

# **INTERIM FINANCIAL REPORT AS AT MARCH 31, 2024**

(Translation into English of the original Italian version)



JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,461,355.84  
MILANO MONZA-BRIANZA LODI COMPANY REGISTER AND TAX CODE N. 00607460201  
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.  
REGISTERED OFFICE: 20121 MILANO, VIA CIOVASSINO, 1 - TEL. 02.467501  
OFFICES: 78280 GUYANCOURT (FRANCIA), IMMEUBLE DE RENAISSANCE, AVENUE CLAUDE MONET, 1  
SITO INTERNET: [WWW.SOGEFIGROUP.COM](http://WWW.SOGEFIGROUP.COM)

## BOARD OF DIRECTORS' REPORT ON OPERATIONS AS AT MARCH 31, 2024

### PERFORMANCE OF THE MARKET IN 2024

In the first quarter of 2024 world car production declined by 0.8% on the first quarter of 2023. Growth was reported in China (+4.3%) and India (+6.6%), a decline in Mercosur (-5.6%) and in Europe (-5.9%), a geographical area that in 2023 had shown a strong recovery, and substantial stability in NAFTA (+1.4%).

For the year 2024, *S&P Global* (IHS), a source commonly used in the sector, expects that world production will remain stable compared to 2023, with a positive trend in China and India, substantial stability in NAFTA and Mercosur and a decline of 2.6% in Europe.

### INFORMATION ON OPERATIONS

Taking into account the agreement signed on 23 February 2024 for the sale of the Filtration Business Unit, the income statement figures for the first quarters of 2023 and 2024 of these businesses are shown in accordance with IFRS 5, i.e. reclassifying the result of the business to the item “income from assets held for sale and discontinued operations”. Therefore, the figures commented on below refer to the consolidation of the continuing businesses and exclude Filtration.

The consolidated revenues of the Group recorded a decline of 3.9% (-3.1% at constant exchange rates) compared to the first quarter of 2023 because of the lower production volumes in Europe due to the performance of the market (-5.9%).

#### **The results showed a significant improvement compared to the first quarter of 2023:**

- **EBITDA**<sup>1</sup>, totalling Euro 33.7 million, was up by 30.9% compared to the same period of 2023, with an EBITDA margin of 12.8%;
- **EBIT**, amounting to Euro 14.6 million, was significantly higher than in first quarter 2023, Euro 6.5 million, with an EBIT margin of 5.6% of revenues, up from 2.4%;
- **Net income from continuing operations** was Euro 5.6 million;
- **Total net income**, including the net income of the Filtration business, destined for disposal, came in at Euro 15 million (+13.5% versus Euro 13.2 million in the first quarter of 2023);
- **Free cash flow** was a positive Euro 30.7 million (Euro 39.6 million in first quarter 2023);

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<sup>1</sup> EBITDA is calculated by adding “EBIT”, the item “Depreciation and amortization” and the amount of writedowns of tangible and intangible assets posted in “Other non-operating expenses (income)” for Euro +0.1 million at 31 March 2024 (Euro 0 million in the corresponding period last year).

- **Net debt** (before IFRS 16) declined to Euro 171.4 million at 31 March 2024, compared to Euro 200.7 million at 31 December 2023 and Euro 186.9 million at 31 March 2023.

Commercial activity was positive both in terms of total value of the contracts acquired and in terms of mix, with 48% of the value of the new contracts acquired during the year destined for E-mobility. Significant new contracts were awarded in Europe, China and North America.

Air and Cooling obtained most of its new orders in North America and China for the supply of air manifolds and water pumps. 46% of the value of the new contracts obtained by the Air and Cooling division in first quarter 2024 was for components for E-mobility platforms.

Suspensions obtained new business mainly for the supply of stabilizer bars in China to a totally electric player, and in India to a producer of buses. 57% of the value of the new contracts obtained in first quarter 2024 by the Suspensions divisions were for components for E-mobility platforms.

## RESULTS OF FIRST QUARTER 2024

### Revenues

**Revenues** for the first quarter of 2024 came in at Euro 263.2 million and were down by 3.9% at current exchange rates and by 3.1% at constant exchange rates on the numbers for first quarter 2023.

#### Sales revenues by geographic area

(in millions of Euro)	Q1 2024	Q1 2023	reported change 2024 vs 2023	constant exchange rates 2024 vs 2023	reference market production
	<i>Amount</i>	<i>Amount</i>	%	%	%
Europe	152.1	166.1	(8.5)	(8.4)	(5.9)
North America	56.1	56.5	(0.7)	0.3	1.4
South America	25.1	24.7	1.6	1.5	(5.6)
India	4.9	4.5	7.5	9.9	6.6
China	25.8	23.9	8.0	14.9	4.3
Intercompany elimination	(0.8)	(1.7)			
<b>TOTAL</b>	<b>263.2</b>	<b>274.0</b>	<b>(3.9)</b>	<b>(3.1)</b>	<b>(0.8)</b>

The performance of revenues was affected mainly by the evolution recorded in Europe (-8.5%), caused principally by the downturn in the market (-5.9%). In South America and North America revenues were substantially unchanged at +1.5% e +0.3% respectively at constant exchange rates, while in China and India they showed growth of 14.9% and +9.9% respectively at constant exchange rates.

## Sales revenue by business sector

(in millions of Euro)	Q1 2024	Q1 2023	reported change 2024 vs 2023	constant exchange rates 2024 vs 2023
	<i>Amount</i>	<i>Amount</i>	<i>%</i>	<i>%</i>
Suspensions	146.5	155.3	(5.7)	(5.2)
Air and Cooling	117.1	118.7	(1.4)	(0.1)
Intercompany elimination	(0.3)	-		
<b>TOTAL</b>	<b>263.2</b>	<b>274.0</b>	<b>(3.9)</b>	<b>(3.1)</b>

Suspensions reported a decline in revenues of 5.7% (-5.2% at constant exchange rates) affected by the unfavourable trend of the market in Europe; by contrast, significant growth was recorded in China and India which posted +55.7% and +9.9% respectively at constant exchange rates.

Air and Cooling reported revenues that were down by 1.4% (-0.1% at constant exchange rates), outperforming the market in Europe (+0.9%) and holding up well in the North American market.

## Overview of consolidated income statement

(in millions of Euro)	Note	Q1 2024		Q1 2023		Change	
		<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>	<i>Amount</i>	<i>%</i>
Sales revenues		263.2	100.0	274.0	100.0	(10.8)	(3.9)
Variable cost of sales		188.5	71.6	203.3	74.2	(14.8)	(7.3)
<b>CONTRIBUTION MARGIN</b>		<b>74.7</b>	<b>28.4</b>	<b>70.7</b>	<b>25.8</b>	<b>4.0</b>	<b>5.7</b>
Fixed Costs	(a)	40.4	15.4	42.2	15.4	(1.9)	(4.1)
Restructuring costs		0.7	0.2	0.3	0.1	0.4	131.3
Other expenses (income)	(b)	(0.1)	(0.0)	2.4	0.9	(2.4)	(103.3)
EBITDA	(c)	33.7	12.8	25.8	9.4	7.9	30.9
Depreciation and amortization/Write-downs	(d)	19.1	7.2	19.3	7.0	0.2	1.1
EBIT		14.6	5.6	6.5	2.4	8.1	123.3
<b>NET INCOME (LOSS) OF OPERATING ACTIVITIES</b>		<b>5.6</b>	<b>2.1</b>	<b>0.8</b>	<b>0.3</b>	<b>4.8</b>	<b>571.4</b>
Net income (loss) from discontinued operations, net of tax effects		10.4	3.9	13.2	4.8	(2.8)	(21.0)
Loss (Income) attributable to non-controlling interests		(1.0)	(0.3)	(0.8)	(0.3)	(0.2)	(22.5)
<b>GROUP NET RESULT</b>		<b>15.0</b>	<b>5.7</b>	<b>13.2</b>	<b>4.8</b>	<b>1.8</b>	<b>13.5</b>

(\*) The notes in the table are explained in detail in the annex at the end of this report

**EBITDA** came in at Euro 33.7 million, posting growth of 30.9% on first quarter 2023 (Euro 25.8 million). The EBITDA margin rose from 9.4% in 2023 to 12.8% in the same period of 2024.

The contribution margin rose by 5.7% compared to the first quarter of 2023, with a profit margin (the ratio in % of the contribution margin/revenues) widening from 25.8% in first quarter 2023 to 28.4% in the same period of 2024 thanks partly to lower raw material and energy costs.

The impact of fixed costs on revenues was 15.4%, unchanged from 2023.

Other charges, which in particular include exchange rate differences, made a positive contribution of Euro 0.1 million to EBITDA versus a negative contribution of Euro 2.4 million in first quarter 2023.

**EBIT** totalled Euro 14.6 million, up from Euro 6.5 million in the first quarter of 2023, and the ratio to revenues rose from 2.4% in first quarter 2023 to 5.6% in the same period of 2024. The increase mainly reflects the improvement in the results of Suspensions.

Financial expense, equal to Euro 5.1 million, was higher than that of the same period of 2023 (Euro 4.1 million) mainly due to the (no cash) financial charges relating to the application of IAS 29 (Financial Reporting in Hyperinflationary Economies) to the Argentinian subsidiary. Tax expense came to Euro 3.9 million (Euro 1.6 million in first quarter 2023).

The **net income from operating activities** was a positive Euro 5.6 million versus Euro 0.8 million in the same period of the previous year.

The net result of “assets held for sale and discontinued operations” (Filtration) came to Euro 10.4 million in the first quarter of 2024, down from Euro 13.2 million in first quarter 2023 taking also into account the non-recurring costs relating to the extraordinary transaction in progress.

The Group reported net income of Euro 15 million, posting a 13.5% increase from Euro 13.2 million in the previous year thanks to the higher net result of continuing operations (Suspensions and Air and Cooling).

**Free Cash Flow** was positive for Euro 30.7 million versus Euro 39.6 million in first quarter 2023.

At 31 March 2024 **shareholders’ equity**, excluding minority interests, stood at Euro 295.5 million, up from Euro 272.9 million at 31 December 2023. The increase reflects the net result for the period, the positive currency translation differences, the fair value of cash flow hedging instruments and other changes.

The **net financial debt before IFRS 16** amounted to Euro 171.4 million at 31 March 2024, down from Euro 200.7 million at 31 December 2023 and Euro 186.9 at 31 March 2023. Including financial payables for rights of use, in compliance with IFRS 16, net debt totalled Euro 235.7 million at 31 March 2024 compared to Euro 266.1 million at 31 December 2023 and Euro 255.9 at 31 March 2023.

At 31 March 2024 the Group had committed credit lines in excess of its requirements for Euro 258 million.

The Sogefi Group had 3,350 **employees** at 31 March 2023 (excluding employees of the Filtration division destined for sales), compared to 3,405 at 31 March 2023.

## PERFORMANCE OF BUSINESS UNITS

### Suspension Business Unit

In the first quarter of 2024, the Suspension business unit reported revenues of Euro 146.5 million, down 5.7% (-5.2% at constant exchange rates). The decline is mainly due to the unfavorable trend in Europe (-11.9%) influenced by the market downturn. Revenues, on the other hand, had a very positive trend in China (+46.5% at current exchange rates and +55.7% at constant exchange rates) and India (+7.5% at current exchange rates and +9.9% at constant exchange rates).

Despite the decline in revenue, contribution margin increased by 10.7% compared to the first quarter of 2023, with the % contribution margin/sales ratio improving from 23.9% in the first quarter of 2023 to 28% in the first quarter of 2024 thanks also to the reduction of energy and material costs.

EBITDA amounted to Euro 13.8 million, compared to Euro 9.7 million in the first quarter of 2023, with the EBITDA margin improving to 9.5% compared to 6.2% in the same period of 2023.

EBIT was positive and equal to Euro 5.7 million, compared to Euro 1.0 million in the same period of 2023.

The improvement achieved in the first months of 2024 reflects, in addition to the factors already mentioned, also the interventions implemented in Europe, including the concentration of production capacity with the closure of two factories over the last three years, as well as the progressive ramp up and the new factory in Romania.

Employees of the business unit at 31 March 2024 were 2,031 (2,130 at 31 March 2023).

### Air & Cooling Business Unit

In the first quarter of 2024, revenues, equal to Euro 117.1 million, recorded a decline of 1.4% at current exchange rates and were essentially stable (-0.1%) at constant exchange rates compared to the same period of 2023, thanks to a performance in Europe (+0.9%) significantly better than the market. In North America, revenues were essentially stable at current exchange rates (+0.8% at constant exchange rates).

The contribution margin increased by 1.6% compared to the first quarter of 2023, with the contribution margin/turnover ratio slightly increasing, from 28.3% to 29.2%, thanks to the lower impact of raw material costs.

EBITDA amounted to Euro 20.7 million (Euro 19.4 million in the first quarter of 2023), with an EBITDA margin of 17.7% (16.4% in the first quarter of 2023).

EBIT amounted to Euro 10.4 million, up compared to Euro 9.7 million in the previous year, and the EBIT/turnover % ratio increased from 8.2% to 8.9%.

There were 1,265 employees at March 31, 2024 (1,219 at March 31, 2023).

## **IMPACTS OF THE MACROECONOMIC ENVIRONMENT, THE COVID-19, THE RUSSIA-UKRAINE AND GAZA-ISRAEL CONFLICT AND THE CLIMATE CHANGE ON OPERATIONS**

### *Impact of the macroeconomic environment on operations*

With reference to the macroeconomic context, in 2024 a moderately positive evolution of the economies of the main geographical areas in which Sogefi operates and stable global car production is expected. In this context, Sogefi achieved a reduction in revenues of 3.1% at constant exchange rates in the first quarter of 2024. As regards the prices of raw materials and energy, the first months of 2024 confirm a certain stability, already recorded in the second part of 2023, but they remain exposed to volatility risks exacerbated by geopolitical tensions. Inflationary tensions also remain on labor costs in certain geographical areas.

Faced with this situation, the Group carefully monitors production costs and maintains a constant dialogue with suppliers and customers to safeguard its margins.

### *Impacts of the Russia-Ukraine and Gaza-Israel conflict on operations*

The direct impact of the Russia-Ukraine conflict on activity was found to be insignificant. Indeed, Sogefi had a marginal commercial activity in Russia which was discontinued as of March 2022 and the Russian branch was liquidated in 2023.

Sogefi, like the entire automotive sector, has instead suffered the indirect impacts of the war, and in particular the increase in energy and raw material prices. The trend reversed during the second half of 2022, with a certain stabilization, as already mentioned, over the last few months.

No direct impacts of the Gaza-Israel conflict are expected on the Group's activities, as Sogefi does not have direct activities in the areas involved. The conflict could have impacts on the supply chain by generating delays in deliveries of materials transiting the Suez Canal. Sogefi carefully monitors this risk by adopting appropriate mitigation measures (creation of safety stocks, evaluation of alternative suppliers). At present it is not possible to evaluate any further indirect impacts.

### *Climate change and transition risks*

Please refer to the Annual Financial Report at 31 December 2023 for the analysis of the impacts related to climate change and transition risks.

## **MAJOR EVENTS OCCURRED AFTER 31 MARCH 2024**

No significant events occurred after 31 March 2024 that could have had an impact on the income statement, balance sheet and financial data presented.

## **OUTLOOK FOR THE YEAR**

Visibility as to the trend of the automotive market in 2024 remains limited due to uncertainty linked to the evolution of the macroeconomic and geopolitical scenarios. S&P Global (IHS) expects that after the growth reported in 2023 world car production will remain stable, with Europe declining by 2.6%, marginal growth in China and India and overall stability in the other geographical areas.

As far as commodity and energy prices are concerned, the early months of 2024 have confirmed a certain stability, already seen in the second half of 2023, but prices remain exposed to the risk of higher volatility caused by geopolitical tensions. The pressure of inflation on labour costs also remains a source of tension in certain geographical areas. In this scenario the Group is constantly monitoring performance in the various geographical areas and seeking fair agreements with all of its customers with regard to selling prices.

In the absence of any factors causing the macroeconomic scenario to deteriorate compared to today and assuming that the Filtration division will be deconsolidated in line with what has already been disclosed, for 2024 it is expected that for the divisions that continue to operate (Suspensions and Air and Cooling) there will be low single-digit revenue growth, higher than that forecast for the automotive market, with operating profitability, excluding non-recurring charges, showing an improvement on that reported for the year 2023 and a positive net result.

Milan, April 22, 2024

For THE BOARD OF DIRECTORS  
The Chief Executive Officer  
Frédéric Sipahi



ANNEX: NOTES RECONCILING THE FINANCIAL STATEMENTS SHOWN IN THE REPORT ON OPERATIONS AND THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 MARCH 2024

- (a) The item corresponds to the sum of the lines “Manufacturing and R&D overheads”, “Distribution and sales fixed expenses” and “Administrative and general expenses”;
- (b) The item corresponds to the sum of the lines “Losses (gains) on disposal”, “Exchange (gains) losses” and “Other non-operating expenses (income)”, with the exception of the amount relating to the write-downs of tangible and intangible fixed assets;
- (c) The item corresponds to the sum of the lines “EBIT”, “Depreciation and amortization” and the amount of the write-downs of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)”;
- (d) The item corresponds to the sum of the lines “Depreciation and amortization” and the amount of the write-downs of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)”.

## SOGEFI GROUP

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of Euro)

<b>ASSETS</b>	<b>03.31.2024</b>	<b>12.31.2023</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	89.0	78.2
Other financial assets	6.0	5.1
Inventories	82.9	138.2
Trade receivables	105.2	166.9
Other receivables	11.4	13.4
Tax receivables	27.1	28.1
Other assets	5.7	3.4
<b>ASSETS HELD FOR SALE</b>	<b>382.3</b>	<b>-</b>
<b>TOTAL CURRENT ASSETS</b>	<b>709.6</b>	<b>433.3</b>
<b>NON-CURRENT ASSETS</b>		
Land	3.7	9.8
Property, plant and equipment	266.6	358.9
Other tangible fixed assets	4.1	6.2
Rights of Use	41.7	59.7
Intangible assets	109.2	203.4
Other financial assets	9.6	6.8
Financial receivables	2.5	2.8
Other receivables	19.4	31.4
Deferred tax assets	27.7	33.0
<b>TOTAL NON-CURRENT ASSETS</b>	<b>484.4</b>	<b>712.0</b>
<b>TOTAL ASSETS</b>	<b>1,194.0</b>	<b>1,145.3</b>

<b>LIABILITIES</b>	<b>03.31.2024</b>	<b>12.31.2023</b>
<b>CURRENT LIABILITIES</b>		
Bank overdrafts and short-term loans	2.2	0.7
Current portion of medium/long-term financial debts and other loans	65.3	63.3
Short-term financial debts for rights of use	8.7	12.7
Other short-term liabilities for derivative financial instruments	-	-
Trade and other payables	221.4	334.0
Tax payables	11.5	10.7
Other current liabilities	28.8	38.2
Current provisions	10.9	12.4
<b>LIABILITIES RELATED TO ASSETS HELD FOR SALE</b>	<b>205.8</b>	<b>-</b>
<b>TOTAL CURRENT LIABILITIES</b>	<b>554.6</b>	<b>472.0</b>
<b>NON-CURRENT LIABILITIES</b>		
Financial debts to bank	172.1	184.4
Non current portion of medium/long-term financial debts and other loans	45.3	45.2
Medium/long-term financial debts for right of use	36.0	52.7
Other medium/long-term financial liabilities for derivative financial instruments	-	-
Non-current provisions	15.6	23.8
Other payables	40.6	56.5
Deferred tax liabilities	19.7	23.3
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>329.3</b>	<b>385.9</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	62.5	62.5
Reserves and retained earnings (accumulated losses)	218.0	152.6
Group net result for the period	15.0	57.8
<b>TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY</b>	<b>295.5</b>	<b>272.9</b>
Non-controlling interests	14.6	14.5
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>310.1</b>	<b>287.4</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>1,194.0</b>	<b>1,145.3</b>

## SHAREHOLDERS' EQUITY

(in millions of Euro)	<b>Consolidated share holders' equity - Group</b>	<b>Capital and reserves pertaining to non-controlling interests</b>	<b>Total Group and non-controlling share holders' equity</b>
Balance at December 31, 2023	272.9	14.4	287.3
Dividends	0.0	0.0	0.0
Currency translation differences	0.8	0.0	0.8
Fair value cash flow hedging instruments	(0.2)	0.0	(0.2)
Other changes	7.0	(0.8)	6.2
Net result for the period	15.0	1.0	16.0
Balance at March 31, 2024	295.5	14.6	310.1

## CONSOLIDATED INCOME STATEMENT RECLASSIFIED

(in millions of Euro)	Period		Period		Change	
	01.01 – 03.31.2024		01.01 – 03.31.2023 (*)			
	Amount	%	Amount	%	Amount	%
Sales revenues	263.2	100.0	274.0	100.0	(10.8)	(3.9)
Variable cost of sales	188.5	71.6	203.3	74.2	(14.8)	(7.3)
<b>CONTRIBUTION MARGIN</b>	<b>74.7</b>	<b>28.4</b>	<b>70.7</b>	<b>25.8</b>	<b>4.0</b>	<b>5.7</b>
Manufacturing and R&D overheads	23.6	9.0	24.9	9.1	(1.3)	(4.9)
Depreciation and amortization	19.2	7.3	19.2	7.0	-	(0.2)
Distribution and sales fixed expenses	3.7	1.4	3.7	1.3	-	(0.3)
Administrative and general expenses	13.1	5.0	13.7	5.0	(0.6)	(3.8)
Restructuring costs	0.7	0.2	0.3	0.1	0.4	131.3
Losses (gains) on disposal	-	-	-	-	-	-
Exchange (gains) losses	(0.7)	(0.3)	2.0	0.7	(2.7)	(132.9)
Other non-operating expenses (income)	0.5	0.2	0.4	0.1	0.1	22.0
<b>EBIT</b>	<b>14.6</b>	<b>5.6</b>	<b>6.5</b>	<b>2.4</b>	<b>8.1</b>	<b>123.3</b>
Financial expenses	7.1	2.8	5.8	2.1	1.3	21.4
Financial (income)	(2.0)	(0.8)	(1.7)	(0.6)	(0.4)	20.2
Losses (gains) from equity investments	-	-	-	-	-	-
<b>RESULT BEFORE TAXES</b>	<b>9.5</b>	<b>3.6</b>	<b>2.4</b>	<b>0.9</b>	<b>7.1</b>	<b>290.4</b>
Income taxes	3.9	1.5	1.6	0.6	2.3	146.4
<b>NET INCOME (LOSS) OF OPERATING ACTIVITIES</b>	<b>5.6</b>	<b>2.1</b>	<b>0.8</b>	<b>0.3</b>	<b>4.8</b>	<b>571.4</b>
Net income (loss) from discontinued operations, net of tax effects	10.4	3.9	13.2	4.8	(2.8)	(21.0)
<b>NET RESULT INCLUDING THIRD PARTY</b>	<b>16.0</b>	<b>6.0</b>	<b>14.0</b>	<b>5.1</b>	<b>2.0</b>	<b>14.0</b>
Loss (Income) attributable to non-controlling interests	(1.0)	(0.3)	(0.8)	(0.3)	(0.2)	(22.5)
<b>GROUP NET RESULT</b>	<b>15.0</b>	<b>5.7</b>	<b>13.2</b>	<b>4.8</b>	<b>1.8</b>	<b>13.5</b>

(\*) The values for the first quarter of 2023, relating to “Asset for sale”, were reclassified following the application of IFRS 5 “Non-current asset held for sale and discontinued operations” to the line “Net income (loss) from discontinued operations, net of tax effects”.

## CONSOLIDATED NET FINANCIAL POSITION

(in millions of Euro)	03.31.2024	12.31.2023	03.31.2023
A. Cash	95.5	78.2	145.0
B. Cash equivalents	-	-	-
C. Other current financial assets	6.0	5.1	5.4
<b>D. Liquidity (A) + (B) + (C)</b>	<b>101.5</b>	<b>83.3</b>	<b>150.4</b>
E. Current Financial Debt (including debt instruments, but excluding current portion of non-current financial debt)	2.2	2.0	1.8
F. Current portion of non-current financial debt	77.5	72.5	91.7
<b>G. Current financial indebtedness (E) + (F)</b>	<b>79.7</b>	<b>74.5</b>	<b>93.5</b>
<b>H. Net current financial indebtedness (G) - (D)</b>	<b>(21.8)</b>	<b>(8.8)</b>	<b>(56.9)</b>
I. Non-current financial debt (excluding the current portion and debt instruments)	221.3	234.7	262.4
J. Debt instruments	45.8	47.0	53.9
K. Non-current trade and other payables	-	-	-
<b>L. Non-current financial indebtedness (I) + (J) + (K)</b>	<b>267.1</b>	<b>281.7</b>	<b>316.3</b>
<b>M. Total financial indebtedness (H) + (L)</b>	<b>245.3</b>	<b>272.9</b>	<b>259.4</b>
Other non current financial assets	9.6	6.8	3.5
<b>Financial indebtedness net, including other non current financial assets (as Net Financial Position reported in Consolidated Cash Flow Statement)</b>	<b>235.7</b>	<b>266.1</b>	<b>255.9</b>

## CONSOLIDATED CASH FLOW STATEMENT

(in millions of Euro)	03.31.2024	12.31.2023	03.31.2023
SELF-FINANCING	43.8	168.7	42.4
Change in net working capital	7.3	(27.4)	18.2
Other medium/long-term assets/liabilities	(0.2)	(3.4)	(1.9)
<b>CASH FLOW GENERATED BY OPERATIONS</b>	<b>50.9</b>	<b>137.9</b>	<b>58.7</b>
Net decrease from sale of fixed assets	0.5	10.8	1.2
<b>TOTAL SOURCES</b>	<b>51.4</b>	<b>148.7</b>	<b>59.9</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>19.1</b>	<b>106.6</b>	<b>19.9</b>
Net financial position of subsidiaries purchased/sold during the period	-	0.1	0.1
Exchange differences on assets/liabilities and equity	(1.6)	(4.3)	(0.5)
<b>FREE CASH FLOW</b>	<b>30.7</b>	<b>37.9</b>	<b>39.6</b>
Dividends paid by subsidiaries to non-controlling interests	-	(6.3)	-
Change in fair value derivative instruments	(0.3)	(2.8)	(0.6)
<b>CHANGES IN SHAREHOLDERS' EQUITY</b>	<b>(0.3)</b>	<b>(9.1)</b>	<b>(0.6)</b>
<b>Change in net financial position</b>	<b>30.4</b>	<b>28.8</b>	<b>39.0</b>
<b>Opening net financial position</b>	<b>(266.1)</b>	<b>(294.9)</b>	<b>(294.9)</b>
<b>CLOSING NET FINANCIAL POSITION</b>	<b>(235.7)</b>	<b>(266.1)</b>	<b>(255.9)</b>

## **CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Introduction**

The consolidated Interim financial report as at 31 March 2024, which has not been externally audited, has been prepared in compliance with International Accounting Standards (IAS/IFRS) and to this end, the financial statements of consolidated companies have been duly reclassified and adjusted.

The interim financial report has been drawn up in accordance with the provisions of art. 154-ter, paragraph 5 of Legislative Decree no. 58 of 2/24/98 (Consolidated Law on Finance) and subsequent amendments. Therefore, the provisions of the international accounting standard regarding interim financial information (IAS 34 “Interim financial reporting”) have not been adopted.

### **2. Consolidation principles**

Consolidation is performed on a line-by-line basis. The criteria adopted for the application of this method have not changed with respect to those used as at 31 December 2023.

### **3. Accounting Standards applied**

The accounting standards applied in the preparation of the financial statements as at 31 March 2024 are the same as those applied to the financial statements as at 31 December 2023.

This financial information has been prepared on a going concern basis.

#### **3.1 Application of IFRS 5 “Non-current assets held for sale and discontinued operations” to the Filtration division**

On 23 February 2024, Sogefi, as part of a process to enhance the value of its Filtration division, entered into a put option agreement with the US investment fund Pacific Avenue, under which Carta Acquisition France S.A.S. (“Carta France”) and Carta Acquisition U.S., Inc. (“Carta US”), which are companies referred to the fund, have made unilateral, unconditional and irrevocable commitments to purchase, respectively, -in the event Sogefi exercises the put option- the entire share capital of Sogefi Filtration S.A. and Sogefi USA Inc..

Under the terms of the put option agreement, Sogefi granted Carta US and Carta France a six-month exclusivity.

The exercise of the put option by Sogefi and the signing of the purchase agreement can only take place when the consultation procedure with the trade union representatives shall be completed, as required by French law.

The transaction is in any case subject to obtaining FDI (Foreign Direct Investment) clearance in Slovenia and antitrust clearance in Morocco.

It is expected that the transaction can be finalised within six months from today’s date.

The consideration for the transaction is based on an enterprise value price of Euro 374 million, corresponding to an equity value, to be paid entirely in cash, currently estimated at about Euro 330 million, which would be determined at the closing based on agreed bridge to equity. It takes into account adjustments on Working Capital and Net Financial Position, in line with the standards for this type of transaction, considering the transfer to the purchaser of only the IFRS16 component of the Business Unit's financial payables, equal to about Euro 21 million.

Based on the estimated equity value, the transaction would result in a capital gain of approximately Euro 130 million, based on the book values as at 31 December 2023.

Subject to the completion of the transaction, at least 50% of the proceeds from the sale will be used to reduce the group's liabilities (Euro 235.7 million as at 31 March 2024; Euro 171.4 million without considering IFRS 16 liabilities); the Board of Directors will consider distribution of the remaining amount.

As of 31 December 2023, the Filtration division did not comply with the requirements required to be classified as discontinued operations, as such a sale was not highly probable at the end of the financial year (for further details, please refer to the Financial Report as of 31 December 2023, note Subsequent events).

From the date of the put option agreement (23 February 2024), the conditions are considered to be met for the purposes of representing the Filtration division as a discontinued operation pursuant to IFRS 5.

Therefore, in the income statement for the first quarter of 2024 and, for comparative purposes, for the first quarter of 2023, the revenues, costs and profits or losses deriving from the discontinued operating activity (including sales costs) were reclassified under the item "Net income/( loss) from discontinued operations, net of tax effects".

In the balance sheet as at 31 March 2024, the assets and liabilities relating to the Filtration division have been reclassified into the items "Assets held for sale" and "Liabilities related to assets held for sale".

The free cash flow of the Filtration division in the first quarter of 2024 amounted to Euro 1.8 million, down compared to Euro 25.1 million in the first quarter of 2023 mainly due to higher intercompany payments (for approximately Euro 12.6 million) to the perimeter of continuing operations.

**DECLARATION PURSUANT TO ART. 154-BIS, PARAGRAPH 2, LEGISLATIVE DECREE  
NO. 58/1998**

**Subject: Interim financial report as at March 31, 2024**

The undersigned, Mrs Maria Beatrice De Minicis - Manager responsible for preparing the Company's financial reports-

declares

pursuant to paragraph 2 of article 154-bis of the Consolidated Law on Finance that the accounting information contained in this document corresponds to the document results, books and accounting records.

Milan, April 22, 2024

SOGEFI S.p.A  
(Maria Beatrice De Minicis)