 is positive by 2,427 thousand Euro, down 833 thousand Euro over the end of 2021, when it was on the whole positive by 3,260 thousand Euro.

The change in net financial position is mainly due to the positive cash flow from typical operations (839 thousand Euro), partially mitigated by expenditure on technical investments in the first quarter of the year (1,369 thousand Euro) and by payment of interest, taxes and rental fees (totalling 529 thousand Euro).

Please see the Report on Operations for further details on changes in financial operations during the period.

The balance of **cash and cash equivalents** amounts to 32,290 thousand Euro as of 31 March 2022, as compared to 35,723 thousand Euro on 31 December 2021.

This item breaks down as follows:

(Euro /000)	31 March 2022	31 December 2021	Change
Cash in bank deposits	32,259	35,690	(3,431)
Cash	31	33	(2)
Total	32,290	35,723	(3,433)

The technical forms used as at 31 March 2022 are shown below:

- maturities: payable on presentation;
- counterparty risk: deposits are made care of leading banks;
- country risk: deposits are held in countries in which Group companies have their registered offices.

The balance of **current financial payables** as of 31 March 2022 is down 686 thousand Euro since the end of 2021; the balance may be broken down as follows:

(Euro /000)	31 March 2022	31 December 2021	Change
Current portion of debt	11,044	11,756	(712)
Current overdrafts	1,222	1,196	26
Total	12,266	12,952	(686)

Bank overdrafts at 31 March 2022 totalled 1,222 thousand Euro, as compared to a balance at 31 December 2021 of 1,196 thousand Euro. This amount consists primarily of loans falling due within 1 year taken out by the Chinese affiliate Gefran Siei Drives Technology with Banca Intesa totalling 1,219 thousand Euro, at interest rates ranging from 2.50%-3.00%.

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

Bank (Euro /000)	31 March 2022	31 December 2021	Change
BPER	756	1,009	(253)
Mediocredito	1,667	2,222	(555)
BNL	2,500	3,000	(500)
Unicredit	2,222	2,222	-
BNL	3,111	3,111	-
Intesa (ex UBI)	756	1,132	(376)
Intesa (ex UBI)	3,000	3,000	-
SIMEST	480	480	-
SIMEST	307	307	-
Total	14,799	16,483	(1,684)

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

Bank (Euro /000)	Amount disbursed	Signing date	Balance at 31 March 2022	Of which within 12 months	Of which beyond 12 months	Interest rate	Maturity	Repayment method
entered into by Gefran S.p.A. (IT)								
Unicredit	6,000	14/11/17	900	900	-	Euribor 3m + 0.90%	30/11/22	quarterly
BNL	5,000	23/11/17	750	750	-	Euribor 3m + 0.85%	23/11/22	quarterly
BPER	5,000	28/11/18	1,761	1,005	756	Euribor 3m + 0.75%	30/11/23	quarterly
Mediocredito	10,000	28/03/19	3,889	2,222	1,667	Euribor 3m + 1.05%	31/12/23	quarterly
BNL	10,000	29/04/19	4,500	2,000	2,500	Euribor 3m + 1%	29/04/24	quarterly
Unicredit	5,000	30/04/20	3,333	1,111	2,222	Euribor 6m + 0.95%	31/12/24	half-yearly
BNL	7,000	29/05/20	4,667	1,556	3,111	Euribor 6m + 1.1%	31/12/24	half-yearly
Intesa (ex UBI)	3,000	24/07/20	2,256	1,500	756	Fixed 1%	24/07/23	half-yearly
Intesa (ex UBI)	3,000	24/07/20	3,000	-	3,000	Euribor 6m + 1%	24/07/26	half-yearly
SIMEST	480	09/07/21	480	-	480	Fixed 0.55%	31/12/27	half-yearly
entered into by Gefran Soluzioni (IT)								
SIMEST	307	21/05/21	307	-	307	Fixed 0.55%	31/12/27	half-yearly
Total			25,843	11,044	14,799			

No new loans were taken out in the first quarter of 2022.

None of the loans outstanding at 31 March 2022 has clauses requiring compliance with economic and financial requirements (covenants).

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

Financial investments for derivatives totalled 143 thousand Euro due to the positive fair value of certain IRS contracts entered into by the Parent Company to hedge interest risk on floating-rate loans, which could arise in the event of an increase in the Euribor rate. The following details are provided on hedges, showing the related fair value:

Bank (Euro /000)	Notional principal	Signing date	Notional as at 31 March 2022	Derivative	Fair Value as at 31 March 2022	Long position rate	Short position rate
Unicredit	6,000	14/11/17	900	CAP	-	Strike Price 0%	Euribor 3m
BNL	5,000	23/11/17	750	CAP	-	Strike Price 0%	Euribor 3m
Intesa	10,000	29/03/19	3,889	IRS	3	Fixed -0.00%	Euribor 3m (Floor: -1.05%)
BNL	10,000	29/04/19	4,500	IRS	7	Fixed 0.05%	Euribor 3m (Floor: -1.00%)
Unicredit	5,000	24/06/19	1,761	IRS	2	Fixed -0.10%	Euribor 3m (Floor: -0.75%)
Unicredit	5,000	30/04/20	3,333	IRS	19	Fixed 0.05%	Euribor 6m (Floor: -0.95%)
BNL	7,000	29/05/20	4,667	IRS	39	Fixed -0.12%	Euribor 6m (Floor: -1.10%)
UBI	3,000	24/07/20	3,000	IRS	73	Fixed -0.115%	Euribor 3m
Total financial assets for derivatives – Interest rate risk					143		

As of 31 March 2022 no derivatives have been taken out to hedge exchange rate risk.

All the contracts described above are booked at fair value:

(Euro /000)	as at 31 March 2022		as at 31 December 2021	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Foreign exchange rate risk	-	-	-	-
Interest rate risk	143	-	-	(88)
Total cash flow hedge	143	-	-	(88)

All derivatives were tested for effectiveness, with positive outcomes.

In order to support its operations, the Group has various credit lines granted by banks and other financial institutions available, mainly in the form of invoice factoring credit lines, cash flexibility and mixed credit lines for a total of 38,119 thousand Euro. Overall use of these lines at 31 March 2022 totalled 1,214 thousand Euro, with a residual available amount of 36,905 thousand Euro. No fees are due in the event that these lines are not used.

The balance of **financial payables for IFRS 16 leases (current and non-current)** as of 31 March 2022 amounts to 2,999 thousand Euro and complies with IFRS 16, applied by the Group from 1 January 2019, which requires the recording of financial payables corresponding to the value of the usage rights recorded under non-current assets. Financial liabilities under IFRS 16 leases are classified on the basis of maturity as current liabilities (within one year), amounting to 1,923 thousand Euro, or non-current liabilities (beyond one year), worth 1,076 thousand Euro.

Changes in this item in the first quarter of 2022 are detailed below:

(Euro /000)	31 December 2021	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2022
Leasing payables under IFRS 16	3,007	310	(328)	-	10	2,999
Total	3,007	310	(328)	-	10	2,999

The changes in the item in the first three months of 2021

(Euro /000)	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	31 March 2021
Leasing payables under IFRS 16	2,637	1,077	(305)	-	(8)	3,401
Total	2,637	1,077	(305)	-	(8)	3,401

Revenues from sales

“Revenues from sales of products and services” at 31 March 2022 amount to 45,115 thousand Euro, up 21.3% compared to the figure at 31 March 2021, which amounted to 37,184 thousand Euro. The growth of sales volumes seen in the fourth quarter of 2020 and throughout the year 2021 continued.

The table below provides a breakdown of sales and service revenues by business line:

(Euro /000)	31 March 2022	31 March 2021	Change	%
Sensors	22,618	17,831	4,787	26.8%
Automation components	11,867	9,250	2,617	28.3%
Motion control	10,630	10,103	527	5.2%
Total	45,115	37,184	7,931	21.3%

The amount shown under total revenues includes revenues from services totalling 846 thousand Euro (927 thousand Euro in the first quarter of 2021); see the Report on Operations for comments on the performance of the various businesses and geographical regions.

Service costs

“Service costs” amount to 6,484 thousand Euro, an overall increase of 1,086 thousand Euro compared to the figure for 31 March 2021, which was 5,398 thousand Euro. They may be broken down as follows:

(Euro /000)	31 March 2022	31 March 2021	Change
Services	6,271	5,201	1,070
Use of third-party assets	213	197	16
Total	6,484	5,398	1,086

As a result of transition to accounting standard IFRS 16, “Leases”, as of 1 January 2019 all leasing agreements are entered by the financial method, and so lease fees are no longer entered among operating costs in the income statement, but represent repayment of loans entered at the time of entry of usage rights and interest among the assets in the Financial Statement.

Lease fees no longer allocated to the income statement under operating costs due to implementation of the new accounting standard amount to 321 thousand Euro (307 thousand Euro on 31 March 2021). Contracts excluded from adoption of IFRS 16 on the basis of the provisions of the standard, for which lease fees continue to be entered in the income statement, resulted in entry of 213 thousand Euro in costs for use of third-party assets in the first quarter of 2022 (as compared to 197 thousand Euro in the same period in 2021).

With reference to the item “Services”, other than the rental fees described above, the item increased by 1,070 thousand Euro in the first quarter of 2022 compared to the same period of the previous year; in particular, variable costs (outsourced processing and third-party services) have increased, and their trend is linked to the growth in revenue volumes.

Personnel costs

“Personnel costs” amounted to 13,989 thousand Euro, an increase over the value at 31 March 2021, 1,617 thousand Euro, and may be broken down as follows:

(Euro /000)	31 March 2022	31 March 2021	Change
Salaries and wages	10,697	9,400	1,297
Social security contributions	2,562	2,318	244
Post-employment benefit reserve	634	528	106
Other costs	96	126	(30)
Total	13,989	12,372	1,617

The change mainly reflects the higher cost of wages and salaries compared to the first quarter of 2021, and reflects the growth of the Group’s workforce: at the end of the first quarter of 2022, the Group employed 800 employees, while at 31 March 2021 the total number was 777. In addition, in the first quarter of 2021, a number of actions aimed at reducing costs already introduced at the first signs of the Covid-19 pandemic still remained in place (reduction of provisions for holidays and M.B.O. premiums). These circumstances no longer apply.

“Social security contributions” includes costs for defined contribution benefit plans for management (Previndai pension plan) amounting to 14 thousand Euro (15 thousand Euro as of 31 March 2021).

The average number of Group employees in the first quarter of 2022, compared to the figure for the same period of 2021, is up by 12:

	31 March 2022	31 March 2021	Change
Managers	18	17	1
Clerical staff	519	507	12
Manual workers	257	258	(1)
Total	794	782	12

The average number of employees is up by 12 over the figure for the first quarter of 2021; as of 31 March 2022 the Group had 800 employees, higher than the figures for 31 December 2021 (by 14 employees, the result of 13 people leaving the company and 27 new hires in the first quarter of 2022), and for 31 March 2021, when the Group had 777 employees.

Provaglio d’Iseo, 12 May 2022

For the Board of Directors

The Chairwoman

Maria Chiara Franceschetti

Chief Executive Officer

Marcello Perini



Attachments



a) Consolidated income statement by quarter

(Euro /000)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	TOT 2021	Q1 2022
a Revenues	37,407	42,172	37,879	42,774	160,232	45,301
b Increases for internal work	494	525	429	813	2,261	385
c Consumption of materials and products	13,250	15,557	14,417	16,278	59,502	16,247
d Value Added (a+b-c)	24,651	27,140	23,891	27,309	102,991	29,439
e Other operating costs	5,673	6,274	5,954	7,395	25,296	6,814
f Personnel costs	12,372	13,133	12,230	13,806	51,541	13,989
g EBITDA (d-e-f)	6,606	7,733	5,707	6,108	26,154	8,636
h Depreciation, amortisation and impairment	2,031	2,013	1,993	2,032	8,069	2,151
i EBIT (g-h)	4,575	5,720	3,714	4,076	18,085	6,485
l Gains (losses) from financial assets/liabilities	137	(83)	(369)	9	(306)	177
m Gains (losses) from shareholdings valued at equity	5	1	3	11	20	8
n Profit (loss) before tax (i±l±m)	4,717	5,638	3,348	4,096	17,799	6,670
o Taxes	(1,018)	(1,283)	(817)	(989)	(4,107)	(1,827)
p Group net profit (loss) (n±o)	3,699	4,355	2,531	3,107	13,692	4,843

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

End-of-period exchange rates

Currency	31 March 2022	31 December 2021
Swiss franc	1.0267	1.0331
Pound sterling	0.8460	0.8403
U.S. dollar	1.1101	1.1326
Brazilian real	5.3009	6.3101
Chinese renminbi	7.0403	7.1947
Indian rupee	84.1340	84.2292
Turkish lira	16.2823	15.2335

Average exchange rates in the period

Currency	2022	2021	1Q 2022	1Q 2021
Swiss franc	1.0369	1.0814	1.0369	1.0905
Pound sterling	0.8364	0.8600	0.8364	0.8747
U.S. dollar	1.1225	1.1835	1.1225	1.2056
Brazilian real	5.8820	6.3813	5.8820	6.5927
Chinese renminbi	7.1265	7.6340	7.1265	7.8111
Indian rupee	84.4173	87.4861	84.4173	87.9081
Turkish lira	15.6553	10.4670	15.6553	8.9049

c) List of subsidiaries included in the scope of consolidation

Name	Registered office	Nation	Currency	Share capital	Parent company	% of direct ownership
Gefran UK Ltd	Warrington	United Kingdom	GBP	4,096,000	Gefran S.p.A.	100.00
Gefran Deutschland GmbH	Seligenstadt	Germany	EUR	365,000	Gefran S.p.A.	100.00
Siei Areg GmbH	Pleidelsheim	Germany	EUR	150,000	Gefran S.p.A.	100.00
Gefran France SA	Saint-Priest	France	EUR	800,000	Gefran S.p.A.	99.99
Gefran Benelux NV	Geel	Belgium	EUR	344,000	Gefran S.p.A.	100.00
Gefran Inc	North Andover	United States	USD	1,900,070	Gefran S.p.A.	100.00
Gefran Brasil Eletroel. Ltda	Sao Paulo	Brazil	BRL	450,000	Gefran S.p.A.	99.90
					Sensormate AG	0.10
Gefran India Private Ltd	Pune	India	INR	100,000,000	Gefran S.p.A.	95.00
					Sensormate AG	5.00
Gefran Siei Asia Pte Ltd	Singapore	Singapore	EUR	3,359,369	Gefran S.p.A.	100.00
Gefran Siei Drives Tech. Co Ltd	Shanghai	China (PRC)	RMB	28,940,000	Gefran Siei Asia	100.00
Sensormate AG	Aadorf	Switzerland	CHF	100,000	Gefran S.p.A.	100.00
Gefran Middle East Ltd Sti	Istanbul	Turkey	TRY	1,030,000	Gefran S.p.A.	100.00
Gefran Soluzioni S.r.l.	Provaglio d'Iseo	Italy	EUR	100,000	Gefran S.p.A.	100.00
Gefran Drives and Motion S.r.l.	Gerenzano	Italy	EUR	10,000	Gefran S.p.A.	100.00
Elettropiemme S.r.l.	Trento	Italy	EUR	70,000	Gefran Soluzioni S.r.l.	100.00

d) List of companies consolidated at equity

Name	Registered office	Nation	Currency	Share capital	Parent company	% of direct ownership
Axel S.r.l.	Crosio della Valle	Italy	EUR	26,008	Gefran S.p.A.	15

e) List of other subsidiaries

Name	Registered office	Nation	Currency	Share capital	Parent company	% of direct ownership
Colombera S.p.A.	Iseo	Italy	EUR	8,098,958	Gefran S.p.A.	17
Woojin Plaimm Co Ltd	Seoul	South Korea	WON	3,200,000,000	Gefran S.p.A.	2



Declaration of the executive in charge of financial reporting

Declaration pursuant to article 154-*bis*, paragraph 2 of Legislative Decree 58 of 24 February 1998
(Consolidated Finance Act “TUF”)

The undersigned **Marcello Perini**, the Executive in charge of financial reporting, hereby declares, pursuant to paragraph 2, article 154-*bis* of the TUF, that the information contained in these interim financial statements as at 31 March 2022 accurately represents the figures contained in the Group’s accounting records.

Provaglio d’Iseo, 12 May 2022

Executive in charge of financial reporting

Marcello Perini