



GEFRAN

BEYOND TECHNOLOGY



GEFRAN GROUP

**Interim Financial Statements
at 30 September 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

Chairwoman	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)	30 September 2022		30 September 2021		3Q 2022		3Q 2021	
Revenues	101,549	100.0%	87,105	100.0%	32,241	100.0%	27,967	100.0%
EBITDA	20,994	20.7%	17,690	20.3%	5,594	17.4%	5,256	18.8%
EBIT	15,719	15.5%	12,724	14.6%	3,798	11.8%	3,604	12.9%
Profit (loss) before tax	16,638	16.4%	12,499	14.3%	4,218	13.1%	3,287	11.8%
Result from operating activities	12,027	11.8%	9,600	11.0%	2,800	8.7%	2,461	8.8%
Net profit (loss) from assets held for sale	(4,031)	-4.0%	985	1.1%	365	1.1%	70	0.3%
Group net profit (loss)	7,996	7.9%	10,585	12.2%	3,165	9.8%	2,531	9.0%

Group statement of financial position highlights

(Euro /000)	30 September 2022	31 December 2021
Invested capital from operations	61,935	57,967
Invested capital from assets held for sale	25,312	24,311
Net working capital	23,851	17,808
Shareholders' equity	90,457	85,538
Net debt relating to operations	8,580	3,374
Net debt relating to assets held for sales	(5,370)	(114)

(Euro /000)	30 September 2022	30 September 2021
Operating cash flow from operations	17,851	13,590
Operating cash flow from assets held for sale	(3,526)	5,177
Investments in operations	3,689	4,331
Investments in assets held for sale	646	834

Alternative performance indicators

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

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

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

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

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

Introduction

This Interim financial report is presented in a manner consistent with the Half-yearly financial report at 30 June 2022, but differently to that issued for the first quarter of 2022, given that the Board of Directors of Gefran S.p.A., the Parent Company, resolved on 1 August 2022 to sign a framework agreement for the sale of the motion control business to the WEG Group in Brazil.

The scope of the agreement comprises Gefran Drives and Motion S.r.l. based in Gerenzano (Italy) and Siei Areg GmbH based in Pleidelsheim (Germany), both subsidiaries, as well as the motion control business units of Gefran Siei Drives Technology Co Ltd based in Shanghai (China) and Gefran India Private Ltd based in Pune (India).

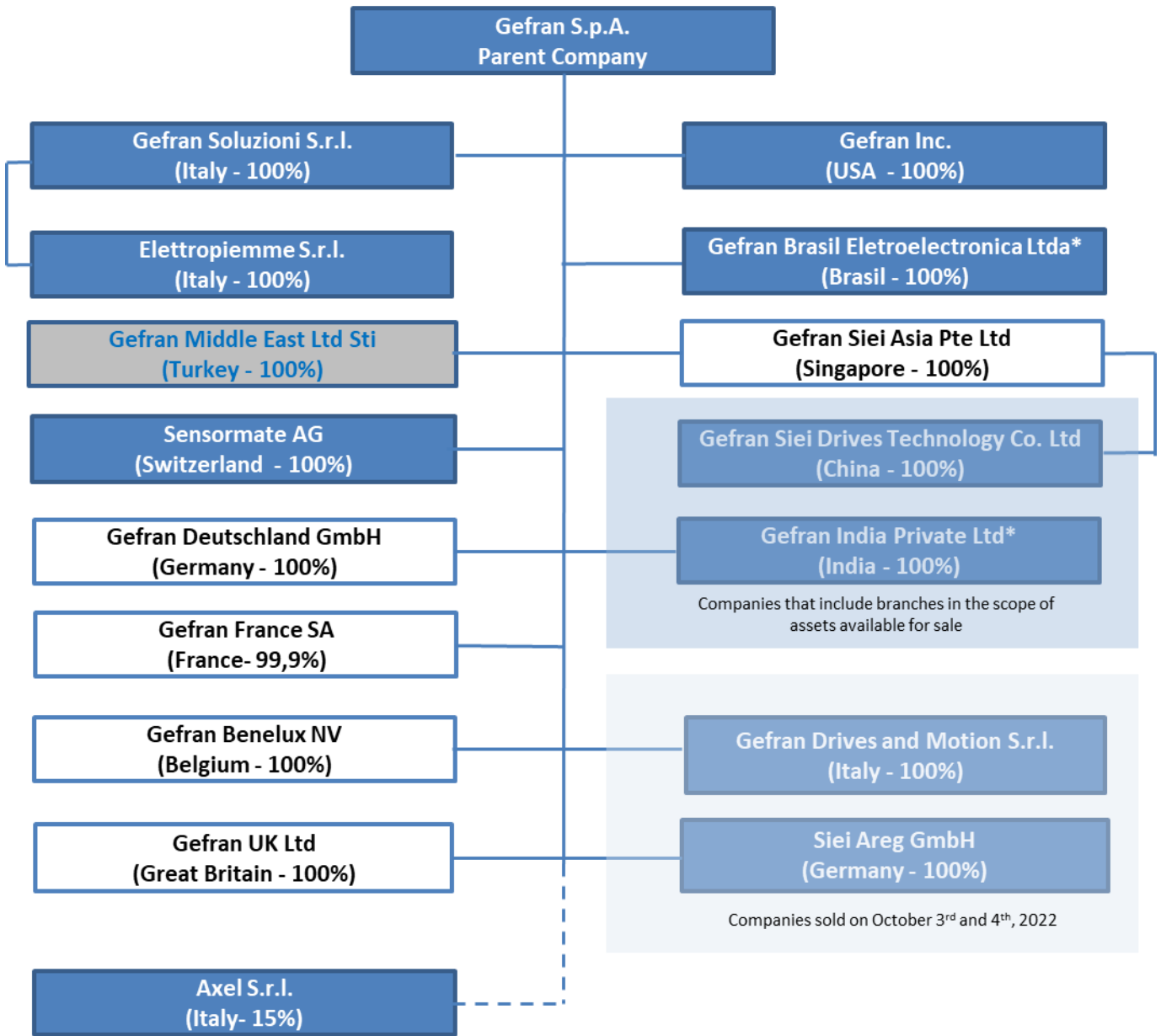
Founded in 1961, the WEG Group operates globally, manufacturing electrical and electronic equipment that is mainly used to produce capital goods. The Group is capable of combining various types and sizes of electric motor with drives and controls, to create complex automation systems. Present in 135 countries, with production plants in 12 of them, WEG employs over 37,000 persons and, in 2021, generated revenues of 23.6 billion Brazilian reais; accordingly, WEG is ranked among the world's leading operators in the sector.

Given its internationally-recognised leadership in the industrial motors and drives sector, WEG will guarantee not only the industrial continuity of the motion control business - fundamental for Gefran - but also the concrete possibility that its potential will be enhanced by exploiting fully the technological know-how developed by Gefran Drives and Motion S.r.l. over the past twenty years.

For Gefran, the operation fits well with the strategic evolution of the Group, which is focused on strengthening its business in long-established and strategic sectors: sensors and automation components, where Gefran has invested most heavily in recent years and where the Group seeks to accelerate growth significantly, both organically and externally.

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

Group Structure



- Production units**
- Commercial units**
- Non operative units**

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

Consolidated financial statements

Statement of profit/(loss)

(Euro /000)	3Q		progress. 30 September	
	2022	2021	2022	2021
Revenue from product sales	31,618	27,242	100,000	85,371
of which related parties:	14	291	99	291
Other revenues and income	623	725	1,549	1,734
Increases for internal work	173	226	684	747
TOTAL REVENUES	32,414	28,193	102,233	87,852
Change in inventories	1,983	1,732	5,577	4,581
Costs for raw materials and accessories	(11,002)	(9,803)	(34,889)	(29,726)
Service costs	(6,161)	(4,829)	(16,979)	(14,229)
of which related parties:	(85)	(106)	(232)	(185)
Miscellaneous management costs	(147)	(195)	(516)	(593)
Other operating income	4	1	13	31
Personnel costs	(11,483)	(9,842)	(34,355)	(30,199)
Impairment/reversal of trade and other receivables	(14)	(1)	(90)	(27)
Amortisation and impairment of intangible assets	(461)	(451)	(1,334)	(1,386)
Depreciation and impairment of tangible assets	(1,059)	(926)	(3,102)	(2,765)
Depreciation/amortisation total usage rights	(276)	(275)	(839)	(815)
EBIT	3,798	3,604	15,719	12,724
Gains from financial assets	2,935	301	5,326	1,035
Losses from financial liabilities	(2,522)	(621)	(4,427)	(1,269)
(Losses) gains from shareholdings valued at equity	7	3	20	9
PROFIT (LOSS) BEFORE TAX	4,218	3,287	16,638	12,499
Current taxes	(1,411)	(1,077)	(4,823)	(3,121)
Deferred tax assets and liabilities	(7)	251	212	222
TOTAL TAXES	(1,418)	(826)	(4,611)	(2,899)
NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUOUS OPERATING ACTIVITIES	2,800	2,461	12,027	9,600
Net profit (loss) from assets held for sale	365	70	(4,031)	985
NET PROFIT (LOSS) FOR THE PERIOD	3,165	2,531	7,996	10,585
Attributable to:				
Group	3,165	2,531	7,996	10,585
Third parties	-	-	-	-

Earnings per share

(Euro)	progress. 30 September	
	2022	2021
Basic earnings per ordinary share	0.56	0.74
Diluted earnings per ordinary share	0.56	0.74



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

(Euro /000)	3Q		progress. 30 September	
	2022	2021	2022	2021
NET PROFIT (LOSS) FOR THE PERIOD	3,165	2,531	7,996	10,585
Items that will not subsequently be reclassified in the statement of profit/(loss) for the period				
- equity investments in other companies	21	35	(102)	154
Items that will or could subsequently be reclassified in the statement of profit/(loss) for the period				
- conversion of foreign companies' financial statements	733	481	2,026	1,168
- fair value of cash flow hedging derivatives	160	20	461	129
Total changes, net of tax effect	914	536	2,385	1,451
Comprehensive result for the period	4,079	3,067	10,381	12,036
Attributable to:				
Group	4,079	3,067	10,381	12,036
Third parties	-	-	-	-

Statement of financial position

(Euro /000)	30 September 2022	31 December 2021
NON-CURRENT ACTIVITIES		
Goodwill	6,275	5,856
Intangible assets	6,077	6,315
Property, plant, machinery and tools	34,952	34,548
of which related parties:	123	188
Usage rights	2,674	2,729
Shareholdings valued at equity	116	95
Equity investments in other companies	2,015	2,118
Receivables and other non-current assets	94	89
Deferred tax assets	3,785	3,597
Non-current financial investments for derivatives	519	-
Other non-current financial investments	38	67
TOTAL NON-CURRENT ACTIVITIES	56,545	55,414
CURRENT ACTIVITIES		
Inventories	20,664	14,449
Trade receivables	24,931	24,752
of which related parties:	16	68
Other receivables and assets	3,346	3,603
Current tax receivables	620	361
Cash and cash equivalents	26,090	35,497
Current financial receivables	6,997	2,201
TOTAL CURRENT ACTIVITIES	82,648	80,863
ASSETS HELD FOR SALE	40,088	42,398
TOTAL ASSETS	179,281	178,675
SHAREHOLDERS' EQUITY		
Share capital	14,400	14,400
Reserves	68,061	57,446
Profit / (Loss) for the year	7,996	13,692
Total Group Shareholders' Equity	90,457	85,538
Shareholders' equity of minority interests	-	-
TOTAL SHAREHOLDERS' EQUITY	90,457	85,538
NON-CURRENT LIABILITIES		
Non-current financial payables	10,094	16,483
Non-current financial payables for IFRS 16 leases	1,803	1,121
Non-current financial liabilities for derivatives	-	88
Employee benefits	2,959	2,841
Non-current provisions	562	1,035
Deferred tax provisions	1,149	916
TOTAL NON-CURRENT LIABILITIES	16,567	22,484
CURRENT LIABILITIES		
Current financial payables	12,266	15,059
Current financial payables for IFRS 16 leases	901	1,640
Trade payables	21,744	21,393
of which related parties:	87	96
Current provisions	1,384	1,272
Current tax payables	3,050	2,675
Other payables and liabilities	12,766	10,413
TOTAL CURRENT LIABILITIES	52,111	52,452
LIABILITIES HELD FOR SALE	20,146	18,201
TOTAL LIABILITIES	88,824	93,137
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	179,281	178,675

Consolidated cash flow statement

(Euro /000)	30 September 2022	30 September 2021
(A) CASH AND CASH EQUIVALENTS AT THE START OF THE PERIOD	35,497	41,742
B) CASH FLOW GENERATED BY (USED IN) OPERATIONS IN THE PERIOD		
Net profit (loss) for the period	7,996	10,585
Depreciation, amortisation and impairment	5,275	4,966
Provisions (Releases)	1,731	2,061
Capital (gains) losses on the sale of non-current assets	15	(17)
Net profit (loss) from assets held for sale	4,031	(985)
Net result from financial operations	(919)	225
Taxes	4,823	3,121
Change in provisions for risks and future liabilities	(857)	(911)
Change in other assets and liabilities	2,001	230
Change in deferred taxes	(212)	(220)
Change in trade receivables	253	(5,789)
of which related parties:	52	(286)
Change in inventories	(6,471)	(5,507)
Change in trade payables	185	5,831
of which related parties:	(9)	(22)
Operational flows from assets held for sale	(3,526)	5,177
TOTAL	14,325	18,767
C) CASH FLOW GENERATED BY (USED IN) INVESTMENT ACTIVITIES		
Investments in:		
- Property, plant & equipment and intangible assets	(3,689)	(4,331)
of which related parties:	(123)	(169)
- Equity investments and securities	(1)	-
- Financial receivables	(5)	4
Disposal of non-current assets	22	26
Investment flows from assets held for sale	(646)	(834)
TOTAL	(4,319)	(5,135)
D) FREE CASH FLOW (B+C)	10,006	13,632
E) CASH FLOW GENERATED BY (USED IN) FINANCING ACTIVITIES		
New financial payables	-	787
Repayment of financial debts	(8,190)	(7,430)
Increase (decrease) in current financial payables	(4,904)	697
Outgoing cash flow due to IFRS 16	(868)	(770)
Taxes paid	(4,305)	(654)
Interest paid	(161)	(462)
Interest received	311	43
Dividends paid	(5,462)	(3,737)
Financial flows from assets held for sale	4,797	(4,076)
TOTAL	(18,783)	(15,602)
F) CASH FLOW FROM CONTINUING OPERATIONS (D+E)	(8,777)	(1,970)
G) CASH FLOW FROM OPERATING ASSETS HELD FOR SALE	(625)	(267)
H) Exchange rate translation differences on cash at hand	(5)	280
I) NET CHANGE IN CASH AT HAND (F+G+H)	(9,407)	(1,957)
J) CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+I)	26,090	39,785

Statement of changes in shareholders' equity

Overall EC reserves

(Euro /000)

	Share capital	Capital reserves	Consolidation reserve	Other reserves	Retained profit /(loss)	Fair value measurement reserve	Currency translation reserve	Other reserves	Profit/(loss) for the year	Group Total shareholders' equity	Shareholders' equity of minority interests	Total shareholders' equity
Balance at 1 January 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) recognized 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	-	-	-	-	(5,462)	-	-	-	-	(5,462)	-	(5,462)
Income/(Expenses) recognized at equity	-	-	-	-	-	359	-	-	-	359	-	359
Change in translation reserve	-	-	-	-	-	-	2,026	-	-	2,026	-	2,026
Other changes	-	-	-	-	-	-	-	-	-	-	-	-
Profit 30 September 2022	-	-	-	-	-	-	-	-	7,996	7,996	-	7,996
Balance at 30 September 2022	14,400	21,926	9,381	10,087	20,782	639	5,911	(665)	7,996	90,457	-	90,457

Group performance

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

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

The residual revenues and costs, being those beyond the scope of the sale agreement, have been allocated to the sensors business.

Consolidated income statement of the quarter

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

(Euro /000)	3Q 2022	3Q 2021	Var. 2022-2021	
	Total	Total	Value	%
a Revenues	32,241	27,967	4,274	15.3%
b Increases for internal work	173	226	(53)	-23.5%
c Consumption of materials and products	9,019	8,071	948	11.7%
d Added Value (a+b-c)	23,395	20,122	3,273	16.3%
e Other operating costs	6,318	5,024	1,294	25.8%
f Personnel costs	11,483	9,842	1,641	16.7%
g EBITDA (d-e-f)	5,594	5,256	338	6.4%
h Depreciation, amortisation and impairment	1,796	1,652	144	8.7%
i EBIT (g-h)	3,798	3,604	194	5.4%
l Gains (losses) from financial assets/liabilities	413	(320)	733	n.s.
m Gains (losses) from shareholdings valued at equity	7	3	4	n.s.
n Profit (loss) before tax (i±l±m)	4,218	3,287	931	28.3%
o Taxes	(1,418)	(826)	(592)	-71.7%
p Result from operating activities (n±o)	2,800	2,461	339	13.8%
q Net profit (loss) from assets held for sale	365	70	295	n.s.
r Group net profit (loss) (p±q)	3,165	2,531	634	-25.0%

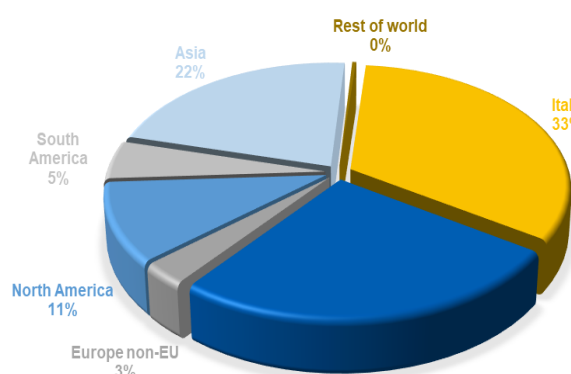
Revenues in the third quarter of 2022 amounted to 32,241 thousand Euro, compared to 27,967 thousand Euro in the same period of the previous year, up by 4,274 thousand Euro (equal to 15.3%), which would be 3,171 thousand Euro (equal to 11.3%) net of the positive effect of exchange-rate changes.

Order collection in the third quarter of 2022 was slightly lower (-1.2% overall) than in the comparative period of 2021, due to a downturn in orders obtained by sensors business (-5.3%) that was offset by growth in the automation components business (+6.8%).

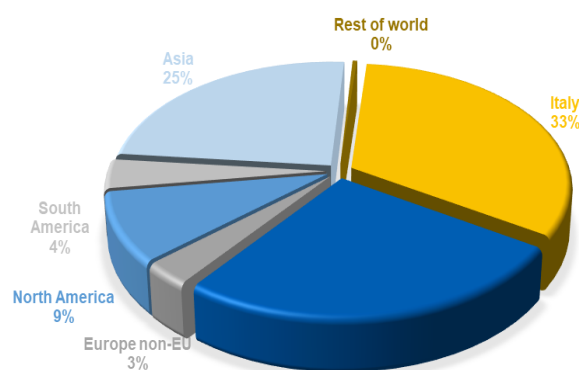
The table below presents a breakdown of revenues in the third quarter by geographical region:

(Euro /000)	3Q 2022		3Q 2021		Var. 2022-2021	
	Value	%	Value	%	Value	%
Italy	10,648	33.0%	9,136	32.7%	1,512	16.5%
European Union	8,423	26.1%	7,336	26.2%	1,087	14.8%
Europe non-EU	961	3.0%	870	3.1%	91	10.5%
North America	3,410	10.6%	2,609	9.3%	801	30.7%
South America	1,647	5.1%	1,089	3.9%	558	51.2%
Asia	7,050	21.9%	6,826	24.4%	224	3.3%
Rest of the world	102	0.3%	101	0.4%	1	1.0%
Total	32,241	100%	27,967	100%	4,274	15.3%

Revenues 3Q 2022



Revenues 3Q 2021



The breakdown of revenues for the quarter by **geographical region** reveals double-digit growth in a number of the main geographical regions served by the Group: particularly Italy (+16.5%), Europe (+14.4% overall) and the Americas (+36.7% overall). This last region benefited in particular from fluctuations in the exchange rates for the US dollar and the Brazilian real (without which growth would have been 20.8%).

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

(Euro /000)	3Q 2022		3Q 2021		Var. 2022-2021	
	Value	%	Value	%	Value	%
Sensors	22,057	68.4%	19,061	68.2%	2,996	15.7%
Automation components	12,187	37.8%	10,620	38.0%	1,567	14.8%
Eliminations	(2,003)	-6.2%	(1,714)	-6.1%	(289)	16.9%
Total	32,241	100%	27,967	100%	4,274	15.3%

Revenues increased in all sectors: revenues from sensor products grew by 15.7%, due to the higher volume of sales in Italy, Europe and the Americas, while those from automation components increased by 14.8%, mostly concentrated in Italy.

Increases for internal work in the third quarter of 2022 amounted to 173 thousand Euro, reflecting a reduction compared with the same period in the previous year (53 thousand Euro). This item represents the new product development costs incurred in the period that have been capitalised.

Added value in the quarter amounted to 23,395 thousand Euro (20,122 thousand Euro in the same quarter in 2021), corresponding to 72.6% of revenues and slightly lower than in the same period of the previous year (-0.6%). The growth in added value, totalling 3,273 thousand Euro, reflects the increase in revenues.

Other operating costs in the third quarter of 2022 amounted to 6,318 thousand Euro, an increase of 1,294 thousand Euro over the figure for the third quarter of 2021, absorbing 19.6% of revenues (18.0% in the same quarter of the previous year). The increase was a result of higher variable costs, linked to the rise in sales volumes.

Personnel costs in the quarter, equal to 11,483 thousand Euro, were 1,641 thousand Euro higher than in the comparative period of the previous year, when they totalled 9,842 thousand Euro. They absorbed 35.6% of revenues (35.2% in the third quarter of 2021).

EBITDA in the third quarter of 2022 amounted to 5,594 thousand Euro (5,256 thousand Euro in the same quarter of 2021), corresponding to 17.4% of revenues (18.8% of revenues in 2021), which was higher than in the same quarter of the previous year by 338 thousand Euro. The increases in operating costs and personnel costs with respect to the comparative period are consistent with the growth in revenues generated by the higher volume of sales.

Depreciation, amortisation and impairment totalled 1,796 thousand Euro in the quarter, compared with 1,652 thousand Euro in the same period of the previous year, reflecting an increase of 144 thousand Euro.

EBIT in the third quarter of 2022 amounted to 3,798 thousand Euro (11.8% of revenues), compared with 3,604 thousand Euro in the same period of 2021 (12.9% of revenues), an increase of 194 thousand Euro. As with EBITDA, this change reflects the increase in sales, which was only partially eroded by the higher operating costs and depreciation charges incurred with respect to the comparative quarter.

Income from financial assets/liabilities in the third quarter of 2022 amounted to 413 thousand Euro (in the third quarter of 2021 net charges of 320 thousand Euro were recorded), including:

- financial income of 13 thousand Euro (4 thousand Euro in the third quarter of 2021);
- financial charges linked with the Group's indebtedness of 73 thousand Euro, which was lower than in the third quarter of 2021, when they totalled 338 thousand Euro;
- exchange gains on foreign currency transactions of 481 thousand Euro, compared with 22 thousand Euro in the third quarter of the previous year; this difference reflects, in particular, the effect of the change in the exchange rate of the Euro against the US dollar and the Swiss franc;
- financial charges on the financial payables recognised pursuant to IFRS 16 of 8 thousand Euro, consistent with the third quarter of 2021.

Income from investments measured using the equity method reflects the results reported by Axel S.r.l. and amounted to 7 thousand Euro. Income in the third quarter of 2021 totalled 3 thousand Euro.

Taxes charged during the quarter amounted to 1,418 thousand Euro (compared with a charge of 826 thousand Euro in the third quarter of 2021). The above amounts are analysed below:

- current tax charge of 1,411 thousand Euro (charge of 1,077 thousand Euro in the third quarter of 2021);
- net negative change in deferred tax assets and liabilities of 7 thousand Euro (positive change of 251 thousand Euro in the third quarter of the previous year).

The **Profit from continuing operations** in the third quarter of 2022 amounted to 2,800 thousand Euro, compared with 2,461 thousand Euro in the same period of the previous year, up by 339 thousand Euro.

The **Net profit from assets held for sale** in the third quarter of 2022 was 365 thousand Euro. This includes the net profit (148 thousand Euro) of the companies and business units held for sale under the framework agreement, signed on 1 August 2022, for the transfer of the motion control business to the WEG Group. It also includes the net accounting effects expected from this sale; in particular, the results for the third quarter include certain positive adjustments (217 thousand Euro) made with respect to the initial estimate.

The **Group net profit** in the third quarter of 2022 amounted to 3,165 thousand Euro, compared with a net profit of 2,531 thousand Euro in the same period of the previous year. This increase of 634 thousand Euro mainly reflects the improved results from continuing operations, as well as the accounting recognition of net effects expected on disposal of the assets held for sale.

Progressive Consolidated Income Statement

The Group's results at 30 September 2022 are shown below, compared with those reported at 30 September 2021.

(Euro /000)	30 September	30 September	Var. 2022-2021	
	2022	2021	Value	%
	Total	Total		
a Revenues	101,549	87,105	14,444	16.6%
b Increases for internal work	684	747	(63)	-8.4%
c Consumption of materials and products	29,312	25,145	4,167	16.6%
d Added Value (a+b-c)	72,921	62,707	10,214	16.3%
e Other operating costs	17,572	14,818	2,754	18.6%
f Personnel costs	34,355	30,199	4,156	13.8%
g EBITDA (d-e-f)	20,994	17,690	3,304	18.7%
h Depreciation, amortisation and impairment	5,275	4,966	309	6.2%
i EBIT (g-h)	15,719	12,724	2,995	23.5%
l Gains (losses) from financial assets/liabilities	899	(234)	1,133	n.s.
m Gains (losses) from shareholdings valued at equity	20	9	11	n.s.
n Profit (loss) before tax (i±l±m)	16,638	12,499	4,139	33.1%
o Taxes	(4,611)	(2,899)	(1,712)	-59.1%
p Result from operating activities (n±o)	12,027	9,600	2,427	25.3%
q Net profit (loss) from assets held for sale	(4,031)	985	(5,016)	n.s.
p Group net profit (loss) (p±q)	7,996	10,585	(2,589)	-24.5%

Revenues in the period ended 30 September 2022 amounted to 101,549 thousand Euro, compared to 87,105 thousand Euro in the same period of the previous year, up by 14,444 thousand Euro (equal to 16.6%), which would be 11,210 thousand Euro (12.9%) net of the positive effect of exchange-rate changes.

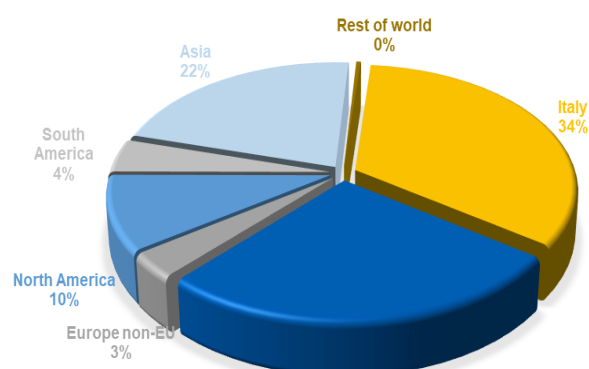
Despite the occurrence of critical events with an impact on the global economic situation, including, as example, the Russia-Ukraine conflict and the worsening of the pandemic in certain geographical regions (Asia in particular) during the first half of the year, the Group was able to consolidate the revenue growth already seen in 2021. Technological leadership, in-depth knowledge of industrial processes and a strong focus on customers' needs are just some of the success factors that have contributed to the steady increase in sales volumes and enabled the Group to react vigorously, taking full advantage of the market trends signalled by the first signs of recovery from the Covid-19 pandemic. Revenues in the first nine months of the year were higher than in the comparative period of 2021 across all business lines and main geographical areas served.

An analysis of order collection in the first nine months of 2022, compared with the same period in 2021, highlights an overall increase. The value of orders received was higher for both automation components (+13.8%) and sensors (+4.4%). The order collection in third quarter of 2022, compared with the half of the same year, highlights a decrease on both the business lines. The order book for them at 30 September 2022 is higher than at the same date in the previous year (+24.5% overall) and at the end of 2021 (+17.3% overall), however decreasing compared to the first half of the year.

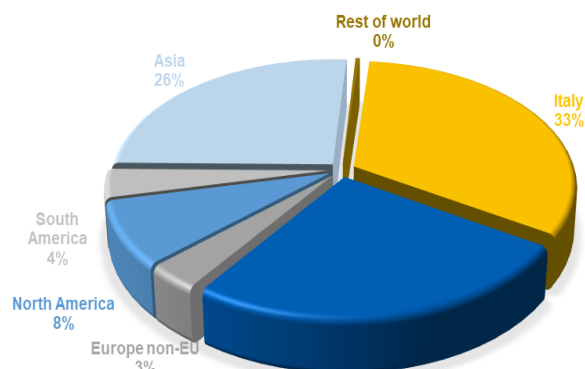
The table below presents a breakdown of revenues in the third quarter by geographical region:

(Euro /000)	30 September 2022		30 September 2021		Var. 2022-2021	
	Value	%	Value	%	Value	%
Italy	34,102	33.6%	28,360	32.6%	5,742	20.2%
European Union	27,275	26.9%	22,410	25.7%	4,865	21.7%
Europe non-EU	3,390	3.3%	2,948	3.4%	442	15.0%
North America	10,051	9.9%	7,341	8.4%	2,710	36.9%
South America	4,470	4.4%	3,257	3.7%	1,213	37.2%
Asia	21,890	21.6%	22,501	25.8%	(611)	-2.7%
Rest of the world	371	0.4%	288	0.3%	83	28.8%
Total	101,549	100%	87,105	100%	14,444	16.6%

Revenues up to 30 September 2022



Revenues up to 30 September 2022



This breakdown of revenues by **geographical region** reveals double-digit growth in almost all areas served by the Group, particularly in Italy (+20.2%), Europe (+20.9% overall) and the Americas (+37% overall). This last area benefited from the effect of exchange-rate changes (US dollar and Brazilian real) that contributed to the reported increase (21% growth net of the exchange-rate effect). Asia was the only main region that did not follow this trend, with a contraction in the first nine months of 2022 compared with the same period in 2021 (-2.7%). This outcome would have been worse (-9%) without the positive contribution made by currency dynamics. The contraction was compounded by the Chinese spike in Covid-19 infections during the first nine months of the year. Fuelled by the

Omicron variant, the new crisis prompted the imposition of further, even tougher restrictions under the “Zero Covid” policy. For example, new lockdowns were imposed in many areas of the country, including Shanghai where the Group has a production plant.

The breakdown of revenues in the period to 30 September 2022 by **business area** is presented below in comparison with the same period in the previous year:

(Euro /000)	30 September 2022		30 September 2021		Var. 2022-2021	
	Value	%	Value	%	Value	%
Sensors	67,943	66.9%	58,446	67.1%	9,497	16.2%
Automation components	39,451	38.8%	33,813	38.8%	5,638	16.7%
Eliminations	(5,845)	-5.8%	(5,154)	-5.9%	(691)	13.4%
Total	101,549	100%	87,105	100%	14,444	16.6%

Revenues were higher in all business areas served by the Group. Growth in the sensors line (+16.2% compared with that reported at 30 September 2021) reflects increased sales volumes for all product ranges, particularly industrial pressure sensors and high temperature sensors, where investment in recent years has consolidated the relevant production lines. Revenues from automation components (+16.7%) also rose, mostly in Italy and Europe, where expansion of the range offered to customers played a decisive role. This involved launching products with innovative features capable of interfacing with industrial processes developed using digital technology.

Increases for internal work during the period to 30 September 2022 amounted to 684 thousand Euro, down 63 thousand Euro compared with the period ended 30 September 2021. This item represents the new product development costs incurred in the period that have been capitalised.

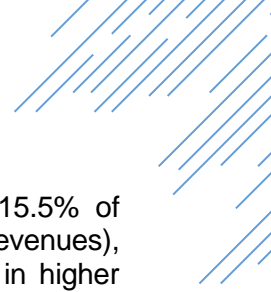
Added value in the period ended 30 September 2022 amounted to 72,921 thousand Euro (62,707 thousand Euro reported at 30 September 2021), corresponding to 71.8% of revenues and slightly lower than in the same period of the previous year (-0.2%). The growth in added value, by 10,214 thousand Euro overall, reflects the increase in revenues that was offset - albeit minimally - by the rise in raw material procurement costs, which led to a decrease in percentage margins.

Other operating costs for the first nine months amounted to 17,572 thousand Euro with, in absolute terms, an increase of 2,754 thousand Euro compared with the first nine months of 2021, absorbing 17.3% of revenues (17.0% in the same period of 2021). Variable costs were higher, particularly for external processing, as a result of higher sales volumes, utility costs and commercial costs linked to travel and trade fairs.

Personnel costs in the first nine months of 2022 amounted to 34,355 thousand Euro, compared with 30,199 thousand Euro in the same period of the previous year, up by 4,156 thousand Euro. This increase is linked to the strengthening of the workforce: the number of persons employed by the Group in continuing operations has risen from 605 at 30 September 2021 to 649 at 30 September 2022, and the average number of employees has also risen (608 and 631 in the first nine months of 2021 and 2022 respectively). Despite the absolute increase in personnel costs, their incidence as a percentage of revenues has decreased to 33.8% (34.7% reported at 30 September 2021).

EBITDA in the period ended 30 September 2022 amounted to 20,994 thousand Euro (17,690 thousand Euro reported at 30 September 2021), corresponding to 20.7% of revenues (20.3% of revenues in 2021), which was 3,304 thousand Euro higher than in the period ended 30 September 2021.

Depreciation, amortisation and impairment totalled 5,275 thousand Euro, compared with 4,966 thousand Euro in the same period of the previous year, reflecting an increase of 309 thousand Euro.



EBIT in the period ended 30 September 2022 amounted to 15,719 thousand Euro (15.5% of revenues), compared with 12,724 thousand Euro in the first nine months of 2021 (14.6% of revenues), an increase of 2,995 thousand Euro. The increase in the volume of sales has resulted in higher revenues and added value, that were only partially eroded by greater operating and personnel costs.

Income from financial assets/liabilities during the third quarter of 2022 amounted to 899 thousand Euro (by contrast, in the third quarter of 2021 net charges of 234 thousand Euro were recorded), including:

- financial income of 35 thousand Euro (26 thousand Euro in third quarter of 2021);
- financial charges linked with the Group's indebtedness of 247 thousand Euro (which was lower than in 2021, when they totalled 571 thousand Euro);
- exchange gains from foreign currency transactions of 1,135 thousand Euro, compared with the amount of 338 thousand Euro reported at the end of the third quarter of 2021. The change mainly reflects fluctuations in the exchange rates of the Euro against the US dollar and the Swiss franc;
- financial charges on the financial payables recognised pursuant to IFRS 16 of 24 thousand Euro (27 thousand Euro in the first nine months of 2021).

Income from the measurement of investments using the equity method reflects the results reported by Axel S.r.l. and amounted to 20 thousand Euro. The comparative amount reported at the end of the third quarter of 2021 was 9 thousand Euro.

In the first nine months of 2022, the **taxes** charged totalled 4,611 thousand Euro (total charge of 2,899 thousand Euro in the comparative period of 2021). The above amounts are analysed below:

- current taxes of 4,823 thousand Euro (3,121 thousand Euro reported at the end of the third quarter of 2021). This increase reflects the improved results achieved to date by the Group compared with the same period in the previous year;
- net positive change in deferred tax assets and liabilities of 212 thousand Euro (222 thousand Euro reported at the end of the third quarter of the previous year).

The **Profit from continuing operations** in the period to 30 September 2022 amounted to 12,027 thousand Euro (11.8% of revenues), compared with 9,600 thousand Euro in the first nine months of the previous year (11% of revenues), up by 2,427 thousand Euro.

The **Net loss from assets held for sale** in the period to 30 September 2022 totalled 4,031 thousand Euro. This includes the net loss (159 thousand Euro) of the companies and business units held for sale under the framework agreement, signed on 1 August 2022, for the transfer of the motion control business to the WEG Group. It also includes the net accounting effects expected from sale of the business (net loss of 3,872 thousand Euro). A net profit of 985 thousand Euro was reported for the period to 30 September 2021.

Group **net profit** in the period to 30 September 2022 amounted to 7,996 thousand Euro (8.2% of revenues), compared with 10,585 thousand Euro in the first nine months of the previous year (12.2% of revenues), down by 2,589 thousand Euro due, mainly, to recognition of the expected effects of selling the disposal group, as described earlier.

Reclassified consolidated statement of financial position at 30 September 2022

The Gefran Group's reclassified consolidated statement of financial position at 30 September 2022 is presented below:

(Euro /000)	30 September 2022		31 December 2021	
	Value	%	Value	%
Intangible assets	12,352	14.2	12,171	14.8
Tangible fixed assets	37,626	43.1	37,277	45.3
Other non-current assets	6,010	6.9	5,899	7.2
Net non-current assets	55,988	64.2	55,347	67.3
Inventories	20,664	23.7	14,449	17.6
Trade receivables	24,931	28.6	24,752	30.1
Trade payables	(21,744)	(24.9)	(21,393)	(26.0)
Other assets/liabilities	(11,850)	(13.6)	(9,124)	(11.1)
Working capital	12,001	13.8	8,684	10.6
Provisions for risks and future liabilities	(1,946)	(2.2)	(2,307)	(2.8)
Deferred tax provisions	(1,149)	(1.3)	(916)	(1.1)
Employee benefits	(2,959)	(3.4)	(2,841)	(3.5)
Invested capital from operations	61,935	71.0	57,967	70.5
Invested capital from assets held for sale	25,312	29.0	24,311	29.5
Net invested capital	87,247	100.0	82,278	100.0
Shareholders' equity	90,457	103.7	85,538	104.0
Non-current financial payables	10,094	11.6	16,483	20.0
Current financial payables	12,266	14.1	15,059	18.3
Financial payables for IFRS 16 leases (current and non-current)	2,704	3.1	2,761	3.4
Financial liabilities for derivatives (current and non-current)	-	-	88	0.1
Financial assets for derivatives (current and non-current)	(519)	(0.6)	-	-
Other non-current financial investments	(38)	(0.0)	(67)	(0.1)
Current financial receivables	(6,997)	(8.0)	(2,201)	(2.7)
Cash and cash equivalents and current financial receivables	(26,090)	(29.9)	(35,497)	(43.1)
Net debt relating to operations	(8,580)	(9.8)	(3,374)	(4.1)
Net debt relating to assets held for sales	5,370	6.2	114	0.1
Total sources of financing	87,247	100.0	82,278	100.0

Net non-current assets at 30 September 2022 total 55,988 thousand Euro, compared with 55,347 thousand Euro at 31 December 2021. The main changes are indicated below:

- intangible assets have increased overall by 181 thousand Euro. This net change includes the capitalisation of development costs (636 thousand Euro) and new investment (446 thousand Euro), as well as the amortisation charge for the period (1,334 thousand Euro). The change in exchange rates had a net positive effect of 442 thousand Euro;
- tangible fixed assets have increased since 31 December 2021 by 349 thousand Euro. Additions during the first nine months of 2022 (2,607 thousand Euro) were offset by the depreciation charge for the period (3,102 thousand Euro) and by disposals (32 thousand Euro). This item also includes the value of the right-of-use assets recognised in accordance with IFRS 16. The total has increased by 719 thousand, following renewals and the signature of new contracts, and decreased by the related depreciation charge of 839 thousand Euro and early terminations of 11 thousand Euro. Lastly, the net positive effect of exchange-rate changes was 1,003 thousand Euro;
- other non-current assets at 30 September 2022 amount to 6,010 thousand Euro (5,899 thousand Euro at 31 December 2021), up by 111 thousand Euro.

Working capital at 30 September 2022 amounts to 12,001 thousand Euro, compared to 8,684 thousand Euro at 31 December 2021, reflecting a net increase of 3,317 thousand Euro. The main changes are indicated below:

- inventories rose from 14,449 thousand Euro at 31 December 2021 to 20,664 thousand Euro at 30 September 2022, reflecting a net increase of 6,215 thousand Euro. This increase, mainly comprising raw materials (3,507 thousand Euro), was needed to guarantee the continuity of production at a time of uncertainty, given the low availability of “critical materials” (particularly electronic components) and the consequent extension of supply lead times; these phenomena, already evident at the start of the pandemic, have now become even more pronounced. There was also an essential increase in semi-finished and finished products (by 1,245 thousand Euro and 1,463 thousand Euro, respectively), in order to process scheduled customer orders in the coming months by the requested deadlines. Exchange-rate changes contributed 781 thousand Euro to the increase in inventories;
- trade receivables total 24,931 thousand Euro, up by 179 thousand Euro since 31 December 2021, consistent with the growth in revenues during the first nine months of the year. The Group analyses receivables carefully, taking various factors into account (geographical region, business area, solvency of individual customers). These checks have not identified any positions that might jeopardise their collectability;
- trade payables total 21,744 thousand Euro, up by 351 thousand Euro since 31 December 2021. The change reflects the increase in purchasing during the period, comprising both services and the raw materials needed to support the higher volume of sales. In particular, the variable costs linked to sales volume have risen;
- other net liabilities at 30 September 2022 total 11,850 thousand Euro (9,124 thousand Euro at 31 December 2021). They include payables to employees and social security institutions, as well as direct and indirect tax receivables and payables.

Provisions for risks and future liabilities amount to 1,946 thousand Euro after a net decrease of 361 thousand Euro since 31 December 2021. This item includes provisions for outstanding legal disputes and various other risks. In addition to the overall increase in the provision for product warranties by 112 thousand Euro, the above net decrease reflects usage of the provision for legal disputes by the Parent Company, 473 thousand Euro, to cover exchange losses and default interest arising from a legal dispute which was settled in early 2022.



Employee benefits amount to 2,959 thousand Euro, compared to 2,841 thousand Euro at 31 December 2021. This item includes the provision for post-employment benefits (TFR), as well as the amounts due to certain employees who have signed agreements that protect the Group from competing activities (so-called “No-competition agreements”).

Shareholders' equity at 30 September 2022 amounts to 90,457 thousand Euro, up by 4,919 thousand Euro since the end of 2021. The net profit for the period, 7,996 thousand Euro, was partially absorbed by the distribution of dividends in May totalling 5,462 thousand Euro. Positive contributions were made by the changes in the currency translation reserve, 2,026 thousand Euro, and the fair value measurement reserve, 359 thousand Euro.

The net loss from assets held for sale totals 4,031 thousand Euro at 30 September 2022 (net profit of 985 thousand Euro reported at 30 September 2021). This reflects the results of operations of the companies and business units included with the scope of the framework agreement for the sale of the motion control business, being a net loss of 159 thousand euro in the period to 30 September 2022 (net profit of 985 thousand Euro in the comparative period of 2021); the total for the period ended 30 September 2022 also includes a net loss of 3,872 thousand Euro that represents the accounting effects expected from the sale of the business.

The **net financial position** at 30 September 2022 is positive by 8,580 thousand Euro, up by 5,206 thousand Euro since the end of 2021, when it was positive by 3,374 thousand Euro.

The total comprises net short-term cash and cash equivalents of 19,920 thousand Euro and net medium/long-term debt of 11,340 thousand Euro.

This item also includes the negative effect of applying IFRS 16, totalling 2,704 thousand Euro at 30 September 2022, of which 901 thousand Euro classified as current and 1,803 thousand Euro as non-current (2,761 thousand Euro at 31 December 2021, of which 1,640 thousand Euro classified as current and 1,121 thousand Euro as non-current).

No new loans were arranged during the first nine months of 2022.

The change in net financial position mainly reflects the cash flow generated by ordinary operations (17,851 thousand Euro), as partially absorbed by investment activities during the first nine months of the year (3,689 thousand Euro), the payment of dividends (5,462 thousand Euro) and the payment of interest, taxes and rental fees (totalling 4,098 thousand Euro).

This item is analysed below:

(Euro /000)	30 September 2022	31 December 2021	Change
Cash and cash equivalents and current financial receivables	26,090	35,497	(9,407)
Current financial payables	(12,266)	(15,059)	2,793
Current financial payables for IFRS 16 leases	(901)	(1,640)	739
Current financial receivables	6,997	2,201	4,796
(Debt)/short-term cash and cash equivalents	19,920	20,999	(1,079)
Non-current financial payables	(10,094)	(16,483)	6,389
Non-current financial payables for IFRS 16 leases	(1,803)	(1,121)	(682)
Non-current financial liabilities for derivatives	-	(88)	88
Non-current financial investments for derivatives	519	-	519
Other non-current financial investments	38	67	(29)
(Debt)/medium-/long-term cash and cash equivalents	(11,340)	(17,625)	6,285
Net financial position	8,580	3,374	5,206

Note that the “Other non-current financial investments” caption in the “Net financial position” table comprises prepaid financial expenses. Net of this item and for the purposes of Regulation (EU) 2017/1129, the positive net financial position at 30 September 2022 is 8,542 thousand Euro, while at 31 December 2021 it was 3,307 thousand Euro.

Consolidated cash flow statement for the period ended 30 September 2022

The **consolidated cash flow statement** of the Gefran Group for the period ended 30 September 2022 reports a net reduction in cash at hand of 9,407 thousand Euro, compared to the net reduction of 1,957 thousand Euro during the period ended 30 September 2021. These changes are analysed below:

(Euro /000)	30 September 2022	30 September 2021
A) Cash and cash equivalents at the start of the period	35,497	41,742
B) Cash flow generated by (used in) operations in the period	14,325	18,767
C) Cash flow generated by (used in) investment activities	(4,319)	(5,135)
D) Free Cash Flow (B+C)	10,006	13,632
E) Cash flow generated by (used in) financing activities	(18,783)	(15,602)
F) Cash flow from continuing operations (D+E)	(8,777)	(1,970)
G) Cash flow from assets held for sale	(625)	(267)
H) Exchange rate translation differences on cash at hand	(5)	280
I) Net change in cash at hand (F+G+H)	(9,407)	(1,957)
J) Cash and cash equivalents at the end of the period (A+I)	26,090	39,785

The cash flow generated by operations in the period amounted to 14,325 thousand Euro; specifically, continuing operations during the period to the end of the third quarter of 2022, excluding the effect of provisions, amortisation and depreciation, and financial entries, generated cash of 22,952 thousand Euro (19,956 thousand Euro in the period to the end of the third quarter of 2021), while the net change in other assets and liabilities in the same period contributed 2,001 thousand Euro (absorption of 230 thousand Euro in the period to the end of the third quarter of 2021) and the management of operating capital absorbed 6,033 thousand Euro (5,465 thousand Euro in the same period of the previous year). The changes in provisions (risks and future liabilities, deferred taxes) absorbed 1,069 thousand Euro (911 thousand Euro in the first nine months of 2021). The cash flow absorbed by the assets held for sale amounted to 3,526 thousand Euro, mainly due to the management of working capital (cash generation of 5,177 thousand Euro in the first nine months of 2021).

The cash flow absorbed by investment activities amounted to 4,319 thousand Euro, of which 3,673 thousand Euro in relation to continuing operations and 646 thousand Euro regarding the assets held for sale (respectively 4,301 thousand Euro and 834 thousand Euro in the first nine months of 2021).

Free cash flow (operating cash flow net of investment activities) amounted to 10,006 thousand Euro, compared with 13,632 thousand Euro in the period ended 30 September 2021.

Financing activities absorbed 18,783 thousand Euro, including 8,190 thousand Euro for the repayment of non-current financial payables, 4,305 thousand Euro for the payment of direct taxes and 5,462 thousand Euro for the payment of dividends.

During the first three quarters of 2021 financing activities absorbed 15,602 thousand Euro, including 7,430 thousand Euro for the repayment of non-current financial payables, 654 thousand Euro for the payment of direct taxes and 3,737 thousand Euro for the payment of dividends.

Economic and financial performance of the assets held for sale at 30 September 2022

Pursuant to IFRS 5, the comparative reclassified income statement at 30 September 2022 of the assets reclassified as "Held for sale" is presented below:

(Euro /000)	30 September 2022	30 September 2021	Var. 2022-2021	
	Total	Total	Value	%
a Revenues	34,896	32,529	2,367	7.3%
b Increases for internal work	436	701	(265)	-37.8%
c Consumption of materials and products	20,660	19,373	1,287	6.6%
d Added Value (a+b-c)	14,672	13,857	815	5.9%
e Other operating costs	4,955	3,965	990	25.0%
f Personnel costs	7,873	7,536	337	4.5%
g EBITDA (d-e-f)	1,844	2,356	(512)	-21.7%
h Depreciation, amortisation and impairment	1,290	1,071	219	20.4%
i EBIT (g-h)	554	1,285	(731)	-56.9%
l Gains (losses) from financial assets/liabilities	(588)	(81)	(507)	n.s.
m Impairment of assets held for sale	(3,944)	-	(3,944)	n.s.
n Profit (loss) before tax (i±l±m)	(3,978)	1,204	(5,182)	n.s.
o Taxes	(53)	(219)	166	75.8%
p Net profit (loss) from assets held for sale	(4,031)	985	(5,016)	n.s.

Revenues in the period ended 30 September 2022 amounted to 34,896 thousand Euro, compared to 32,529 thousand Euro in the same period of the previous year, up by 2,367 thousand Euro (7.3%).

An analysis of order collection in the first nine months of 2022, compared with the same period in 2021, highlights an overall increase (+23.4%). The order book at 30 September 2022 is higher than at the same date in the previous year and at the end of 2021.

The table below analyses revenues for the period ended 30 September 2022 by geographical region:

(Euro /000)	30 September 2022		30 September 2021		Var. 2022-2021	
	Value	%	Value	%	Value	%
Italy	11,742	33.6%	9,976	30.7%	1,766	17.7%
European Union	5,565	15.9%	4,002	12.3%	1,563	39.1%
Europe non-EU	1,835	5.3%	1,259	3.9%	576	45.8%
North America	7,147	20.5%	7,395	22.7%	(248)	-3.4%
South America	139	0.4%	74	0.2%	65	87.8%
Asia	8,283	23.7%	9,356	28.8%	(1,073)	-11.5%
Rest of the world	185	0.5%	467	1.4%	(282)	-60.4%
Total	34,896	100%	32,529	100%	2,367	7.3%



The analysis of revenues by **geographical region** shows growth in Italy (+17.7%) and in Europe (overall +40.7%), but contractions in the Americas (down overall by 2.5%), linked principally to contract work, and in Asia (-11.5%) due, in particular, to the impact of the “Zero-Covid” policy and new shutdowns in the second quarter of 2022 that also affected the Shanghai production plant.

Increases for internal work during the period to 30 September 2022 amounted to 436 thousand Euro, down by 265 thousand Euro compared with the period ended 30 September 2021. This item represents the new product development costs incurred in the period that have been capitalised.

Added value in the period ended 30 September 2022 amounted to 14,672 thousand Euro, which was more than in the first nine months of 2021 (13,857 thousand Euro). This represents 42% of revenues, which was less than in the comparative period (-0.6%). In particular, the increase in revenues was eroded by the rise in raw material procurement costs, which led to a decrease in percentage margins.

Other operating costs incurred during the third quarter of 2022 amounted to 4,955 thousand Euro (14.2% of revenues) with, in absolute terms, an increase of 990 thousand Euro compared with the first nine months of 2021 (12.2% of revenues). Variable costs were higher, particularly for external processing, as a result of higher sales volumes, utility costs and the cost of technical product trials.

Personnel costs in the first nine months of 2022 amounted to 7,873 thousand Euro (22.6% of revenues), compared with 7,536 thousand Euro in the same period of the previous year (23.2% of revenues), up by 337 thousand despite the decline as a percentage of revenues.

EBITDA for the period ended 30 September 2022 amounted to 1,844 thousand Euro (2,356 thousand Euro at 30 September 2021), corresponding to 5.3% of revenues (7.2% of revenues in 2021), and representing a reduction with respect to the comparative period of 512 thousand Euro. The increases in operating and personnel costs contributed to this reduction in EBITDA.

Depreciation, amortisation and impairment amounted to 1,290 thousand Euro, compared with 1,071 thousand Euro in the same period of the previous year, reflecting an increase of 219 thousand Euro.

EBIT for the period ended 30 September 2022 amounted to 554 thousand Euro (1.6% of revenues), compared with 1,285 thousand Euro in the same period of 2021 (4% of revenues). The change is essentially linked to the same dynamics described for EBITDA.

Losses from financial assets/liabilities in the third quarter of 2022 amounted to 588 thousand Euro (81 thousand Euro in the third quarter of 2021). They were mostly due to net exchange losses incurred on foreign currency transactions.

The **write-down of assets held for sale**, recognised in the period ended 30 September 2022 pursuant to IFRS 5, reflects the gross accounting effects of selling the motion control business. These effects are estimated to generate an impairment loss of 3,944 thousand Euro, gross of the related tax effect.

In the first nine months of 2022, the **taxes** allocated to the disposal groups totalled 53 thousand Euro (total charge of 219 thousand Euro in the comparative period of 2021).

The **Net loss of the disposal groups held for sale** in the period to 30 September 2022 was 4,031 thousand. In addition to the operating loss of the business subject to the disposal agreement (159 thousand Euro), the above total includes the net effects expected from its disposal, being an estimated loss of 3,872 thousand Euro. A net profit of 985 thousand Euro was reported for the period to 30 September 2021.

The financial position of the assets reclassified as “Held for sale” pursuant to IFRS 5 is presented below:

(Euro /000)	30 September 2022		31 December 2021	
	Value	%	Value	%
Intangible assets	3,296	13.0	3,266	13.4
Tangible fixed assets	9,208	36.4	9,730	40.0
Other non-current assets	605	2.4	682	2.8
Net non-current assets	13,109	51.8	13,678	56.3
Inventories	15,719	62.1	13,590	55.9
Trade receivables	12,066	47.7	11,101	45.7
Trade payables	(8,786)	(34.7)	(11,339)	(46.6)
Other assets/liabilities	(5,424)	(21.4)	(1,199)	(4.9)
Working capital	13,575	53.6	12,153	50.0
Provisions for risks and future liabilities	(313)	(1.2)	(353)	(1.5)
Employee benefits	(1,059)	(4.2)	(1,167)	(4.8)
Net invested capital from assets held for sales	25,312	100.0	24,311	100.0
Shareholders' equity	19,942	78.8	24,197	99.5
Current financial payables	6,999	27.7	2,203	9.1
Financial payables for IFRS 16 leases (current and non-current)	296	1.2	246	1.0
Current financial receivables	(1,074)	(4.2)	(2,109)	(8.7)
Cash and cash equivalents and current financial receivables	(851)	(3.4)	(226)	(0.9)
Net debt relating to assets held for sales	5,370	21.2	114	0.5
Total sources of financing	25,312	100.0	24,311	100.0

Net non-current assets at 30 September 2022 total 13,109 thousand Euro, compared with 13,678 thousand Euro at 31 December 2021. The main changes are indicated below:

- intangible assets have increased overall by 30 thousand Euro. This net change includes the capitalisation of development costs (436 thousand Euro) and new investment (12 thousand Euro), as well as the amortisation charge for the period (420 thousand Euro);
- tangible fixed assets have decreased by 522 thousand Euro since 31 December 2021. Additions during the first nine months of 2022 (198 thousand Euro) were more than offset by the depreciation charge for the period (764 thousand Euro). This item also includes the value of the right-of-use assets recognised in accordance with IFRS 16. The total increased by 164 thousand Euro in the period to 30 September 2022, following renewals and the signature of new contracts, and decreased by the related depreciation charge of 106 thousand Euro. Lastly, the net positive effect of exchange-rate changes was 8 thousand Euro;
- other non-current assets at 30 September 2022 amount to 605 thousand Euro (682 thousand Euro at 31 December 2021).

Working capital at 30 September 2022 totals 13,575 thousand Euro, compared to 12,153 thousand Euro at 31 December 2021, reflecting a net increase of 1,422 thousand Euro. The main changes are indicated below:

- inventories rose from 13,590 thousand Euro at 31 December 2021 to 15,719 thousand Euro at 30 September 2022, reflecting a net increase of 2,129 thousand Euro. This increase mainly comprised raw materials (1,641 thousand Euro) and semi-finished products (578 thousand Euro);

- trade receivables total 12,066 thousand, up by 965 thousand Euro since 31 December 2021; the analysis of receivables carried out periodically, considering various factors (geographical region, business area, solvency of individual customers), has not identified critical positions that might jeopardise their collectability;
- trade payables total 8,786 thousand Euro, down by 2,553 thousand Euro since 31 December 2021;
- other net liabilities at 30 September 2022 total 5,424 thousand (1,199 thousand Euro at 31 December 2021). This item includes recognition of the net effects expected from selling the disposal group, being a loss of 3,872 thousand Euro.

Provisions for risks and future liabilities amount to 313 thousand Euro, which is essentially unchanged since 31 December 2021. This item comprises the provisions for product warranty and for agents' commissions.

Employee benefits amount to 1,059 thousand Euro, compared to 1,167 thousand Euro at 31 December 2021. This item includes the provisions for post-employment benefits (TFR) recorded by the companies and lines of business subject to the framework agreement for the disposal of the motion control business, as well as the amounts due to certain of their employees who have signed no-competition agreements.

The **net financial position** at 30 September 2022 is negative by 5,370 thousand Euro, having deteriorated since the end of 2021, when it was negative by 114 thousand Euro.

Net financial debt comprises short-term debt of 5,196 thousand Euro and medium/long-term debt of 174 thousand Euro.

This item includes the negative effect of applying IFRS 16, totalling 296 thousand Euro at 30 September 2022, of which 122 thousand Euro classified as current and 174 thousand Euro as non-current (246 thousand Euro at 31 December 2021, of which 109 thousand Euro classified as current and 137 thousand Euro as non-current).

The cash flows generated and absorbed by the activities of the disposal group reclassified as "Held for sale" pursuant to IFRS 5 are presented in the following schedule:

(Euro /000)	30 September 2022	30 September 2021
A) Cash and cash equivalents at the start of the period	226	201
B) Cash flow generated by (used in) operations in the period	(3,526)	5,177
C) Cash flow generated by (used in) investment activities	(646)	(834)
D) Free Cash Flow (B+C)	(4,172)	4,343
E) Cash flow generated by (used in) financing activities	4,797	(4,076)
F) Cash flow from assets held for sales (D+E)	625	267
G) Cash and cash equivalents at the end of the period (A+F)	851	468

Investments

Gross technical investments made by the Group during the first nine months of 2022 totalled 4,335 thousand Euro (5,165 thousand Euro in the first nine months of 2021) and related to:

- production and laboratory plant and equipment in the Group's Italian plants totalling 2,049 thousand Euro (including 1,033 thousand Euro for production lines in the sensors business unit, 840 thousand Euro in the components business unit and 176 thousand Euro for production lines in the motion control business unit), as well as 68 thousand Euro in the Group's foreign companies (in the period to 30 September 2021 the Group invested 2,252 thousand Euro in Italy and 107 thousand Euro in its foreign subsidiaries);
- investment in industrial buildings totalling 261 thousand Euro at the Group's Italian plants (in the period to 30 September 2021 580 thousand Euro were invested in Italy and 98 thousand Euro in offices abroad);
- renewal of electronic office machines and IT equipment, amounting to 144 thousand Euro at the Parent Company and 180 thousand Euro at the Group's subsidiaries (in the period to 30 September 2021 143 thousand Euro and 114 thousand Euro respectively);
- miscellaneous equipment in the Group's subsidiaries amounting to 102 thousand Euro (32 thousand Euro in the first nine months of 2021);
- capitalisation of costs incurred in the period for new product development, totalling 1,072 thousand Euro (1,435 thousand Euro in the first nine months of 2021);
- investments in intangible assets amounting of 458 thousand Euro, mainly relating to management software licences and SAP ERP development (other intangible assets totalling 404 thousand Euro were recognised in the first nine months of 2021).

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

(Euro /000)	30 September 2022	30 September 2021
Intangible assets	1,082	1,136
Tangible assets	2,607	3,195
Total	3,689	4,331

(Euro /000)	30 September 2022		30 September 2021	
	intangible	tangible assets	intangible	tangible assets
Italy	1,066	2,313	1,084	2,892
European Union	5	39	2	34
Europe non-EU	7	12	-	7
North America	-	21	-	183
South America	4	82	50	20
Asia	-	140	-	59
Total	1,082	2,607	1,136	3,195

The investments carried out by the companies and business units included among the assets held for sale are summarised below by type and geographical region:

(Euro /000)	30 September 2022	30 September 2021
Intangible assets	448	703
Tangible assets	198	131
Total	646	834

(Euro /000)	30 September 2022		30 September 2021	
	intangible	tangible assets	intangible	tangible assets
Italy	448	195	703	131
European Union	-	3	-	-
Total	448	198	703	131

Results by business area

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

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

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

Sensors

Summary results

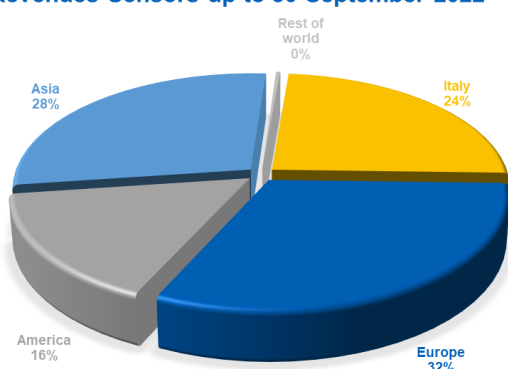
The table below shows the key economic figures:

(Euro /000)	30		Var. 2022 - 2021		3Q 2022		3Q 2021		Var. 2022 - 2021	
	September 2022	September 2021	Value	%	Value	%	Value	%	Value	%
Revenues	67,943	58,446	9,497	16.2%	22,057	19,061	2,996	15.7%		
EBITDA	17,278	14,012	3,266	23.3%	4,825	4,234	591	14.0%		
% of revenues	25.4%	24.0%			21.9%	22.2%				
EBIT	14,188	11,132	3,056	27.5%	3,778	3,292	486	14.8%		
% of revenues	20.9%	19.0%			17.1%	17.3%				

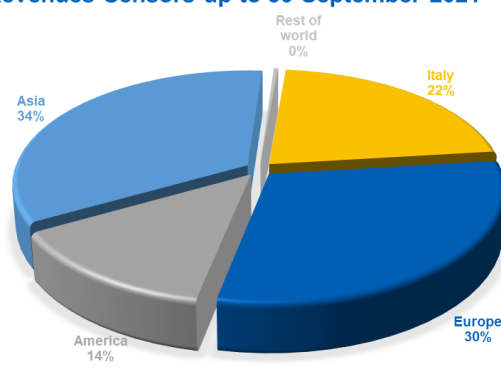
The revenues of the sensors business are analysed by geographical region below:

(Euro /000)	30 September 2022		30 September 2021		Var. 2022 - 2021	
	Value	%	Value	%	Value	%
Italy	16,338	24.0%	12,690	21.7%	3,648	28.7%
Europe	21,345	31.4%	17,583	30.1%	3,762	21.4%
America	10,856	16.0%	7,955	13.6%	2,901	36.5%
Asia	19,188	28.2%	20,025	34.3%	(837)	-4.2%
Rest of the world	216	0.3%	193	0.3%	23	11.9%
Total	67,943	100%	58,446	100%	9,497	16.2%

Revenues Sensors up to 30 September 2022



Revenues Sensors up to 30 September 2021



Business performance

The revenues of the business unit during the period ended 30 September 2022 amounted to 67,943 thousand Euro, which was more than in the period ended 30 September 2021, when they amounted to 58,446 thousand Euro. This 16.2% increase includes the effect of exchange-rate differences (positive by 2,615 thousand Euro), without which growth of 11.8% would have been reported.

These results were achieved due to the investments made in recent years, focused on product and market development, and to the ability to maintain a high level of service. Both these factors have made it possible to benefit in full from the growth opportunities that have arisen. As a result, the growth in revenues achieved throughout the prior year has been consolidated, despite elements of uncertainty linked to the pandemic (lockdowns in some areas of China, for example) and events with potentially adverse economic effects (the outbreak of the Russia-Ukraine conflict, to name but one).



All geographical regions served by the business unit achieved revenue growth, particularly Europe (+21.4% overall) and Italy (+28.7%). The revenues generated in the Americas were also higher (+36.5% overall), in part due to the performance of the Brazilian real and the US dollar (excluding which, growth of 21% would have been reported). By contrast, the revenues of the business unit earned from customers in Asia have declined (-4.2%) due, with specific reference to the Chinese market, to the pandemic containment measures adopted in the second quarter of 2022, pursuant to the Zero Covid policy, which have hampered its commercial relations.

The orders received during the first nine months of 2022 totalled 67,717 thousand Euro, +4.4% compared with the first half of 2021, despite certain early signs of a slowdown detected right from the first quarter of the year. The backlog at 30 September 2022 is higher than it was at 30 September 2021 (+17.5%) and at the end of 2021 (+11.8%), however decreasing compared to the first half of the year.

Turning to the third quarter of 2022, revenues amounted to 22,057 thousand Euro, up by 15.7% compared with the same period in 2021, when they totalled 19,061 thousand Euro.

EBITDA for the period ended 30 September 2022 amounted to 17,278 thousand Euro (25.4% of the business unit's revenues), up by 3,266 thousand Euro compared with the period ended 30 September 2021, when it was 14,012 thousand Euro (24.0% of revenues). The change in EBITDA is explained by the growth in sales volumes, as only partially offset by increased operating costs related to the higher volumes achieved.

EBIT for the first nine months of 2022 amounted to 14,188 thousand Euro, equal to 20.9% of revenues, compared with 11,132 thousand Euro in the same period of the previous year (19.0% of revenues), an increase of 3,056 thousand Euro. The increase in the third quarter of 2022 compared with the same period in the prior year was essentially due to the growth in revenues.

Comparing the figures by quarter, EBIT in the third quarter of 2022 amounted to 3,778 thousand Euro (17.1% of revenues), compared with 3,292 thousand Euro (17.3% of revenues) in the same quarter of 2021.

Lastly, the effect of adopting IFRS 16 has caused the sensors business to reverse leasing charges of 428 thousand Euro (382 thousand Euro reversed at 30 September 2021) and recognise right-of-use depreciation of 413 thousand Euro (381 thousand Euro recorded at 30 September 2021).

Investments

Investments in the first nine months of 2022 amounted to 1,940 thousand Euro, including 473 thousand Euro invested in intangible assets, of which 295 thousand Euro from capitalising the cost of developing new products. The remainder was for the purchase of software programmes and licences.

Increases in tangible fixed assets amounted to 1,467 thousand Euro, including 1,264 thousand Euro invested by the Parent Company, primarily for the purchase of production equipment to increase the capacity and efficiency of production. Investment by Group subsidiaries totalled 203 thousand Euro, primarily reflecting the purchase of equipment by the US and Chinese subsidiaries.

Automation components

Summary results

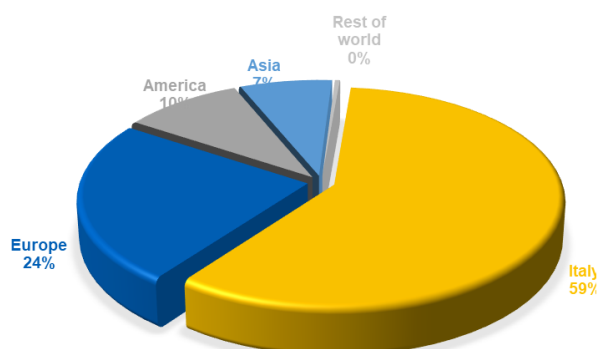
The table below shows the key economic figures:

(Euro /000)	30 September		Var. 2022 - 2021		3Q 2022		3Q 2021		Var. 2022 - 2021	
	2022	2021	Value	%	Value	%	Value	%	Value	%
Revenues	39,451	33,813	5,638	16.7%	12,187	10,620	1,567	14.8%	-	-
EBITDA	3,716	3,678	38	1.0%	769	1,022	(253)	24.8%	-	-
% of revenues	9.4%	10.9%			6.3%	9.6%				
EBIT	1,531	1,592	(61)	-3.8%	20	312	(292)	93.6%	-	-
% of revenues	3.9%	4.7%			0.2%	2.9%				

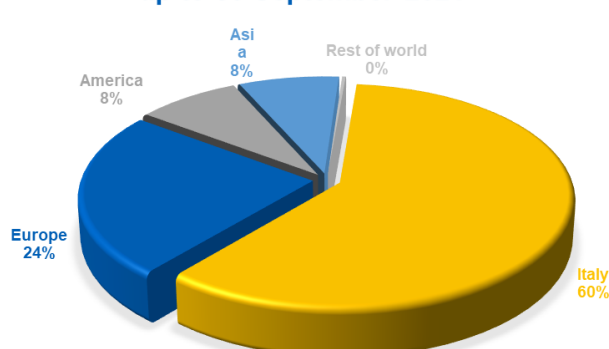
The revenues of the automation components business are analysed by geographical region below:

(Euro /000)	30 September 2022		30 September 2021		Var. 2022 - 2021	
	Value	%	Value	%	Value	%
Italy	23,229	58.9%	20,227	59.8%	3,002	14.8%
Europe	9,440	23.9%	8,091	23.9%	1,349	16.7%
America	3,749	9.5%	2,747	8.1%	1,002	36.5%
Asia	2,878	7.3%	2,653	7.8%	225	8.5%
Rest of the world	155	0.4%	95	0.3%	60	63.2%
Total	39,451	100%	33,813	100%	5,638	16.7%

Revenues Automation Components up to 30 September 2022



Revenues Automation Components up to 30 September 2021



Business performance

The revenues of the business unit in the period to 30 September 2022 amounted to 39,451 thousand Euro, up by 16.7% compared with those for the period ended 30 September 2021. The business obtained competitive advantages and was able to benefit in full from the signs of recovery thanks to the new approach to customers adopted by the sales network, making use of digital tools, and the work carried out in the technical area on the development of new product families (such as the new SSR static units), as well as the application of new and more modern functions to existing products (in the areas of connectivity and diagnostics for example, or the reduction of energy consumption and the maintenance required following machine stoppages). These efforts have enhanced the competitiveness of the business, which was able to benefit from the growth opportunities offered by the market. The upward trend in revenues, which began in the last quarter of 2020 and continued throughout 2021 when sales returned to pre-pandemic levels, also continued during the first nine months of 2022. This trend was supported by the ability of the business to tackle supply chain issues in an effective manner.

The revenues of all the main geographical regions served by the business unit were greater than in the same period of 2021, with particular reference to Italy (+14.8%) and Europe (+16.7%).

The orders received during the first nine months of 2022 amounted to 36,269 thousand Euro, and were overall higher than in the first half of the previous year (+13.8%). The orders collection in the third quarter of 2022 is lower than the same in the first half of the year. The backlog at 30 September 2022 was greater than at 30 September 2021 (+40.2%) and at the end of 2021 (+29.2%), however decreasing compared to the first half of the year.

Turning to the third quarter of 2022, revenues amounted to 12,187 thousand Euro, up by 14.8% compared with the same period in 2021, when they totalled 10,620 thousand Euro.

EBITDA for the period ended 30 September 2022 rose to 3,716 thousand Euro (equal to 9.4% of revenues), which was an improvement of 38 thousand Euro over the figure reported at 30 September 2021, of 3,678 thousand Euro (10.9% of revenues). The sales growth recorded in the first nine months of the year and the higher added value achieved were absorbed by the additional operating costs recorded during the period.

EBIT in the third quarter of 2022 was positive by 1,531 thousand Euro (3.9% of revenues). By comparison, EBIT in the period to 30 September 2021 was positive by 1,592 thousand Euro (4.7% of revenues). The decrease of 61 thousand Euro reflects the dynamics described above: greater sales volume and added value, as offset by higher ordinary operating costs.

Comparing the figures by quarter, EBIT in the third quarter of 2022 amounted to 20 thousand Euro (0.2% of revenues), compared with 312 thousand Euro (2.9% of revenues) in the same quarter of 2021.

Notably, the effect of adopting IFRS 16 has caused the automation components business to reverse leasing charges of 366 thousand Euro (343 thousand Euro reversed at 30 September 2021) and recognise right-of-use depreciation of 354 thousand Euro (351 thousand Euro recorded at 30 September 2021).

Investments

Investments in the first nine months of 2022 amounted to 1,637 thousand Euro. Investments in intangible assets amounted to 546 thousand Euro, of which 341 thousand Euro reflects capitalisation of the cost of developing the new range of controllers and solid state relays. The remainder was for the purchase of software programmes and licences.

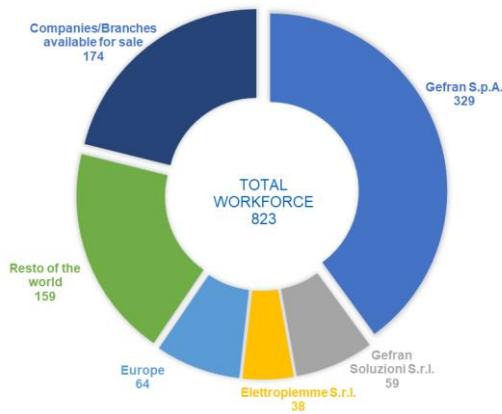
Investments in tangible fixed assets amounted to 1,091 thousand Euro, including 974 thousand Euro invested in Italy for new machinery to enhance both production capacity and the efficiency needed for new products, improve factory buildings and renew electronic office machines and IT equipment.

Human resources

Workforce

The Group' workforce at 30 September 2022 totals 823 persons, up by 37 since the end of 2021, and by 47 since 30 September 2021. With regard to the framework disposal agreement described in the introduction, the companies and business units included within the scope of this sale employ 174 persons at 30 September 2022, of whom 145 in Italy and 30 at foreign plants.

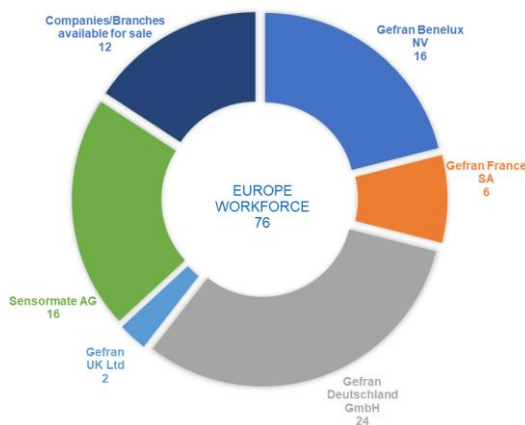
Workforce up to 30 September 2022



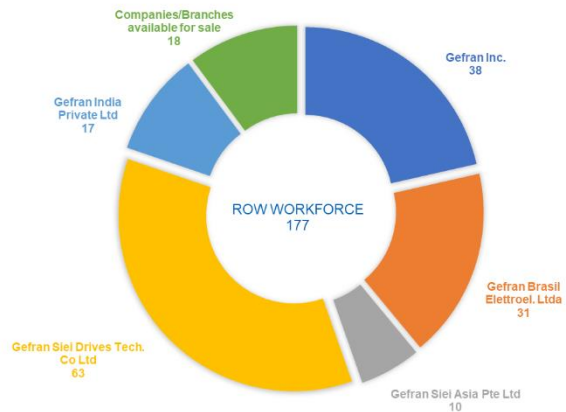
Solely with regard to continuing operations, the change reflects an overall turnover rate for the Group of 16.8%. The changes during the first three quarters of 2022 are analysed below:

- 71 new employees joined the Group, including 32 manual workers, 37 clerical staff and 2 executives;
- 35 employees left the Group, including 9 manual workers, 25 clerical staff and 1 executive.

Europe Workforce up to 30 September 2022



Rest of the World Workforce up to 30 September 2022



Significant events during the period ended 30 September 2022

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

On the same date, the Board of Directors was informed that the Company had received the resignation of Fausta Coffano, the Group Chief Financial Officer, Executive in Charge of Financial Reporting and Investor Relations Officer. The resignation was effective from 30 April 2022.

- On 10 March 2022, the Board of Directors of Gefran S.p.A. unanimously approved the separate financial statements at 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 the distribution of a dividend of 0.38 Euro per share in circulation (not including own shares) by drawing on the net profit for the year, with allocation of the residual amount to retained earnings.

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

- On 13 April 2022, following the resignation of Fausta Coffano and with the favourable opinion of the Board of Statutory Auditors, the Board of Directors of Gefran S.p.A. appointed General Manager Marcello Perini as the interim Executive in charge of financial reporting with effect from 30 April 2022, until the new Chief Financial Officer is appointed to that role.

At the same meeting and with effect from that date, the Board of Directors also appointed Vice Chairwoman Giovanna Franceschetti as the Investor Relations Officer.

- On 28 April 2022, the Ordinary Shareholders' Meeting of Gefran S.p.A. resolved to:
 - o Approve the 2021 financial statements and distribute an ordinary dividend, gross of withholding taxes, of 0.38 Euro per eligible share (ex-dividend date 9 May 2022, record date 10 May 2022 and payment date 11 May 2022). The residual net profit for the year as allocated to retained earnings.
 - o Authorise the Board of Directors to purchase a maximum of 1,440,000 own shares with a face value of 1 Euro each, within 18 months from the date of the Shareholders' Meeting.

In accordance with art. 123-ter of Italy's Consolidated Finance Act (TUF), the Shareholders' Meeting held a binding vote that approved the Group's 2022 Remuneration Policy and also expressed a favourable opinion on its 2021 Remuneration Report.

- Following the resignation of Fausta Coffano with effect from 30 April 2022, Paolo Beccaria was appointed as the Chief Financial Officer of the Group on 20 June 2022.
- On 1 August 2022, the Board of Directors of Gefran S.p.A. resolved to sign a framework agreement for the disposal of the motion control business to the Brazilian WEG Group for a total of 23 million Euro.

The scope of the operation comprises Gefran Drives and Motion S.r.l. based in Gerenzano (Italy) and Siei Areg GmbH based in Pleidelsheim (Germany), both subsidiaries, together with the motion control lines of business of Gefran Siei Drives Technology Co Ltd based in Shanghai (China) and Gefran India Private Ltd based in Pune (India), which are also both subsidiaries.

Founded in 1961, the WEG group operates globally, manufacturing electrical and electronic equipment that is mainly used in the production of capital goods. Present in 135 countries with production plants in 12 and over 37,000 employees, the group generated revenues of 23.6 billion Brazilian reais in 2021. This ranks it among the leading global operators in this sector.

For Gefran, the operation fits well with the strategic evolution of the Group, which is focused on strengthening its strategic sectors: sensors and automation components, where Gefran has invested most heavily in recent years and where the Group seeks to accelerate growth significantly, both organically and via acquisitions.

On the same date, Gefran S.p.A. announced that, following signature of the above framework agreement, the meeting of the Board of Directors called for 4 August 2022 would approve the preliminary consolidated data at 30 June 2022, while the Semi-annual financial statements at 30 June 2022 would be examined at the Board Meeting called for 9 September 2022.

- On 4 August 2022, the Board of Directors of Gefran S.p.A. examined the preliminary results at 30 June 2022, having due regard for the framework agreement to sell the motion control business signed on 1 August 2022, which was scheduled for approval at the meeting called for 9 September 2022.

At the same meeting and with the favourable opinion of the Board of Statutory Auditors, the Board appointed Paolo Beccaria, already Group Chief Financial Officer, as the Executive in Charge of Financial Reporting.

- On 9 September 2022, the Board of Directors of Gefran S.p.A. unanimously approved the consolidated results of the Group at 30 June 2022.

Significant events following the end of the third quarter of 2022

- On 3 October 2022, Gefran S.p.A. commenced the first phase of the sale of the Motion Control business to the Brazilian WEG group for 17.9 million Euro, out of an agreed total of 23 million Euro. In particular, the equity interest in the Italian Gefran Drives and Motion S.r.l. was sold to WEG S.A. on that date. At the same time, Gefran S.p.A. signed a three-month licence agreement for use of the Gefran trademark, limited to the products included in the sale, so that the purchaser could continue their production without interruption.
- On 4 October 2022, Gefran S.p.A. sold the equity interest in the German Siei Areg GmbH to WEG S.A. for 1.4 million Euro, out of an agreed total for the disposal of the Motion Control business of 23 million Euro.

Under the agreement, the Motion Control business units carved out from Gefran Siei Drives Technology Co Ltd and from Gefran India Private Ltd will be sold subsequently. The scope and total value of the operation are unchanged with respect to the information communicated on 1 August 2022.

- On 3 November 2022, the Group informed all employees about a one-off payment towards the significant rise in the cost of living, which is having an obvious impact on household budgets. A total of about 1.3 million Euro will be provided in favour of all employees. This payment will be added to the October payslip at Italian plants, while the basis and timing of payments by foreign affiliates will be determined by year end, with reference to the specific characteristics of each country.

Outlook

The macroeconomic situation at the start of 2022 is clouded by various events that threaten the economic recovery experienced during 2021, when a number of factors brightened the prospects for renewed global growth (e.g. the introduction of vaccines and the consequent vaccination campaigns). Production has slowed worldwide, due to the adverse repercussions of the ongoing Russia-Ukraine conflict and a worsening of the Covid-19 pandemic, which has led to new lockdowns consequent to the highly restrictive policies adopted by certain governments (e.g. the Zero Covid policy in China). There are also signs of a recession in the United States, given the slowdown in growth, the reduced purchasing power of households and the tightening of monetary policy. These factors also penalised the performance of the global economy during the quarter just ended, which saw a further spike in inflation.

Given these developments, the International Monetary Fund has recently revised downwards its growth forecasts for 2022: global growth will slow from the 6.1% reported for 2021 to 3.2% in 2022, as also confirmed by the October 2022 projections. The latest estimates for 2023 suggest a further contraction, with global GDP expected to rise by 2.7% (+2.9% was forecast in the April report). The projections have been lowered due to major uncertainties: the upturn in inflation, not experienced for decades, the ongoing conflict and doubts about its outcome, the more restrictive global financial conditions and the persistence of the global pandemic.

In particular, the Euro-area economy is badly affected by uncertainties linked to the continuing Russia-Ukraine conflict, which has further increased the cost of energy commodities and created procurement difficulties for businesses. The inflation rate rose to 9.9% in September (9.4% in Italy). GDP in the Eurozone is projected to grow by 3.1% in 2022 and 0.5% in 2023.

Within Italy, growth is estimated at 3.2% in 2022, but the latest projections suggest a contraction of 0.2% in 2023. Italian GDP grew by 0.1% in the first quarter of 2022, followed by an acceleration to 1.1% in the second quarter, evidencing a certain resilience in the face of the uncertainties described above due, in the main, to increased consumption. However, there was a slowdown during the third quarter, due to the sharp increases in energy costs and uncertainties about the outcome of the war in Ukraine. There are signs of weakness in the construction sector, while services remain stable following the positive contributions made by the tourism and recreation segments during the summer months.

The greatest uncertainties for the Group, regarding the ability to convert the emerging business opportunities into revenues, stem from doubts about the supply chain. These concern the likelihood of receiving all the materials needed for production and the actual lead times involved.

Given the above and the operation described in the introduction to these Interim financial statements, regarding signature of the framework agreement for the sale of the motion control business, it is expected that the continuing operations of Gefran will generate higher revenues and EBITDA than in the previous year.

Possible impact of the conflict in Ukraine

The first nine months of 2022 were marked by heightened tensions between Russia and Ukraine. The geopolitical crisis which led to the current conflict has progressively involved the international community, leading the NATO countries to introduce sanctions against the invading country.

This state of global uncertainty has further fuelled the rise in inflation, as reflected in higher raw material costs, particularly for energy commodities, as Russia is one of the world's leading energy suppliers. The Group continues to follow developments and monitor procurement costs, given that the evolution of the global scenario could well have an impact.

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

Given that the Group does not hold 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 at this time.

Additionally, with regard to possible repercussions on the Russian supplies of gas to European countries, it is confirmed that the productive activities of the Group do not require the consumption of gas. All the methane gas purchased is used to heat working environments. Even so, possible rationing or supply interruptions could require the Group to reorganise certain activities, in order to guarantee the continuity of production.

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

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

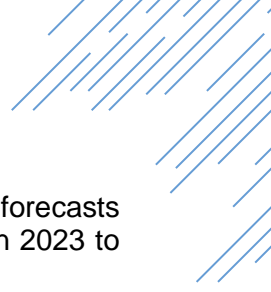
Analysis of risk factors, through assessment of their impact and the preparation of mitigation/containment plans, is a pre-requisite for the creation of value in the organisation. The ability to monitor and respond to risk correctly helps the Company to address corporate and strategic choices with confidence,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

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

Risks associated with the general economic conditions and market trends

The macroeconomic situation at the start of 2022 is clouded by various events that threaten the economic recovery experienced during 2021, when a number of factors brightened the prospects for renewed global growth (e.g. the introduction of vaccines and the consequent vaccination campaigns). Production has slowed worldwide, partly due to the adverse repercussions of the ongoing Russia-Ukraine conflict, as well as to the worsening of the Covid-19 pandemic.

Major uncertainties lead to expectations of slower growth: the current conflict could have repercussions for European gas supplies from Russia, while additional risks are linked to the rise in inflation, which reached thresholds in September not seen for several decades, and to the tighter global financial conditions.



Given these developments, the International Monetary Fund has recently revised its growth forecasts for 2022 and 2023. Globally, 3.2% growth is expected in 2022 followed by a slowdown in 2023 to 2.7% (data from the October 2022 report).

In particular, the Euro-area economy is badly affected by tensions linked to the continuing Russia-Ukraine conflict, which has further increased the cost of energy commodities and created procurement difficulties for businesses. Based on preliminary data, the inflation rate rose to 9.9% in September (9.4% in Italy). The duration of the conflict and the consequent geopolitical dynamics are significant elements of uncertainty that condition macroeconomic forecasts in the short term, which are also affected by the worsening of the pandemic.

Bearing in mind that the Group does not hold strategic assets in territories currently affected by the hostilities and that commercial activities in those regions are limited (in 2021, just 0.6% of Group revenues were generated in the countries currently involved), Gefran cannot exclude - based on current assessments and recognising that the situation is still evolving - that the hostilities might have an additional direct impact on its activities and, consequently, on its ability to generate income, beyond that already absorbed during the first nine months of the year, in terms of generalised increases in the cost of purchasing raw materials, gas and electricity. However, although difficult to forecast, that impact is not expected to be significant.

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.

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

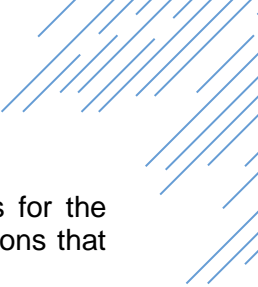
In the light of recent political developments pertaining to the Russia-Ukraine conflict, Gefran has formally expressed its willingness to discontinue commercial relations with customers residing in Russia and Belarus. Noting that the Group does not possess strategic assets in those regions and that the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

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

Risks associated with fluctuations in commodity prices

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

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



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

The current market trend is towards widespread increases, mainly driven by the scarcity of raw materials and electronic components in particular, and is leading to significant price fluctuations with an impact on the overall cost of products, though currently only to a limited extent.

The outbreak and continuation of the Russia-Ukraine conflict, still unresolved at the time of publication, has resulted in further marked increases in the cost of energy commodities, with an impact on inflation and higher prices. The international institutions expect a slowdown in the global economic cycle during 2022. Generalised increases in the cost of raw materials could impact on the economic results of the Group. These effects are currently mitigated by a more careful and efficient management of the supply chain and logistic-productive processes within the organisation and, accordingly, they are not expected to be significant, while remaining hard to forecast.

Credit risk

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

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

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

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

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

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

Covid-19

The global spread of the Coronavirus (Covid-19) in 2020 resulted in the declaration by the World Health Organisation of a “global pandemic” in March, given the growing number of countries that were reporting infections.

The global health crisis led the governments of the affected countries to introduce increasingly restrictive measures, including limitation of travel, social isolation and suspension of all non-essential forms of production and commerce, with the primary goal of halting the spread of the virus and safeguarding human health. These exceptional measures have undeniably had a major social and economic impact.

The Group responded with the prompt introduction of measures to protect the health and safety of all collaborators (both employees and other business partners), while ensuring business continuity to the extent compatible with government directives. This led to the definition of specific procedures for behaviour and access to business premises, and to the preparation of health and safety protocols. Synergies were also released within the Group in response to the initial shortage of PPE, ensuring that all employees had access to essential protective devices. In addition, targeted investment sought to guarantee safe working conditions for employees, having regard for the legislation enacted by governments (e.g. the organisation of checkpoints equipped with devices to check their green passes, as required by the regulations issued).

A task force was set up to manage the supply chain in order to ensure business continuity, responding to problems linked to the geographical location of suppliers and local lockdowns; to date, there have not been any interruptions in production attributable to material shortages and all financial commitments to suppliers have been met.

During the first half of 2022, the worsening of the pandemic and the containment policies adopted by certain governments, especially the Zero Covid policy adopted in China, have resulted in new, more restrictive measures with, indeed, the total shutdown of activities in certain geographical regions. Gefran was directly affected by these measures, especially with regard to the Shanghai plant, where activities only started to recover slowly from the beginning of June. The plant concerned is fully operational at this time. Asia was the only main region that saw a contraction in revenues during the first nine months of 2022, which were 2.7% lower than in the same period of 2021. This outcome would have been worse (-9%) without the positive contribution made by currency dynamics.

As of the publication date of these Interim financial statements, a number of the measures introduced by Gefran back in 2020 to safeguard human health and business continuity remain in place. The Group’s production activities continue at all locations, while clerical staff work partly in the office and partly from home.

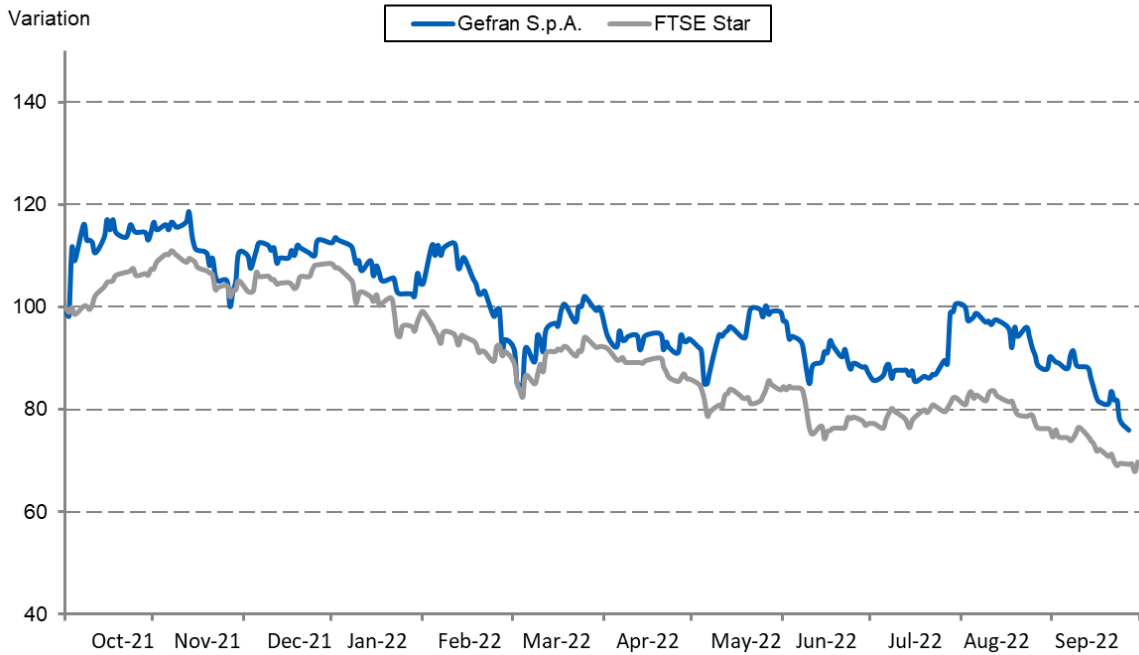
Own shares and stock performance

At 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 of which were purchased in the fourth quarter of 2018.

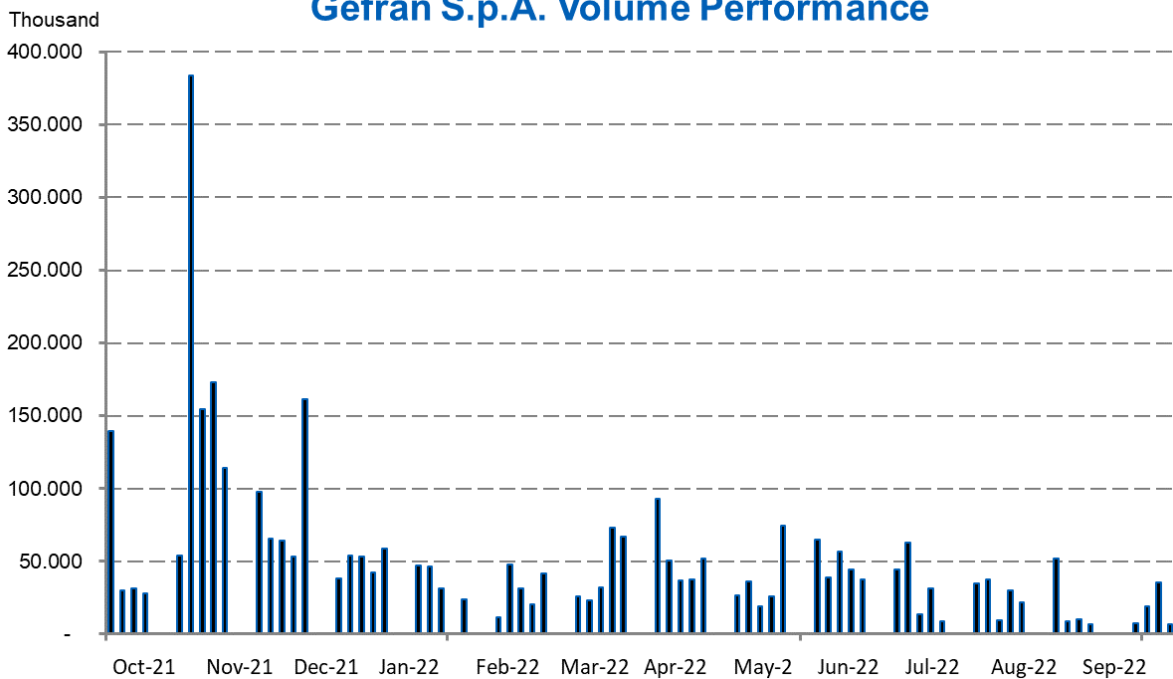
No own shares were bought or sold in the first nine months of 2022 and, as of the date of this report, the situation is unchanged.

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

Gefran S.p.A. stock performance



Gefran S.p.A. Volume Performance



Dealings with related parties

On 12 November 2010, the Board of Directors of Gefran S.p.A. approved the “Internal Procedure for Transactions with Related Parties”, in application of Consob resolution no. 17221 dated 12 March 2010. This document is published in the “Governance” section of the Company’s website and is available at the following link <https://www.gefran.com/en/gb/governance>, in the “Documents and procedures” section.

The procedure was updated by the Board of Directors on 24 June 2021 to implement the new requirements of Directive (EU) 2017/828 (a.k.a. “Shareholders’ Rights II”), which was transposed into Italian law by Decree 49/2019, with regard to the primary legislation, and by Consob Resolution no. 21624 of 10 December 2020, with regard to the secondary regulations.

The “Internal Procedure for Transactions with Related Parties” is based, *inter alia*, on the following general principles:

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

The “Internal Procedure for Transactions with Related Parties” is structured as follows:

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

On 5 May 2022, the Control and Risks Committee, acting as the Related Parties Committee, assessed and approved the signature of an employment contract with Paolo Beccaria, a related party, who was appointed as the Chief Financial Officer of the Gefran Group on 20 June 2022.

The following information on Group company transactions with related parties during the third 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 have not been any atypical or unusual transactions.

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

(Euro /000)	Marfran S.r.l.	Total
Revenue from product sales		
2021	291	291
2022	99	99

(Euro /000)	Climat S.r.l.	Parti correlate!C18	Total
Service costs			
2021	(114)	(71)	(185)
2022	(156)	(76)	(232)

(Euro /000)	Climat S.r.l.	Marfran S.r.l.	Total
Property, plant, machinery and tools			
2021	188	-	188
2022	123	-	123
Trade receivables			
2021	-	68	68
2022	-	16	16
Trade payables			
2021	96	-	96
2022	87	-	87

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 material transactions.

In relations with its subsidiaries, the Parent Company Gefran S.p.A. has provided technical and administrative/management services and paid royalties on behalf of the Group's operative subsidiaries totalling 2,397 million Euro under specific contracts (1,991 million Euro at 30 September 2021).

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

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

Persons of strategic importance have been identified as members of the executive Board of Directors of Gefran S.p.A. and 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 Board of Directors of Gefran S.p.A. resolved to make the election for simplified disclosure envisaged in article 70, paragraph 8, and article 71, paragraph 1-*bis*, of Consob Regulation 11971/1999 as amended.

Specific explanatory notes to the accounts

1. General information, form and content

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

These Interim financial statements of the Gefran Group for the quarter ended 30 September 2022 were approved at the meeting of the Board of Directors held on 10 November 2022, which authorised their publication.

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

The same accounting policies adopted to prepare the Annual financial report at 31 December 2021 were also used to prepare these Interim financial statements. These Interim financial statements at 30 September 2022 do not contain all the supplementary information required in the Annual financial report and, therefore, should be read in conjunction with the Annual financial report at 31 December 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 at 30 September 2022 have been consolidated using the economic and financial positions of Gefran S.p.A. and its subsidiaries for the first nine months of 2022, prepared in accordance with IFRS. The above accounting schedules were prepared using measurement criteria consistent with those of the Parent Company, or were adjusted on consolidation.

Interim financial statements are not subjected to audit.

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

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

2. Consolidation principles and measurement criteria

The measurement criteria adopted for the preparation of these Interim financial statements at 30 September 2022 are consistent with those adopted to prepare the Annual financial report at 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 Interim financial statements of the Gefran Group are prepared on the presumption of business continuity.

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 are prepared under the historical cost convention, adjusted as required for the measurement of certain financial instruments.

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

3. Change in the scope of consolidation

The scope of consolidation at 30 September 2022 was the same as at 31 December 2021, but different to that at 30 September 2021, as the liquidation of Gefran Siei Electric, a Chinese company dormant since the start of 2009, was completed in the fourth quarter of 2021.

In particular, the scope of consolidation at 30 September 2022 includes the companies and business units subject to the framework agreement signed on 1 August 2022 for disposal of the motion control business to the WEG Group. The scope of the operation comprises Gefran Drives and Motion S.r.l. based in Gerenzano (Italy) and Siei Areg GmbH based in Pleidelsheim (Germany), both subsidiaries, together with the motion control lines of business of Gefran Siei Drives Technology Co Ltd based in Shanghai (China) and Gefran India Private Ltd based in Pune (India), which are also both subsidiaries. At the date of publishing these Interim financial statements, the first phase of the sale of the Motion Control business to the Brazilian WEG group has been completed, with the disposal of the equity interests in Gefran Drives and Motion S.r.l. and in Siei Areg GmbH by Gefran S.p.A. on, respectively, 3 and 4 October 2022.

4. Disposal groups held for sale pursuant to IFRS 5

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

The scope of the operation comprises Gefran Drives and Motion S.r.l. based in Gerenzano (Italy) and Siei Areg GmbH based in Pleidelsheim (Germany), both subsidiaries, together with the motion control lines of business of Gefran Siei Drives Technology Co Ltd based in Shanghai (China) and Gefran India Private Ltd based in Pune (India), which are also both subsidiaries.



Under the framework agreement, the disposal may be completed in several steps: the first phase, completed on 3 and 4 October 2022, saw the sale to WEG of the equity interests held in Gefran Drives and Motion S.r.l. and in Siei Areg GmbH. Subsequently, the motion control business units carved out from Gefran Siei Drives Technology Co Ltd and from Gefran India Private Ltd will be sold.

The timing of the operation is linked to satisfaction of the conditions precedent: the final deadline envisaged in the framework agreement is 30 June 2023, with a possible extension to 31 December 2023 if required by procedures linked to selling the business units.

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

Founded in 1961, the WEG group operates globally, manufacturing electrical and electronic equipment that is mainly used in the production of capital goods. Present in 135 countries with production plants in 12 and over 37,000 employees, the group generated revenues of 23.6 billion Brazilian reals in 2021. This ranks it among the leading global operators in this sector.

Given its internationally-recognised leadership in the industrial motors and drives sector, WEG has guaranteed not only the industrial continuity of the business - fundamental for Gefran - but also the concrete possibility that its potential will be enhanced by exploiting fully the technological know-how developed by Gefran Drives and Motion S.r.l. over the past twenty years.

For Gefran the operation fits well with the strategic evolution of the Group, which is focused on strengthening its strategic sectors: sensors and automation components, where Gefran has invested most heavily in recent years and the Group seeks to accelerate growth significantly, both organically and via acquisitions.

Following the operation described above, the disposal groups to be sold are presented in the schedules of these Interim financial statements as “Assets held for sale” pursuant to the provisions of IFRS 5 “Non-current assets held for sale and discontinued operations”. The economic results, assets and liabilities of the disposal groups have been reclassified and, in order to ensure the comparability of data, the related amounts for comparative periods have also been restated in the same way. Transactions between the continuing operations and those held for sale have not been eliminated, in order to better reflect their performance as stand-alone activities.

Given the above, the statement of financial position of the Group that was originally published at 31 December 2021 has been restated, highlighting the effects of applying IFRS 5:

(Euro /000)	Original Group BS at 31 December 2021	Effect of eliminations	IFRS 5 adoption companies and branches available for sale	Restated Group BS at 31 December 2021
NON-CURRENT ACTIVITIES				
Goodwill	5,894	-	(38)	5,856
Intangible assets	9,543	-	(3,228)	6,315
Property, plant, machinery and tools	44,034	-	(9,486)	34,548
Usage rights	2,973	-	(244)	2,729
Shareholdings valued at equity	95	-	-	95
Equity investments in other companies	2,118	-	-	2,118
Receivables and other non-current assets	89	-	-	89
Deferred tax assets	4,279	-	(682)	3,597
Other non-current financial investments	67	-	-	67
TOTAL NON-CURRENT ACTIVITIES	69,092	-	(13,678)	55,414
CURRENT ACTIVITIES				
Inventories	28,039	-	(13,590)	14,449
Trade receivables	34,803	1,050	(11,101)	24,752
Other receivables and assets	5,251	-	(1,648)	3,603
Current tax receivables	407	-	(46)	361
Cash and cash equivalents	35,723	-	(226)	35,497
Current financial receivables	-	4,310	(2,109)	2,201
TOTAL CURRENT ACTIVITIES	104,223	5,360	(28,720)	80,863
ASSETS HELD FOR SALE	-	-	42,398	42,398
TOTAL ASSETS	173,315	5,360	-	178,675
SHAREHOLDERS' EQUITY				
Share capital	14,400	-	-	14,400
Reserves	57,446	-	-	57,446
Profit / (Loss) for the year	13,692	-	-	13,692
Total Group Shareholders' Equity	85,538	-	-	85,538
Shareholders' equity of minority interests	-	-	-	-
TOTAL SHAREHOLDERS' EQUITY	85,538	-	-	85,538
NON-CURRENT LIABILITIES				
Non-current financial payables	16,483	-	-	16,483
Non-current financial payables for IFRS 16 leases	1,258	-	(137)	1,121
Non-current financial liabilities for derivatives	88	-	-	88
Employee benefits	4,008	-	(1,167)	2,841
Non-current provisions	1,035	-	-	1,035
Deferred tax provisions	916	-	-	916
TOTAL NON-CURRENT LIABILITIES	23,788	-	(1,304)	22,484
CURRENT LIABILITIES				
Current financial payables	12,952	4,310	(2,203)	15,059
Current financial payables for IFRS 16 leases	1,749	-	(109)	1,640
Trade payables	31,682	1,050	(11,339)	21,393
Current provisions	1,625	-	(353)	1,272
Current tax payables	2,789	-	(114)	2,675
Other payables and liabilities	13,192	-	(2,779)	10,413
TOTAL CURRENT LIABILITIES	63,989	5,360	(16,897)	52,452
LIABILITIES HELD FOR SALE	-	-	18,201	18,201
TOTAL LIABILITIES	87,777	5,360	-	93,137
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	173,315	5,360	-	178,675

The following tables analyse the main items in the statement of financial position at 31 December 2021 that have been reclassified pursuant to IFRS 5:

(Euro /000)	Original Group BS at 31 December 2021	IFRS 5 adoption companies and branches available for sale	Restated Group BS at 31 December 2021
Development costs	4,808	(2,464)	2,344
Intellectual property rights	1,170	(7)	1,163
Assets in progress and payments on account	2,465	(757)	1,708
Other assets	1,100	-	1,100
Intangible assets	9,543	(3,228)	6,315

(Euro /000)	Original Group BS at 31 December 2021	IFRS 5 adoption companies and branches available for sale	Restated Group BS at 31 December 2021
Land	5,217	(1,408)	3,809
Industrial buildings	22,504	(5,146)	17,358
Plant and machinery	11,810	(2,512)	9,298
Industrial and commercial equipment	1,347	(208)	1,139
Other assets	1,362	(158)	1,204
Assets in progress and payments on account	1,794	(54)	1,740
Property, plant, machinery and tools	44,034	(9,486)	34,548

(Euro /000)	Original Group BS at 31 December 2021	IFRS 5 adoption companies and branches available for sale	Restated Group BS at 31 December 2021
Raw materials, consumables and supplies	18,504	(11,139)	7,365
<i>provision for impairment of raw materials</i>	(3,689)	2,435	(1,254)
Work in progress and semi-finished products	9,780	(3,059)	6,721
<i>provision for impairment of work in progress</i>	(2,357)	538	(1,819)
Finished products and goods for resale	7,854	(2,875)	4,979
<i>provision for impairment of finished products</i>	(2,053)	510	(1,543)
Inventories	28,039	(13,590)	14,449

(Euro /000)	Original Group BS at 31 December 2021	IFRS 5 adoption companies and branches available for sale	Restated Group BS at 31 December 2021
Insurance	37	(12)	25
Rents and leasing	4	-	4
Services and maintenance	590	(65)	525
Receivables from employees	28	(1)	27
Advances payments to suppliers	309	-	309
Other tax receivables	2,952	(1,348)	1,604
Other	1,331	(222)	1,109
Other receivables and assets	5,251	(1,648)	3,603

(Euro /000)	Original Group BS at 31 December 2021	IFRS 5 adoption companies and branches available for sale	Restated Group BS at 31 December 2021
Payables to personnel	6,645	(1,490)	5,155
Social security payables	3,003	(714)	2,289
Accrued interest on loans	24	-	24
Payables to directors and statutory auditors	236	(9)	227
Other accruals	1,264	(137)	1,127
Other payables for taxes	1,980	(418)	1,562
Other current liabilities	40	(11)	29
Other payables and liabilities	13,192	(2,779)	10,413

Lastly, the goodwill relating to Gefran India, 38 thousand Euro at 31 December 2021, is allocated entirely to the motion control business and, therefore, is included within the scope of the disposal operation described above.

The statement of profit/(loss) for the period to 30 September 2021 is presented below, both as originally published and as restated to show the effects of applying IFRS 5:

(Euro /000)	Original Group PL at 30 September 2021	Effect of eliminations	IFRS 5 adoption companies and branches available for sale	Restated Group PL at 30 September 2021
Revenue from product sales	116,390	1,321	(32,340)	85,371
Other revenues and income	1,068	855	(189)	1,734
Increases for internal work	1,448	-	(701)	747
TOTAL REVENUES	118,906	2,176	(33,230)	87,852
Change in inventories	6,504	-	(1,923)	4,581
Costs for raw materials and accessories	(49,728)	(1,294)	21,296	(29,726)
Service costs	(17,289)	(882)	3,942	(14,229)
Miscellaneous management costs	(714)	-	121	(593)
Other operating income	31	-	-	31
Personnel costs	(37,735)	-	7,536	(30,199)
Impairment/reversal of trade and other receivables	71	-	(98)	(27)
Amortisation and impairment of intangible assets	(1,542)	-	156	(1,386)
Depreciation and impairment of tangible assets	(3,563)	-	798	(2,765)
Depreciation/amortisation total usage rights	(932)	-	117	(815)
EBIT	14,009	-	(1,285)	12,724
Gains from financial assets	1,069	-	(34)	1,035
Losses from financial liabilities	(1,384)	-	115	(1,269)
(Losses) gains from shareholdings valued at equity	9	-	-	9
PROFIT (LOSS) BEFORE TAX	13,703	-	(1,204)	12,499
Current taxes	(3,347)	-	226	(3,121)
Deferred tax assets and liabilities	229	-	(7)	222
TOTAL TAXES	(3,118)	-	219	(2,899)
NET PROFIT (LOSS) FOR THE PERIOD FROM CONTINUOUS OPERATING ACTIVITIES	10,585	-	(985)	9,600
Net profit (loss) from assets held for sale	-	-	985	985
NET PROFIT (LOSS) FOR THE PERIOD	10,585	-	-	10,585
Attributable to:				
Group	10,585	-	-	10,585
Third parties	-	-	-	-

For a better understanding of the economic, financial and cash flow information regarding the activities classified as “Held for sale”, reference is made to the section entitled “Economic and financial performance of the disposal groups held for sale at 30 September 2022”.

5. Notes on the more significant changes in the items reported in the consolidated accounts

Property, plant, machinery and tools

The carrying amount of this item has increased from 34,548 thousand Euro at 31 December 2021 to 34,952 thousand Euro at 30 September 2022, as analysed below:

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

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

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

The changes during the first nine months of 2021 are analysed below:

Historical cost	31 December 2020	Increases	Decreases	Reclassifications	Exchange rate differences	30 September 2021
(Euro /000)						
Land	3,763	-	-	-	33	3,796
Industrial buildings	32,379	111	-	14	374	32,878
Plant and machinery	32,799	1,298	(1)	341	229	34,666
Industrial and commercial equipment	16,768	132	(74)	26	67	16,919
Other assets	6,090	182	(141)	4	119	6,254
Assets in progress and payments on account	925	1,472	(16)	(490)	14	1,905
Total	92,724	3,195	(232)	(105)	836	96,418

Net value	31 December 2020	30 September 2021	Change
(Euro /000)			
Land	3,763	3,796	33
Industrial buildings	16,560	16,339	(221)
Plant and machinery	8,380	8,697	317
Industrial and commercial equipment	1,206	961	(245)
Other assets	1,109	1,095	(14)
Assets in progress and payments on account	925	1,904	979
Total	31,943	32,792	849

The change in exchange rates had a positive effect of 568 thousand Euro.

The historical cost of property, plant, machinery and tools increased by 2,607 thousand Euro during the first nine months of 2022. The most significant changes related to:

- investment of 1,873 thousand Euro in production and laboratory plant and equipment at the Group's Italian plants and 68 thousand Euro at other Group subsidiaries;
- Improvements to the industrial buildings of the Group's Italian plants, totalling 256 thousand Euro;
- renewal of electronic office machines and IT equipment amounting to 144 thousand Euro by the Parent Company and to 166 thousand Euro by Group subsidiaries;
- miscellaneous equipment at Group subsidiaries amounting to 102 thousand Euro.

The increases also include 48 thousand Euro on the capitalisation of internal costs (14 thousand Euro in the first nine months of 2021).

Net working capital

"Net working capital" totals 23,851 thousand Euro, compared with 17,808 thousand Euro at 31 December 2021, and is analysed below:

(Euro /000)	30 September 2022	31 December 2021	Change
Inventories	20,664	14,449	6,215
Trade receivables	24,931	24,752	179
Trade payables	(21,744)	(21,393)	(351)
Net amount	23,851	17,808	6,043

The carrying amount of **inventories** at 30 September 2022 is 20,664 thousand Euro, increase by 6,215 thousand Euro since 31 December 2021, of which 648 thousand Euro was contributed by exchange-rate changes. The economic effect of the change in inventories since 31 December 2021 was lower, amounting to 5,577 thousand Euro, as it is determined using the moving-average exchange rates for the period.

The balance is analysed as follows:

(Euro /000)	30 September 2022	31 December 2021	Change
Raw materials, consumables and supplies	11,028	7,365	3,663
<i>provision for impairment of raw materials</i>	(1,411)	(1,255)	(156)
Work in progress and semi-finished products	8,446	6,722	1,724
<i>provision for impairment of work in progress</i>	(2,298)	(1,819)	(479)
Finished products and goods for resale	6,767	4,979	1,788
<i>provision for impairment of finished products</i>	(1,868)	(1,543)	(325)
Total	20,664	14,449	6,215

The gross value of inventories is 26,241 thousand Euro, up by 7,175 thousand Euro since the end of 2021.

The allowance for obsolete and slow-moving inventories was adjusted as necessary during the first nine months of 2022 resulting in specific provisions totalling 1,044 thousand Euro (compared with 913 thousand Euro in the first nine months of 2021).

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

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

The changes the allowance during the period ended 30 September 2021 are analysed below:

(Euro /000)	31 December 2020	Provisions	Uses	Releases	Exchange rate differences	30 September 2021
Provision for impairment of inventory	3,528	913	(168)	(9)	36	4,300

Trade receivables amount to 24,931 thousand Euro, compared to 24,752 thousand Euro at 31 December 2021, up by 179 thousand Euro:

(Euro /000)	30 September 2022	31 December 2021	Change
Receivables from customers	26,132	25,952	180
Provision for doubtful receivables	(1,201)	(1,200)	(1)
Net amount	24,931	24,752	179

The change is directly related to the increase in sales revenues during the first nine months of 2022.

Receivables are adjusted to their estimated realisable value by the allowance for doubtful accounts, which is determined by analysing individual debtor positions and considering past experience in each business area and geographical region, as required by IFRS 9. The allowance at 30 September 2022 represents an estimate of the current risk after the following changes:

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

The changes during the period ended 30 September 2021 are shown below:

(Euro /000)	31 December 2020	Provisions	Uses	Releases	Exchange rate differences	30 September 2021
Provision for doubtful receivables	1,252	20	(88)	(8)	6	1,182

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

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

Trade payables total 21,744 thousand Euro, compared to 21,393 thousand Euro at 31 December 2021. This item is analysed below:

(Euro /000)	30 September 2022	31 December 2021	Change
Payables to suppliers	15,491	17,084	(1,593)
Payables to suppliers for invoices to be received	4,944	3,633	1,311
Advance payments received from customers	1,309	676	633
Total	21,744	21,393	351

Trade payables have up by 351 thousand Euro since 31 December 2021. The increase reflects additional purchasing during the period, both of raw materials needed to support the growth in sales, and of services including, in particular, those whose costs vary in proportion to the volume of sales.

Net financial position

The net financial position is analysed in the following table:

(Euro /000)	30 September 2022	31 December 2021	Change
Cash and cash equivalents and current financial receivables	26,090	35,497	(9,407)
Financial investments for derivatives	519	-	519
Current financial receivables	6,997	2,201	4,796
Other non-current financial investments	38	67	(29)
Non-current financial payables	(10,094)	(16,483)	6,389
Non-current financial payables for IFRS 16 leases	(1,803)	(1,121)	(682)
Current financial payables	(12,266)	(15,059)	2,793
Current financial payables for IFRS 16 leases	(901)	(1,640)	739
Financial liabilities for derivatives	-	(88)	88
Total	8,580	3,374	5,206

The net financial position is analysed by maturity below:

(Euro /000)	30 September 2022	31 December 2021	Change
A. Cash on hand	21	31	(10)
B. Cash in bank deposits	26,069	35,466	(9,397)
D. Cash and cash equivalents (A) + (B)	26,090	35,497	(9,407)
E. Fair value current hedging derivatives	-	-	-
F. Current portion of long-term debt	(9,954)	(11,756)	1,802
G. Other current financial receivables and payables	3,784	(2,742)	6,526
H. Total current financial payables (F) + (G)	(6,170)	(14,498)	8,328
I. Total current payables (E) + (H)	(6,170)	(14,498)	8,328
J. Net current financial debt (I) + (D)	19,920	20,999	(1,079)
Non-current financial liabilities for derivatives	-	(88)	88
Non-current financial investments for derivatives	519	-	519
K. Fair value non-current hedging derivatives	519	(88)	607
L. Non-current financial debt	(11,897)	(17,604)	5,707
M. Other non-current financial investments	38	67	(29)
N. Net non-current financial debt (K) + (L) + (M)	(11,340)	(17,625)	6,285
O. Net financial debt (J) + (N)	8,580	3,374	5,206
of which to minorities:	8,580	3,374	5,206

The net financial position at 30 September 2022 is positive by 8,580 thousand Euro, high by 5,206 thousand Euro since the end of 2021, when it was positive by 3,374 thousand Euro.

The change in net financial position mainly reflects the cash flow generated by ordinary operations (17,851 thousand Euro), as partially absorbed by investment activities during the first nine months of the year (3,689 thousand Euro), the payment of dividends (5,462 thousand Euro) and the payment of interest, taxes and rental fees (totalling 4,098 thousand Euro).

Cash and cash equivalents amount to 26,090 thousand Euro at 30 September 2022, compared to 35,497 thousand Euro at 31 December 2021. This item is analysed below:

(Euro /000)	30 September 2022	31 December 2021	Change
Cash in bank deposits	26,069	35,466	(9,397)
Cash	21	31	(10)
Total	26,090	35,497	(9,407)

The technical forms used at 30 September 2022 are shown below:

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

Current financial payables at 30 September 2022 have decreased by 2,793 thousand Euro since the end of 2021; the balance is analysed as follows:

(Euro /000)	30 September 2022	31 December 2021	Change
Current portion of debt	9,954	11,756	(1,802)
Current overdrafts	1,238	1,194	44
Other payables	1,074	2,109	(1,035)
Total	12,266	15,059	(2,793)

Bank overdrafts at 30 September 2022 total 1,238 thousand Euro compared with a balance at 31 December 2021 of 1,194 thousand Euro. The total principally comprises loans due within one year arranged with Banca Intesa by Gefran Siei Drives Technology, the Chinese subsidiary, amounting to 1,237 thousand Euro at an interest rate of 5.06% during the first nine months of 2022.

With reference to the framework disposal agreement described earlier, the “Other payables” item (1,074 thousand Euro at 30 September 2022 and 2,109 thousand Euro at 31 December 2021) includes the net balance of the cash transfers between Gefran S.p.A. and Gefran Drives and Motion S.r.l. and Siei Areg, which fall within the scope of the operation to sell the motion control business.

Non-current financial payables are analysed as follows:

Bank (Euro /000)	30 September 2022	31 December 2021	Change
BPER	253	1,009	(756)
Mediocredito	555	2,222	(1,667)
BNL	1,500	3,000	(1,500)
Unicredit	1,666	2,222	(556)
BNL	2,333	3,111	(778)
Intesa (ex UBI)	-	1,132	(1,132)
Intesa (ex UBI)	3,000	3,000	-
SIMEST	480	480	-
SIMEST	307	307	-
Total	10,094	16,483	(6,389)

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

Bank (Euro /000)	Amount disbursed	Signing date	Balance at 30 September 2022	Of which within 12 months	Of which beyond 12 months	Interest rate	Maturity	Repay- ment method
entered into by Gefran S.p.A. (IT)								
Unicredit	6,000	14/11/17	300	300	-	Euribor 3m + 0.90%	30/11/22	quarterly
BNL	5,000	23/11/17	250	250	-	Euribor 3m + 0.85%	23/11/22	quarterly
BPER	5,000	28/11/18	1,260	1,007	253	Euribor 3m + 0.75%	30/11/23	quarterly
Mediocredito	10,000	28/03/19	2,777	2,222	555	Euribor 3m + 1.05%	31/12/23	quarterly
BNL	10,000	29/04/19	3,500	2,000	1,500	Euribor 3m + 1%	29/04/24	quarterly
Unicredit	5,000	30/04/20	2,777	1,111	1,666	Euribor 6m + 0.95%	31/12/24	half- yearly
BNL	7,000	29/05/20	3,890	1,557	2,333	Euribor 6m + 1.1%	31/12/24	half- yearly
Intesa (ex UBI)	3,000	24/07/20	1,507	1,507	-	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 S.r.l. (IT)								
SIMEST	307	21/05/21	307	-	307	Fixed 0.55%	31/12/27	half- yearly
Total			20,048	9,954	10,094			

No new loans were arranged during 2022.

None of the loans outstanding at 30 September 2022 are subject to compliance with economic-financial covenants.

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

Financial investments for derivatives total 519 thousand Euro, reflecting the positive fair value of the IRS contracts arranged by the Parent Company to hedge the interest-rate risk on floating-rate loans, which would crystallise on an increase in Euribor. The following analysis of hedges shows their fair value:

Bank (Euro /000)	Notional principal	Signing date	Notional as at 30 September 2022	Derivative	Fair Value as at 30 September 2022	Long position rate	Short position rate
Unicredit	6,000	14/11/17	300	CAP	-	Strike Price 0%	Euribor 3m
BNL	5,000	23/11/17	250	CAP	-	Strike Price 0%	Euribor 3m
Intesa	10,000	29/03/19	2,777	IRS	46	Fixed -0.00%	Euribor 3m (Floor: -1.05%)
BNL	10,000	29/04/19	3,500	IRS	64	Fixed 0.05%	Euribor 3m (Floor: -1.00%)
Unicredit	5,000	24/06/19	1,260	IRS	18	Fixed -0.10%	Euribor 3m (Floor: -0.75%)
Unicredit	5,000	30/04/20	2,777	IRS	76	Fixed 0.05%	Euribor 6m (Floor: -0.95%)
BNL	7,000	29/05/20	3,890	IRS	118	Fixed -0.12%	Euribor 6m (Floor: -1.10%)
Intesa (ex UBI)	3,000	24/07/20	3,000	IRS	197	Fixed -0.115%	Euribor 3m
Total financial assets for derivatives – Interest rate risk					519		

At 30 September 2022, no derivatives have been arranged to hedge exchange-rate risk.

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

(Euro /000)	as at 30 September 2022		as at 31 December 2021	
	Positive fair value	Negative fair value	Positive fair value	Negative fair value
Interest rate risk	519	-	-	(88)
Total cash flow hedge	519	-	-	(88)

At 30 September 2022, all derivatives were tested for effectiveness, with positive outcomes.

In order to support its operations, the Group has various credit lines available from banks and other financial institutions, mainly in the form of invoice factoring credit lines, cash flexibility and mixed credit lines totalling 38,142 thousand Euro. Overall use of these lines at 30 September 2022 totals 1,237 thousand Euro, with a residual available amount of 36,905 thousand Euro.

No fees are due if these lines are not used.

Financial payables for IFRS 16 leases (current and non-current) at 30 September 2022 amount to 2,704 thousand Euro and reflect the application of IFRS 16 by the Group from 1 January 2019, which requires the initial recognition of financial payables corresponding to the value of the RoU assets classified as non-current assets. Financial payables for IFRS 16 leases are classified on the basis of their maturity as either current payables (due within one year), amounting to 901 thousand Euro, or non-current payables (due beyond one year), amounting to 1,803 thousand Euro.

The changes in this item during the first nine months of 2022 are detailed below:

(Euro /000)	31 December 2021	Increases	Decreases	Reclassifications	Change in scope of consolidation	Exchange rate differences	30 September 2022
Leasing payables under IFRS 16	2,761	673	(808)	-	-	78	2,704
Total	2,761	673	(808)	-	-	78	2,704

The changes in this item during the period ended 30 September 2021 are detailed below:

(Euro /000)	31 December 2020	Increases	Decreases	Reclassifications	Change in scope of consolidation	Exchange rate differences	30 September 2021
Leasing payables under IFRS 16	2,457	1,132	(808)	-	-	10	2,791
Total	2,457	1,132	(808)	-	-	10	2,791

Revenues from product sales

Revenues from product sales during the period ended 30 September 2022 amounted to 100,000 thousand Euro, up 17.1% compared with those reported at 30 September 2021, which amounted to 85,371 thousand Euro. The volume of sales continued to grow during the first nine months of 2022, following a trend that started during the fourth quarter of 2020 and was maintained throughout 2021.

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

(Euro /000)	30 September 2022	30 September 2021	Change	%
Sensors	66,675	57,352	9,323	16.3%
Automation components	33,325	28,019	5,306	18.9%
Total	100,000	85,371	14,629	17.1%

Total revenues include revenues from services of 2,645 thousand Euro (2,343 thousand Euro in the period ended 30 September 2021); see the section on “Group performance” for information about the performance of the various business areas and geographical regions.

Service costs

Service costs amounted to 16,979 thousand Euro, an overall increase of 2,750 thousand Euro compared with the total reported at 30 September 2021 of 14,229 thousand Euro. They are analysed below:

(Euro /000)	30 September 2022	30 September 2021	Change
Services	16,441	13,725	2,716
Use of third-party assets	538	504	34
Total	16,979	14,229	2,750

Following the adoption of IFRS 16, the lease instalments for the period no longer charged to the income statement as operating costs amounted to 975 thousand Euro (925 thousand Euro in the period 30 September 2021). The instalments on contracts excluded from the adoption of IFRS 16, based on the provisions of that standard, are still charged to the income statement; in particular, the use of third-party assets during the period ended 30 September 2022 amounted to 538 thousand Euro (compared to 504 thousand Euro in the same period of 2021).

With reference to services other than the lease instalments described above, this item increased by 2,716 thousand Euro during the first nine months of 2022 compared to the same period on the previous year; in particular, variable costs (outsourced processing and third-party services) have risen in proportion to the volume of sales, while utilities and commercial costs (especially travel and trade fairs) are also higher.

Personnel costs

Personnel costs amounted to 34,355 thousand Euro, up compared with 30 September 2021 by 4,156 thousand Euro, as analysed below:

(Euro /000)	30 September 2022	30 September 2021	Change
Salaries and wages	26,392	23,104	3,288
Social security contributions	6,265	5,609	656
Post-employment benefit reserve	1,442	1,239	203
Other costs	256	247	9
Total	34,355	30,199	4,156

The change mainly reflects the higher cost of wages and salaries compared to the first nine months of 2021, due to the increase in employment by the Group: 649 persons are employed in continuing operations at 30 September 2022, compared with 605 at 30 September 2021. In addition, a number of cost containment actions introduced on the outbreak of the Covid-19 pandemic were still in place during the first half of 2021 (reduction in the provisions for holidays and M.B.O. bonuses). These circumstances no longer apply.

Social security contributions include costs for the defined contribution plans of management (Previndai pension plan) totalling 38 thousand Euro (36 thousand Euro reported at 30 September 2021).

Other costs, up by 9 thousand Euro, include, among other items, restructuring costs resulting from the reorganisation of Group companies, as well as sales commissions recognised to employees.

Comparing the first nine months of 2022 with the same period in 2021, the average number of persons employed by the Group in continuing operations has risen by 23:

	30 September 2022	30 September 2021	Change
Managers	12	11	1
Clerical staff	413	400	13
Manual workers	206	197	9
Total	631	608	23

Provaglio d'Iseo, 10 November 2022

For the Board of Directors

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	Q2 2022	Q3 2022	TOT 2022
a Revenues	27,924	31,214	27,967	31,493	118,598	35,171	34,137	32,241	101,549
b Increases for internal work	252	269	226	529	1,276	241	270	173	684
c Consumption of materials and products	7,988	9,086	8,071	10,153	35,298	10,199	10,094	9,019	29,312
d Value Added (a+b-c)	20,188	22,397	20,122	21,869	84,576	25,213	24,313	23,395	72,921
e Other operating costs	4,605	5,189	5,024	5,961	20,779	5,351	5,903	6,318	17,572
f Personnel costs	9,803	10,554	9,842	11,144	41,343	11,255	11,617	11,483	34,355
g EBITDA (d-e-f)	5,780	6,654	5,256	4,764	22,454	8,607	6,793	5,594	20,994
h Depreciation, amortisation and impairment	1,651	1,663	1,652	1,674	6,640	1,716	1,763	1,796	5,275
i EBIT (g-h)	4,129	4,991	3,604	3,090	15,814	6,891	5,030	3,798	15,719
l Gains (losses) from financial assets/liabilities	191	(105)	(320)	58	(176)	237	249	413	899
m Gains (losses) from shareholdings valued at equity	5	1	3	11	20	8	5	7	20
n Profit (loss) before tax (i+l+m)	4,325	4,887	3,287	3,159	15,658	7,136	5,284	4,218	16,638
o Taxes	(992)	(1,081)	(826)	(844)	(3,743)	(1,790)	(1,403)	(1,418)	(4,611)
p Result from operational activities (n±o)	3,333	3,806	2,461	2,315	11,915	5,346	3,881	2,800	12,027
q Net income from assets available for sale	366	549	70	792	1,777	(503)	(3,893)	365	(4,031)
p Group net profit (loss) (p±q)	3,699	4,355	2,531	3,107	13,692	4,843	(12)	3,165	7,996

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

End-of-period exchange rates

Currency	30 September 2022	31 December 2021
Swiss franc	0.9561	1.0331
Pound sterling	0.8830	0.8403
U.S. dollar	0.9748	1.1326
Brazilian real	5.2584	6.3101
Chinese renminbi	6.9368	7.1947
Indian rupee	79.4250	84.2292
Turkish lira	18.0841	15.2335

Average exchange rates in the period

Currency	30 September 2022	30 September 2021	3Q 2022	3Q 2021
Swiss franc	1.0125	1.0903	0.9735	1.0825
Pound sterling	0.8469	0.8641	0.8564	0.8553
U.S. dollar	1.0650	1.1967	1.0070	1.1788
Brazilian real	5.4677	6.3809	5.2873	6.1593
Chinese renminbi	7.0210	7.7407	6.8977	7.6260
Indian rupee	82.3310	88.0773	80.3434	87.3346
Turkish lira	16.8449	9.6980	18.0687	10.0689

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	(2) 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 Elettroel. Ltda	Sao Paolo	Brazil	BRL	450,000	Gefran S.p.A.	99.90
Gefran India Private Ltd	(1) Pune	India	INR	100,000,000	Sensormate AG Gefran S.p.A.	0.10 95.00
Gefran Siei Asia Pte Ltd	Singapore	Singapore	EUR	3,359,369	Gefran S.p.A.	100.00
Gefran Siei Drives Tech. Co Ltd	(1) 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.	(2) 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

(1) Companies that include business units within the scope of the assets held for sale

(2) Companies included within the scope of the assets held for sale, sold on 3 and 4 October 2022

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 affiliates

Name	Registered office	Nation	Currency	Share capital	Parent company	% of direct ownership
Colombera S.p.A.	Iseo	Italy	EUR	8,098,958	Gefran S.p.A.	17
Woojin Plaimm Co Ltd	Seoul	South Korea	WON	3,200,000,000	Gefran S.p.A.	2.00



Declaration of the executive in charge of financial reporting

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

The undersigned **Paolo Beccaria**, Executive in charge of financial reporting, hereby declares, pursuant to article 154-*bis*, paragraph 2, of the TUF, that the accounting information contained in these Interim financial statements at 30 September 2022 accurately represents the details contained in the accounting records.

Provaglio d’Iseo, 10 November 2022

The Executive in charge of financial reporting

Paolo Beccaria