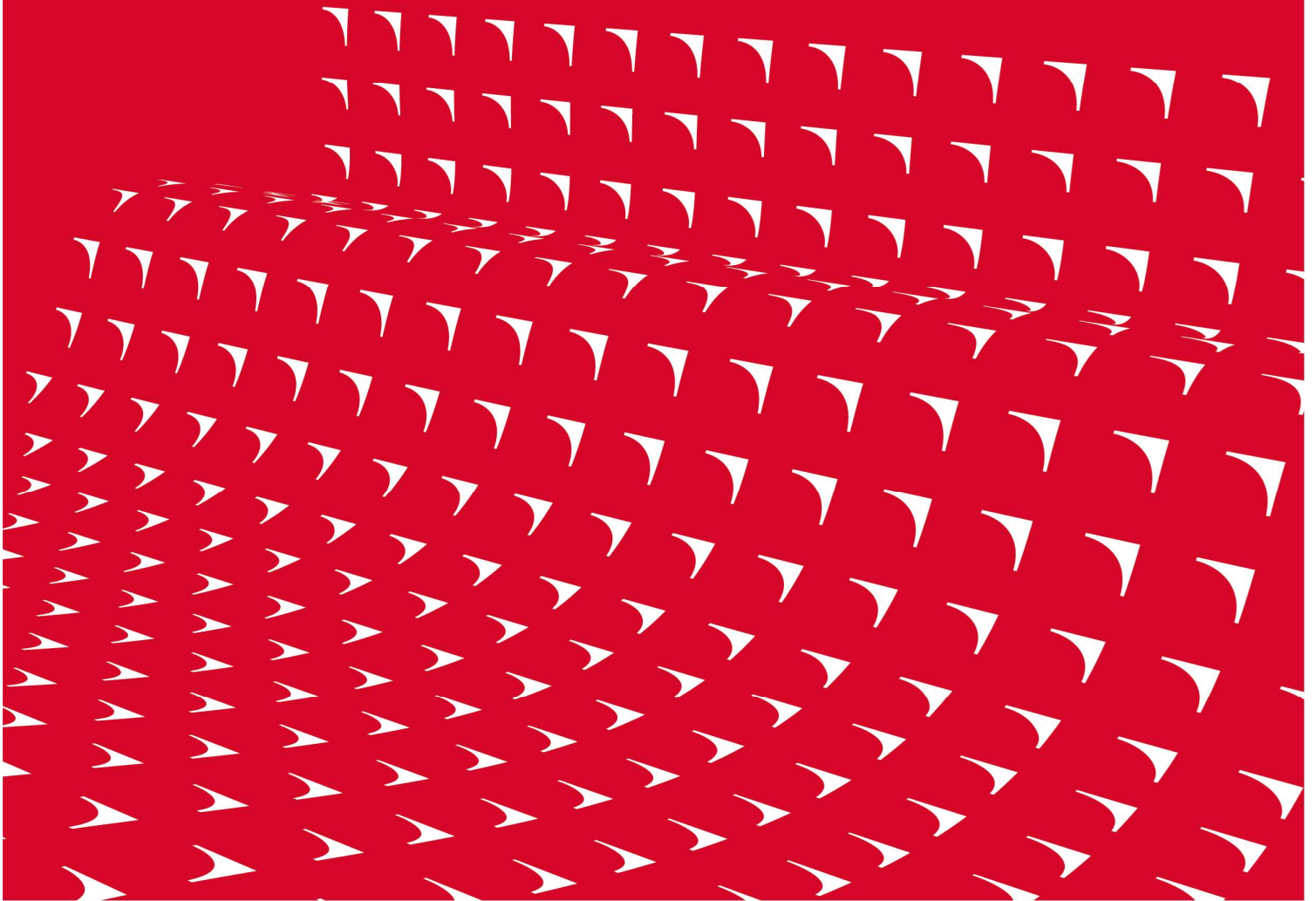




Interim financial report

at 30 September 2020





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37 Certification pursuant to art. 154 bis, paragraph 2, of Legislative Decree 58/1998



CIR S.p.A.

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Share Capital € 638.603.657 – Chamber of commerce no. 1950090

Milan Company Register/ Tax Code / VAT no. 01792930016

The Company is subject to management and coordination by F.LLI DE BENEDETTI S.p.A.

Report on operations



Report on operations

1. Key figures

In the **third quarter of the year** a recovery was underway in all activities, with consolidated revenue up by 0.7% compared with the corresponding period of 2019, EBITDA and EBIT in progress and a net result of € 10 million, higher than that of third quarter 2019.

In the healthcare sector, KOS posted a recovery in rehabilitation services, following the resumption of hospital activities in a quarter when the health system was a bit less under stress from the Covid-19 pandemic.

In the automotive sector, thanks to a better performance in terms of revenue than the reference market and measures to contain costs, Sogefi closed the quarter with a positive result.

Lastly, as regards the financial assets of CIR, the holding company, and of its non-industrial subsidiaries, in line with the markets, stock prices recovered, offsetting the losses made in the first six months of the year.

The results of the **first nine months of 2020** remain heavily penalized by the first half of the year, a period when all activities were heavily affected by the pandemic and the particularly restrictive measures that had to be adopted.

Consolidated revenue amounted to € 1,329.4 million, 13.0% down on 2019.

The consolidated **gross operating profit** (EBITDA) amounted to € 174.2 million, 13.7% lower than in the first nine months of 2019 (€ 201.8 million).

Consolidated **operating profit** was € 12.9 million compared with € 66.0 million in the same period of 2019, reflecting the decline in EBITDA and the increase in amortization and depreciation due to consolidation of the KOS business in Germany, acquired at the end of 2019.

The **loss for the period** was € 20.2 million, compared with a profit of € 5.4 million in the same period of 2019. The loss has been reduced significantly compared with the first half.

As already highlighted in the interim financial report, **KOS's** business was affected by the health emergency in all sectors, with a significant impact on the economic performance. In the care homes in Italy, the activity focused on the problems involved in managing the health emergency and new arrivals were blocked for months; over the last few months, new arrivals have resumed and the number of guests has stabilized, but the occupancy rate is significantly lower than in 2019. In the care homes in Germany the impact of the pandemic was decidedly lower from a health point of view, so the decline in the number



of guests was also lower than in Italy. During the first half, there was a decrease in patients in the rehabilitation facilities following the slowdown in normal hospital activity in a situation of stress for the health system; day hospital activities were suspended or drastically reduced, as were diagnostics; however, during the third quarter there was a strong recovery, with activities increasing compared with the same period of 2019.

Revenue amounted to € 468.8 million, up by 23.7% compared with the same period of 2019 (a decrease of 10.5% on a like-for-like basis, excluding Charleston, a group acquired in October 2019, operating in Germany in the care homes sector). EBIT came to € 26.8 million, compared with € 44.2 million in 2019, due to the decline in guests and patients in Italy following the Covid-19 emergency and the higher costs incurred in protection measures to cope with and contain the effects of the pandemic. The profit for the period was € 4.9 million, compared with € 23.5 million in 2019.

In September, KOS reached a binding agreement with DWS Alternatives Global Limited ("DWS") to sell Medipass S.r.l. ("Medipass") to it, excluding the activities in India, which will remain part of KOS. The agreed enterprise value is € 169 million and the equity value is estimated at around € 103 million (with a possible additional earn-out of € 2.5 million), net of the outlay incurred by KOS for the purchase of the activities in India. Completion of the deal is subject to receiving the necessary approvals from the competent authorities and some waivers from third parties, which at present are almost entirely satisfied; the operation is therefore expected to be completed by the end of November 2020. It will give rise to a capital gain for KOS of over € 50 million. In application of IFRS 5, the assets and liabilities of the Medipass group (excluding the assets in India) have been assessed and classified in the income statement and statement of financial position as "held for sale", without the capital gain, which will only be recognized at the time of closing the operation, in accordance with the standard. The sale of Medipass is part of KOS's strategy of focusing on its core activities (long-term care) in Italy and Germany.

Turning to **Sogefi**, in the third quarter world car production had a distinct recovery, with volumes down by just 3.5% compared with the same period of 2019, after the unprecedented collapse suffered during the first half (-33.2%) due to the spread of Covid-19.

In this context, Sogefi had a positive third quarter, with revenue down by 8.1% and a profit of € 5.6 million (compared with € 1.4 million in the third quarter of 2019), thanks to the measures taken to cope to the crisis, which made it possible to increase margins to 31%, compared with 30.3% in 2019 and 29.5% in the second quarter, and reduce fixed costs by 20%, falling as a percentage of sales from 17% in third quarter 2019 to 15% in 2020.

The first nine months of 2020 are still affected a great deal by the first half: revenue came to € 860.6 million, down by 25.1% on 2019, EBITDA to € 94.7 million, compared with € 130.7 million in 2019, and the period closed with a loss of € 23.2 million (versus a profit of € 8.3 million in 2019).

Despite the situation in the first nine months, since the beginning of the year Sogefi has managed to sign new contracts for a total amount that is more or less in line with previous years and with the objectives of maintaining or increasing market share.



With reference to the **financial investments** of the holding company and subsidiaries dedicated to financial management, during the third quarter of 2020 there was a recovery in asset values which brought the total return for the nine months to break-even, after the loss made in the first half; bonds and hedge funds (representing approximately 85% of the portfolio) achieved an overall return of +1.8%, while the fair value of private equity and other financial investments fell by around 8% overall.

At 30 September 2020, **consolidated net financial indebtedness**, prior to IFRS 16, amounted to € 264.0 million, a decrease compared with 31 December 2019 (€ 327.6 million) and 30 June 2020 (€ 285.7 million). Lease liabilities for right-of-use assets under IFRS 16 at 30 September 2020 amounted to € 808.9 million, so total consolidated net financial indebtedness came to € 1,072.9 million. The liabilities under IFRS 16 mainly concern the subsidiary KOS (€ 733.5 million), which operates predominantly in leased facilities.

Net indebtedness of subsidiaries rose by € 648.1 million (€ 623.8 million at 31 December 2019) due to the increase recorded by Sogefi, mainly attributable to the evolution of working capital, at a time when there was a drastic reduction in sales, with an immediate impact on receipts.

The **net financial position of the parent company** and its non-industrial subsidiaries at 30 September 2020 was positive for € 384.0 million, an increase compared with 31 December 2019 (€ 295.7 million), thanks to the proceeds from the sale of the investment in GEDI Gruppo Editoriale S.p.A. to EXOR (the amount received for the entire investment was € 102.4 million, of which € 11.7 million was reinvested for 5% of GEDI).

Equity attributable to the owners of the parent at 30 September 2020 came to € 736.9 million, compared with € 770.7 million at 31 December 2019. The decrease is attributable to the loss for the period and negative exchange differences on translation of foreign subsidiaries' financial statements.

The tables on the following pages provide a breakdown by business segment of the group's results and financial position, a breakdown of the contribution made by the main subsidiaries and the combined results of CIR, the parent, and the other non-industrial subsidiaries.

Income statement by business segment and contributions to the results of the group

(in millions of euro)	01/01 - 30/09/2020												01/01 - 30/09 2019 (*)
	Revenue	Costs of production	Other operating income and expense	Amortisation, depreciation and impairment losses	Operating profit	Net financial income and expense	Dividends, net of realised and unrealised gains and losses on securities	Fair value gains on equity-accounted investments	Income taxes	Profit (loss) from discontinued operations	Non-controlling interests	Profit (loss) for the period	Profit (loss) for the period
CONSOLIDATED													
COMBINED													
	(1)	(2)			(3)	(4)							
KOS group - Healthcare	468.8	(372.5)	(6.4)	(62.7)	27.2	(24.5)	0.1	(0.2)	(3.9)	6.9	(2.7)	2.9	14.0
Sogefi group - Automotive components	860.6	(745.5)	(20.5)	(97.8)	(3.2)	(17.9)	--	--	(2.7)	--	10.7	(13.1)	4.7
GEDI group - Media	--	--	--	--	--	--	--	--	--	--	--	--	(8.4)
Total for main subsidiaries	1,329.4	(1,118.0)	(26.9)	(160.5)	24.0	(42.4)	0.1	(0.2)	(6.6)	6.9	8.0	(10.2)	10.3
Other subsidiaries	--	--	--	--	--	--	--	--	--	--	--	--	(0.2)
Total industrial subsidiaries	1,329.4	(1,118.0)	(26.9)	(160.5)	24.0	(42.4)	0.1	(0.2)	(6.6)	6.9	8.0	(10.2)	10.1
CIR and other non-industrial subsidiaries													
Revenue	--											--	--
Operating costs		(10.2)										(10.2)	(13.3)
Other operating income & expense			(0.1)									(0.1)	(1.5)
Amortisation, depreciation & impairment losses				(0.8)								(0.8)	(0.8)
Operating profit (loss)					(11.1)								
Financial income & expense						(0.2)						(0.2)	2.1
Dividends and net gains (losses) from securities trading							(0.4)					(0.4)	7.4
Fair value gains on equity-accounted investments								--				--	--
Income taxes									1.8			1.8	1.4
Profit (loss) from discontinued operations										--		--	--
Total CIR and other non-industrial subsidiaries before non-recurring items	--	(10.2)	(0.1)	(0.8)	(11.1)	(0.2)	(0.4)	--	1.8	--	--	(9.9)	(4.7)
Non-recurring items	--	--	--	--	--	--	--	--	--	(0.1)	--	(0.1)	--
Consolidated total for the group	1,329.4	(1,128.2)	(27.0)	(161.3)	12.9	(42.6)	(0.3)	(0.2)	(4.8)	6.8	8.0	(20.2)	5.4

(*) Pro-forma figures

(1) This item is the sum of "changes in inventories", "costs for the purchase of goods", "costs for services" and "personnel costs" in the consolidated income statement. This item does not take into consideration the € (0.7) million effect of intercompany eliminations.

(2) This item is the sum of "other operating income" and "other operating costs" in the consolidated income statement. This item does not take into consideration the € 0.7 million effect of intercompany eliminations.

(3) This item is the sum of "financial income" and "financial expense" in the consolidated income statement.

(4) This item is the sum of "dividends", "gains from securities trading", "losses from securities trading" and "fair value losses/gains on financial assets" in the consolidated income statement.

Statement of financial position by business segment

(in millions of euro)		30.09.2020							31.12.2019 (*)
		Non-current assets	Other net non-current assets and liabilities	Assets and liabilities held for sale	Net working capital	Net financial position	Total equity	Equity attributable to non-controlling interests	Equity attributable to the owners of the parent
CONSOLIDATED	COMBINED	(1)	(2)	(3)	(4)				
		1,405.8	(27.3)	78.2	(75.6)	(1,083.0)	298.1	125.0	173.1
		714.6	(118.4)	--	(60.0)	(374.3)	161.9	78.9	83.0
		--	--	--	--	--	--	--	--
		--	(0.7)	--	0.7	0.4	0.4	--	0.4
		2,120.4	(146.4)	78.2	(134.9)	(1,456.9)	460.4	203.9	256.5
CIR and other non-industrial subsidiaries									
		33.8					33.8	--	33.8
			63.7				63.7	--	63.7
				--			--	--	--
					(1.1)		(1.1)	--	(1.1)
						384.0	384.0	--	384.0
		2,154.2	(82.7)	78.2	(136.0)	(1,072.9)	940.8	203.9	736.9
									770.7

(*) Pro-forma figures

- 1) This item is the sum of "intangible assets", "property, plant and equipment", "right-of-use assets", "investment property", "equity-accounted investments" and "other equity investments" in the consolidated statement of financial position.
- 2) This item is the sum of "other assets", "other financial assets" and "deferred tax assets" under non-current assets and of "other liabilities", "deferred tax liabilities", "employee benefit obligations" and "provisions for risks and charges" under non-current liabilities in the consolidated statement of financial position.
- 3) This item is the sum of "inventories", "trade receivables", "other assets" in current assets and "trade payables", "other liabilities" and "provisions for risks and charges" in current liabilities in the consolidated statement of financial position.
- 4) This item is the sum of "loan assets", "securities", "other financial assets", and "cash and cash equivalents" under current assets, of "bonds", "other loans and borrowings" and "lease liabilities" under non-current liabilities and of "bank loans and borrowings", "bonds", "other loans and borrowings" and "lease liabilities" under current liabilities in the consolidated statement of financial position.



2. Performance of the group

In the first nine months of 2020, consolidated **revenue** was € 1,329.4 million, 13.0% down on 2019 (€ 1,528.0 million). KOS recorded an increase in revenue of 23.7%, Sogefi a decrease of 25.1%.

	01/01 - 30/09					
(in millions of euro)	2020	%	2019	%	Change amount	%
Healthcare						
KOS group	468.8	35.3	379.0	24.8	89.8	23.7
Automotive components						
Sogefi group	860.6	64.7	1,149.0	75.2	(288.4)	(25.1)
Total consolidated revenue	1,329.4	100.0	1,528.0	100.0	(198.6)	(13.0)

The **consolidated income statement** for the first nine months of 2020 compared with that of the equivalent period of 2019 is shown below, bearing in mind that the absorption of CIR by COFIDE was completed in 2020. The income statement for the first nine months of 2019 is therefore also presented in a pro-forma version, as though the merger had already taken place.

	01/01 - 30/09					
(in millions of euro)	2020	%	2019 (*) (pro-forma)	%	2019 (*)	%
Revenue	1,329.4	100.0	1,528.0	100.0	1,528.0	100.0
Gross operating profit (1)	174.2	13.1	201.8	13.2	201.8	13.2
Operating profit	12.9	1.0	66.0	4.3	66.0	4.3
Net financial expense (2)	(43.1)	(3.2)	(22.4)	(1.5)	(22.4)	(1.5)
Income taxes	(4.8)	(0.4)	(21.7)	(1.4)	(21.7)	(1.4)
Profit from discontinued operations	6.8	0.5	(9.6)	(0.6)	(9.6)	(0.6)
Profit including non-controlling interests	(28.2)	(2.1)	12.3	0.8	12.3	0.8
Non-controlling interests	8.0	0.6	(6.9)	(0.4)	(10.1)	(0.7)
Profit attributable to the owners of the parent	(20.2)	(1.5)	5.4	0.4	2.2	0.1

(*) Certain 2019 figures, relating to "Assets held for sale", have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5 "Non-current assets held for sale and discontinued operations".

(1) This is the sum of "Operating profit" and "Amortisation, depreciation & impairment losses" in the income statement.

(2) This is the sum of "financial income", "financial expense", "dividends", "gains from securities trading", "losses from securities trading", "share of profit (loss) of equity-accounted investments" and "fair value gains (losses) on financial assets" in the consolidated income statement.

The consolidated **gross operating profit** (EBITDA) for the first nine months of 2020 amounted to € 174.2 million (13.1% of revenue), compared with € 201.8 million in 2019 (13.2% of revenue).



Consolidated **operating profit** was € 12.9 million, compared with € 66.0 million in 2019; the change reflects the € 28 million reduction in EBITDA and the € 25 million increase in amortisation and depreciation, mainly following the acquisition of Charleston by KOS.

Net financial expense came to € 43.1 million versus € 22.4 million in the same period of 2019:

- net interest expense on subsidiaries' payables, which amounted to € 24.4 million in 2020, up by € 3.3 million due to the higher debt involved in the Charleston acquisition;
- IFRS 16 charges increased overall by € 6.9 million, from € 7.7 million to € 14.6 million, mainly due to the consolidation of Charleston (which had IFRS 16 charges of € 7.1 million during the period);
- at the same time, the return on the financial investment portfolio was zero, compared with a positive return of € 10.0 million in 2019.

The **consolidated loss** amounted to € 20.2 million versus a pro-forma profit of € 5.4 million in the same period of 2019.

The condensed consolidated statement of financial position of the CIR group at 30 September 2020, with comparative figures at 31 December 2019, is as follows; for ease of comparison, a pro-forma situation at 31 December 2019 is also included as though the merger had already taken place at the time.

(in millions of euro) (1)	30/09/2020	31/12/2019 (pro-forma)	31/12/2019
Non-current assets	2,154.2	2,256.7	2,256.7
Other net non-current assets and liabilities	(82.7)	(52.3)	(52.3)
Assets and liabilities held for sale	78.2	225.9	225.9
Net working capital	(136.0)	(185.6)	(185.6)
Net invested capital	2,013.7	2,244.7	2,244.7
Net financial indebtedness	(1,072.9)	(1,127.7)	(1,127.7)
Total equity	940.8	1,117.0	1,117.0
Equity attributable to the owners of the parent	736.9	770.7	432.4
Non-controlling interests	203.9	346.3	684.6

(1) These figures are the result of a different combination of the items in the consolidated financial statements. For definitions, see the notes to the "Statement of financial position by business segment" shown earlier.

Net invested capital came to € 2,013.7 million at 30 September 2020, a decrease compared with 31 December 2019 (€ 2,244.7 million) due to the sale of the GEDI Group.

Consolidated **net financial indebtedness** at 30 September 2020, before the application of IFRS 16, came to € 264.0 million (compared with € 327.6 million at 31 December 2019), divided into:

- free cash flow for CIR and its non-industrial subsidiaries of € 384.1 million (€ 296.2 million at 31 December 2019), up by € 88 million thanks to the net proceeds from the sale of GEDI (€ 90.7 million);
- total net indebtedness of the industrial subsidiaries of € 648.1 million, up by approximately € 24 million compared with € 623.8 million at 31 December 2019, due to



the increase in Sogefi's debt, mainly due to the unfavourable change in working capital due to the sudden and substantial decrease in sales.

On the basis of IFRS 16, lease liabilities for rights of use amounted to € 808.9 million at 30 September 2020, giving rise to a total consolidated net financial indebtedness of € 1,072.9 million.

At 30 September 2020, **equity** attributable to the owners of the parent amounted to € 736.9 million compared with € 770.7 million on a pro-forma basis at 31 December 2019, the decrease being due to the loss for the period and exchange losses on translation of the foreign subsidiaries' financial statements.



The **consolidated statement of cash flows** for the first nine months of 2020, prepared according to a "management" format, which shows the changes in net financial position, can be summarised as follows.

<i>(in millions of euro)</i>	<i>01/01 -30/09 2020</i>	<i>01/01 -30/09 2019</i>
SOURCES OF FUNDS		
Profit (loss) from continuing operations	(35.0)	21.9
Amortisation, depreciation, impairment losses & other non-monetary changes	131.6	126.5
Self-financing	96.6	148.4
Change in working capital and other non-current assets and liabilities	(41.9)	(32.6)
CASH FLOW GENERATED BY OPERATIONS	54.7	115.8
Capital increases	-	-
TOTAL SOURCES OF FUNDS	54.7	115.8
APPLICATION OF FUNDS		
Net investment in non-current assets	(103.6)	(124.7)
Consideration paid for business combinations	(10.9)	(2.2)
Net financial position of acquired companies	(3.8)	-
Payment of dividends	-	(39.6)
Purchase of treasury shares	-	(4.1)
Other changes	2.5	-
TOTAL APPLICATIONS OF FUNDS	(115.8)	(170.6)
CASH FLOWS USED IN CONTINUING OPERATIONS	(61.1)	(54.8)
CASH FLOWS FROM DISCONTINUED OPERATIONS	124.7	12.0
CASH FLOWS USED IN THE YEAR	63.6	(42.8)
OPENING NET FINANCIAL INDEBTEDNESS BEFORE IFRS 16	(327.6)	(219.8)
CLOSING NET FINANCIAL INDEBTEDNESS BEFORE IFRS 16	(264.0)	(262.6)
RESIDUAL LIABILITY FOR IFRS 16	(808.9)	(376.8)
CLOSING NET FINANCIAL INDEBTEDNESS AFTER IFRS 16	(1,072.9)	(639.4)

In the nine months, there was a financial surplus of € 63.6 million, compared with a deficit of € 42.8 million in the same period of 2019:

- cash flow generated by operations fell by € 61 million due to the decrease in business and results;
- cash applied to investments was reduced by approximately € 10 million, though the level of investment for the development of KOS and new projects at Sogefi was maintained in line with the previous year;
- no dividends were distributed and no treasury shares were purchased, compared with the € 44 million invested in 2019;
- cash was generated by discontinued operations for a total of € 124.7 million, of which € 92 million for the sale of the investment in GEDI (net of the reinvestment in it), € 24.4 million for the sale of some properties of the KOS group and € 10.8 million for the



reclassification of Medipass's debt to third parties (limited to the activities sold), based on the dictates of IFRS 5.

At 30 September 2020 the CIR group had 18,288 employees, compared with 18,648 at 31 December 2019.

The **consolidated income statement** for the third quarter of 2020 compared with that of the equivalent period of 2019 is shown below, bearing in mind that the absorption of CIR by COFIDE was completed in 2020. The income statement for the third quarter is therefore also presented in a pro-forma version, as though the merger had already taken place.

<i>(in millions of euro)</i>	<i>3rd quarter 2020</i>	<i>3rd quarter 2019 (*) (pro-forma)</i>	<i>3rd quarter 2019 (*)</i>
Revenue	499.5	496.1	496.1
Gross operating profit	79.2	69.2	69.2
Operating profit	25.7	23.4	23.4
Net financial expense	(8.9)	(9.2)	(9.2)
Income taxes	(4.9)	(7.7)	(7.7)
Profit from discontinued operations	3.8	2.9	2.9
Profit including non-controlling interests	15.7	9.4	9.4
Non-controlling interests	(5.5)	(5.6)	(7.9)
Profit attributable to the owners of the parent	10.2	3.8	1.5

(*) Certain 2019 figures, relating to "Assets held for sale", have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5 "Non-current assets held for sale and discontinued operations".

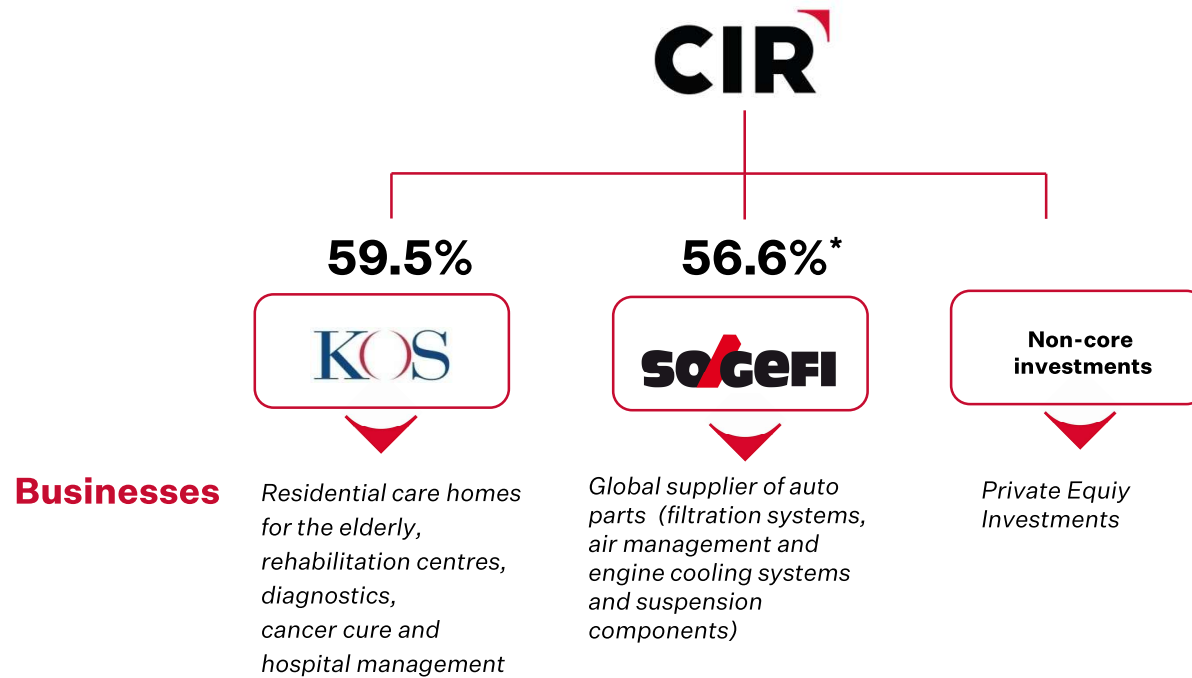
Consolidated revenue amounted to € 499.5 million, up by 0.7% compared with the same period of 2019.

Consolidated gross operating profit amounted to € 79.2 million (15.9% of revenue), up from € 69.2 million (13.9% of revenue) in the same period of 2019.

Consolidated operating profit was € 25.7 million, compared with € 23.4 million in the corresponding period of 2019.

Consolidated profit amounted to € 10.2 million versus a pro-forma profit of € 3.8 million in the same period of 2019.

Main equity investments of the group
at 30 September 2020



(*) Percentage calculated net of treasury shares.



3. Performance of the business segments

3.1 Healthcare

The KOS group provides healthcare services, managing a total of 136 facilities (care homes for the elderly and rehabilitation centres) for a total of 12,500 beds, in Italy and Germany. There is also a hospital and a diagnostics and cancer cure business.

It is made up as follows:

- *Long-term care in Italy*: operating in the management of residential care homes for the elderly, mainly under the Anni Azzurri brand (52 facilities), in the management of functional and psychiatric rehabilitation facilities, psychiatric treatment communities and day hospitals, mainly under the Santo Stefano (rehabilitation) and Neomesia (psychiatry) brands (37 facilities); for a total of 89 facilities and 8,500 beds;
- *Long-term care in Germany*: management of residential care homes for the elderly through Charleston, a subsidiary (47 facilities and 4,000 beds);
- *Acute*: management under concession of the public hospital in Suzzara, for a total of 123 beds;
- *Diagnostics and cancer cure* (Medipass): contract management of high-tech diagnostic and radiotherapy services in 16 facilities in Italy, in 3 facilities in the United Kingdom and 16 facilities in India.

The main indicators of the KOS group's performance in the current period are given below, with comparative figures for the equivalent period of the previous year.

(in millions of euro)	01/01 -30/09 2020	01/01 -30/09 2019	Change amount	%
Revenue	468.8	379.0	89.8	23.7
Profit for the period	4.9	23.5	(18.6)	n.a.

	30/09/2020	31/12/2019	30/09/2019
Net financial indebtedness before IFRS 16	(349.5)	(368.0)	(295.3)
Net financial indebtedness after IFRS 16	(1,083.0)	(1,105.3)	(606.6)
No. of employees	11,980	11,804	7,596

In the first nine months of 2020 the KOS group made **revenue** of € 468.8 million, an increase of 23.7% on € 379.0 million of the corresponding period of 2019. Revenue on a like-for-like basis showed a decrease of 10.5% compared with 2019, due to the reduction in presences in residential and rehabilitation structures as a result of the particular circumstances caused by the pandemic. The contribution of the Charleston group, which was acquired at the end of 2019, amounted to € 129.7 million, not significantly affected by the pandemic.

Consolidated **EBITDA** came to € 89.8 million, in line with the same period of 2019 (€ 89.3 million); the EBITDA of the Italian businesses fell from € 87.6 million in the first nine



months of 2019 to € 64.2 million (including € 9.5 million of capital gains from the sale of properties); the contribution of the Charleston group, € 24.5 million, offset the reduction in EBITDA from the Italian activities caused by the Covid-19 pandemic. It should also be noted that the care home activity in Germany suffered an extremely limited impact from the health emergency compared with what happened in Italy, both in health terms and in terms of effects on the economic and financial performance of the business.

Consolidated **EBIT** was € 26.8 million, compared with € 44.2 million in the first nine months of 2019. The decrease is due to higher amortisation and depreciation, particularly for Charleston (€ 18.5 million).

The **profit for the period** was € 4.9 million, compared with € 23.5 million in 2019.

Despite the circumstances, **cash flow** was positive for € 20.8 million thanks to greater use of factoring and selling a number of properties.

At 30 September 2020 the KOS group presented a **net financial indebtedness** before IFRS 16 of € 349.5 million compared with € 368.0 million at 31 December 2019.

At 30 September 2020 **consolidated equity** amounted to € 290.7 million, compared with € 285.9 million at 31 December 2019.

As mentioned previously, in September KOS reached a binding agreement with DWS for the sale of Medipass, which is expected to be completed by the end of this year. The deal will reduce net financial indebtedness before IFRS 16 from € 347 million to around € 200 million.

The KOS group had 11,980 employees at 30 September 2020 compared with 11,804 at 31 December 2019.

3.2 Automotive components

In the third quarter there was a recovery that affected all markets: China, where output was higher than in the third quarter last year (+10.7%), NAFTA, with volumes equivalent to those of third quarter 2019 (+0.5%), the EU, with volumes gradually rising, though lower than in 2019 for the entire quarter (-10.7%). In South America, the situation remained decidedly critical (-20.9%). Overall, the market was down by only 3.5%, compared with -33.2% in the first half.

Despite the recovery in the third quarter, very significant decreases are confirmed over the whole of the first nine months of 2020: -23.2% for world car production compared with the first nine months of 2019, -31.3% in the EU, -26.5% in North America, -8.9% in China and -40.4% in South America.



The main indicators of the Sogefi group's performance in the current period are given below, with comparative figures for the same period last year.

(in millions of euro)	01/01-30/09 2020	01/01-30/09 2019	Change amount	%
Revenue	860.6	1,149.0	(288.4)	(25.1)
Profit for the period	(23.2)	8.3	(31.5)	n.a.

	30/09/2020	31/12/2019	30/09/2019
Net financial indebtedness before IFRS 16	(299.0)	(256.2)	(264.6)
Net financial indebtedness after IFRS 16	(374.5)	(318.9)	(330.0)
No. of employees	6,284	6,818	6,663

In the first nine months of 2020, Sogefi's **revenue** amounted to € 860.6 million, down compared with the same period of 2019 by 25.1% at historical exchange rates and 21.9% at constant exchange rates.

Looking back over the trend in turnover during the year, after the first two months of the year with revenue in line with 2019, the first effects of the pandemic were seen in March (-29.5% compared with 2019), getting far worse in April (-79.5%) and May (-64.5%); the recovery began in June (with a more limited decrease in turnover compared with 2019, -24.9%), then continued in July (-18%), August (-7.5%) and September, when turnover saw some slight growth compared with 2019 (+0.8%).

The trend in revenue at constant exchange rates in the first nine months was better than the market in all of the main geographical areas: -24.6% in Europe versus -31.3% for the market, -17.9% in NAFTA versus -26.5%, +12.6% in China versus -8.9%.

As regards the various business sectors, Filtration (with a decrease in revenue of 16.2% at constant exchange rates) and Air and Cooling (-17.8% at constant exchange rates) recorded a much less unfavourable trend than the market, thanks to the greater resilience of Filtration's OES and Aftermarket channels and, for Air and Cooling, to the development of the contract portfolio, especially in North America. The impact of the crisis was greater for the Suspensions division, with a decrease in revenue of 30.6% at constant exchange rates, reflecting a greater concentration of activity in Europe and South America and the sector's particularly poor performance in these areas.

Gross operating profit amounted to € 94.7 million, compared with € 130.7 million in the same period of 2019, mainly due to the drop in volumes; profitability (EBITDA/Revenue) came to 11.0% in any case, substantially in line with the same period of 2019 (11.4%).

Margins in the first nine months recorded a slight improvement compared with 2019, up from 29.7% to 30.3%; the proportion of raw material costs fell, partly due to the market and partly to the plans implemented since last year to optimise the price of steel used in the production of suspensions, which offset the impact of the inevitable production inefficiencies caused by the interruption of production and its subsequent resumption, as well as low volumes.



Fixed costs as a percentage of sales in the first nine months are substantially in line compared with the same period of 2019, thanks to the containment measures adopted, partly temporary and partly due to become structural.

The operating result was a loss of € 3.2 million compared with a profit of € 37.4 million in the first nine months of 2019. The reduction in EBIT reflects the drop in revenue and non-recurring charges incurred due to the situation: restructuring charges of € 14.2 million (€ 5.7 million in the first nine months of 2019) and impairment losses on fixed assets for € 8.2 million (€ 2.2 million in the same period last year).

In terms of **net result**, the Group recorded a loss of € 23.2 million compared with a profit of € 8.3 million in the first nine months of 2019, after financial charges substantially in line with those of the previous year and tax charges of € 2.8 million compared with € 12.6 million last year.

As regards **free cash flow**, the first nine months of 2020 before IFRS 16 saw an absorption of € 42.8 million (compared with € 0.5 million in the first nine months of 2019), largely due to the evolution of working capital caused by the particular circumstances that took place during the year. In fact, as is generally the case in the sector, receivables from customers are collected more quickly than suppliers are paid, partly thanks to factoring. The drop in sales led to a decline in receipts, while payments to suppliers continued. This imbalance is gradually being reabsorbed with the resumption of activity. Free cash flow, including flows from IFRS 16, came to Euro -55.6 million compared with Euro -4.3 million in the first nine months of 2019.

Net financial indebtedness before IFRS 16 at 30 September 2020 is equal to € 299.0 million, higher than at the end of 2019 (€ 256.2 million), but significantly lower than at 30 June 2020 (when net financial indebtedness amounted to € 327 million).

Including lease liabilities in accordance with IFRS 16, net financial indebtedness was € 374.5 million at 30 September 2020 compared with € 318.9 million at 31 December 2019 and € 330.0 million at 30 September 2019. Note that in 2020 the group has been developing a new plant for the production of suspensions in Romania, which is intended to increase competitiveness in the sector. During the third quarter the company signed a lease contract for the new plant which resulted in the recognition of an IFRS 16 liability of approximately € 19 million.

Covenants in outstanding loan agreements were complied with at 30 June and no breaches of them are expected at 31 December 2020, given current knowledge and projections.

At 30 September 2020 the Group had committed credit lines in excess of its requirements for € 220 million and in October it also signed new medium-term loan agreements for a total of € 134.5 million.

At 30 September 2020, excluding non-controlling interests, **equity** came to € 146.6 million (€ 188.7 million at 31 December 2019).

The Sogefi Group had 6,284 employees at 30 September 2020 compared with 6,818 at 31 December 2019.



4. Non-core investments

The group manages a diversified portfolio of private equity funds, non-strategic equity investments and non-performing loans of € 78.6 million at 30 September 2020, compared with € 74.5 million at 31 December 2019. During the period, investments in this segment recorded losses due to fair value adjustments of private equity and other investments for € 6.3 million.

5. Events after the reporting period

No significant events took place after 30 September 2020.

6. Outlook

Visibility over the next few months remains limited due to uncertainty about the consequences of the pandemic on the group's activities as it evolves. In fact, Europe is currently witnessing the second phase of the COVID-19 pandemic, with recent data showing levels above those seen during the lockdown, while the evolution of the pandemic in North and South America remains extremely worrying; it cannot therefore be excluded, as recently confirmed in some countries, that the authorities will adopt new provisions restricting production and private activities in the next few months.

As regards **KOS**, it is expected that, in the absence of a new block of ordinary hospital activity, rehabilitation will consolidate the recovery seen in the third quarter, while for care homes in Italy in the short term it is likely that the number of guests will remain below the historical average. At the same time, additional costs will continue to be incurred to deal with the emergency. The care homes sector in Germany, which has been less affected by the pandemic in terms of level of activity, and in any case supported economically by the public sector, should report results in line with expectations, continuing with its programme of improvements in operations and profitability. In this difficult context, it is expected that EBIT for the entire year should not be less than that recorded in the first nine months.

Sogefi has incorporated into its expectations for the fourth quarter of the year a market hypothesis of around -10%, against which it expects to be able to achieve a significantly positive EBIT for the entire year, excluding restructuring charges.

On the basis of the considerations made about the group's subsidiaries, in the absence of business discontinuity or extraordinary events that are not currently foreseeable, a positive consolidated EBIT and a significantly positive net result are expected, thanks to non-recurring operations (in particular the sale of part of KOS).



7. Other information

OTHER

CIR S.p.A. – Compagnie Industriali Riunite has its registered office in Via Ciovassino 1, 20121 Milan, Italy.

CIR shares have been quoted on the Milan Stock Exchange (MTA segment) since 1985.

This report for the period 1 January – 30 September 2020 was approved by the Board of Directors on 30 October 2020.

The parent is subject to management control and coordination by Fratelli De Benedetti S.p.A.

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3. Statement of net financial indebtedness

1. Statement of financial position

(in thousands of euro)

ASSETS	30.09.2020	30.06.2020	31.12.2019
NON-CURRENT ASSETS	2,319,514	2,387,158	2,436,085
INTANGIBLE ASSETS	633,654	668,768	670,368
PROPERTY, PLANT AND EQUIPMENT	642,117	687,881	701,188
RIGHT-OF-USE ASSETS	848,219	846,313	865,988
INVESTMENT PROPERTY	15,956	16,133	16,481
EQUITY-ACCOUNTED INVESTMENTS	679	679	851
OTHER EQUITY INVESTMENTS	13,566	1,872	1,863
OTHER ASSETS	41,726	43,590	45,982
OTHER FINANCIAL ASSETS	60,231	56,183	67,866
DEFERRED TAX ASSETS	63,366	65,739	65,498
CURRENT ASSETS	1,133,978	1,122,196	1,055,007
INVENTORIES	119,373	120,298	119,985
TRADE RECEIVABLES	201,306	174,578	241,762
OTHER RECEIVABLES	71,398	78,968	61,029
LOAN ASSETS	18,740	18,788	23,135
SECURITIES	55,103	48,331	35,482
OTHER FINANCIAL ASSETS	291,121	274,400	264,278
CASH AND CASH EQUIVALENTS	376,937	406,833	309,336
ASSETS HELD FOR SALE	114,161	--	722,587
TOTAL ASSETS	3,567,653	3,509,354	4,213,679
LIABILITIES	30.09.2020	30.06.2020	31.12.2019
EQUITY	940,815	927,865	1,116,971
SHARE CAPITAL	625,043	625,028	345,998
RESERVES	93,194	95,036	43,355
RETAINED EARNINGS	38,859	38,876	112,885
PROFIT FOR THE PERIOD	(20,217)	(30,418)	(69,807)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	736,879	728,522	432,431
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	203,936	199,343	684,540
NON-CURRENT LIABILITIES	1,607,997	1,625,664	1,801,985
BONDS	201,177	202,357	310,671
OTHER LOANS AND BORROWINGS	381,817	414,650	472,677
LEASE LIABILITIES	776,932	768,351	786,980
OTHER LIABILITIES	65,891	59,428	60,112
DEFERRED TAX LIABILITIES	62,429	59,795	56,852
EMPLOYEE BENEFIT OBLIGATIONS	91,743	94,294	85,906
PROVISIONS FOR RISKS AND CHARGES	28,008	26,789	28,787
CURRENT LIABILITIES	982,865	955,825	798,080
BANK LOANS AND BORROWINGS	8,312	9,884	8,455
BONDS	114,183	112,926	40,180
OTHER LOANS AND BORROWINGS	260,891	238,671	68,946
LEASE LIABILITIES	71,472	74,982	72,065
TRADE PAYABLES	339,627	300,810	396,391
OTHER LIABILITIES	145,649	172,451	153,992
PROVISIONS FOR RISKS AND CHARGES	42,731	46,101	58,051
LIABILITIES HELD FOR SALE	35,976	--	496,643
TOTAL LIABILITIES AND EQUITY	3,567,653	3,509,354	4,213,679

2. Income statement

(in thousands of euro)

	01/01 - 30/09 2020	01/01 - 30/09 2019 (*)
REVENUE	1,329,385	1,527,965
CHANGE IN INVENTORIES	(9,528)	(250)
COSTS FOR THE PURCHASE OF GOODS	(503,559)	(673,140)
COSTS FOR SERVICES	(202,372)	(223,300)
PERSONNEL EXPENSES	(412,059)	(397,344)
OTHER OPERATING INCOME	29,797	18,540
OTHER OPERATING EXPENSE	(57,477)	(50,675)
AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES	(161,294)	(135,751)
OPERATING PROFIT	12,893	66,045
FINANCIAL INCOME	5,037	6,897
FINANCIAL EXPENSE	(47,607)	(36,693)
DIVIDENDS	52	41
GAINS FROM SECURITIES TRADING	4,296	1,584
LOSSES FROM SECURITIES TRADING	(329)	(2,950)
SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTEEs	(172)	--
FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS	(4,358)	8,697
PROFIT BEFORE TAXES	(30,188)	43,621
INCOME TAXES	(4,852)	(21,692)
PROFIT (LOSS) FROM CONTINUING OPERATIONS	(35,040)	21,929
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	6,835	(9,584)
PROFIT (LOSS) FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	(28,205)	12,345
- PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	7,988	(10,072)
- PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT	(20,217)	2,273

(*) Certain 2019 figures, relating to "Assets held for sale", have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5 "Non-current assets held for sale and discontinued operations".

3. Statement of net financial indebtedness

(in thousands of euro)

	30.09.2020	30.06.2020	31.12.2019
A. CASH AND BANK DEPOSITS	376,937	406,833	309,336
B. OTHER CASH EQUIVALENTS	291,121	274,400	264,278
C. SECURITIES HELD FOR TRADING	55,103	48,331	35,482
D. CASH AND CASH EQUIVALENTS (A) + (B) + (C)	723,161	729,564	609,096
E. CURRENT LOAN ASSETS	18,740	18,788	23,135
F. CURRENT BANK LOANS AND BORROWINGS	(266,373)	(244,490)	(71,115)
G. BONDS	(114,183)	(112,926)	(40,180)
H. CURRENT PORTION OF NON-CURRENT DEBT	(2,830)	(4,065)	(6,286)
I. LEASE LIABILITIES	(71,472)	(74,982)	(72,065)
J. CURRENT FINANCIAL INDEBTEDNESS (F) + (G) + (H) + (I)	(454,858)	(436,463)	(189,646)
K. CURRENT NET FINANCIAL POSITION (J) + (E) + (D)	287,043	311,889	442,585
L. NON-CURRENT BANK LOANS AND BORROWINGS	(379,696)	(412,530)	(470,347)
M. BONDS ISSUED	(201,177)	(202,357)	(310,671)
N. OTHER NON-CURRENT LIABILITIES	(2,121)	(2,120)	(2,330)
O. LEASE LIABILITIES	(776,932)	(768,351)	(786,980)
P. NON-CURRENT FINANCIAL INDEBTEDNESS (L) + (M) + (N)	(1,359,926)	(1,385,358)	(1,570,328)
Q. NET FINANCIAL INDEBTEDNESS (K) + (P)	(1,072,883)	(1,073,469)	(1,127,743)



Notes

1. Introduction

The consolidated interim financial report at 30 September 2020, which is unaudited, has been prepared in compliance with the IAS/IFRS, which have been mandatory since 2005 for the preparation of consolidated financial statements of companies listed on regulated European markets.

Comparative figures have also been determined according to IAS/IFRS.

The financial information has been drawn up as indicated in art. 154/ter, paragraph 5, of Legislative Decree 58 of 24 February 1998 and subsequent amendments (CFA). The provisions of IAS 34 "Interim Financial Reporting" have therefore not been adopted.

We communicate that the financial information has been prepared in continuity with the past, pending clarification on the regulatory framework.

2. Basis of consolidation

Consolidation is on a line-by-line basis. The criteria used when applying this basis are the same as those used at 31 December 2019.

The group's consolidated financial statements at 30 September 2020, like those at 31 December 2019, derive from the consolidation at these dates of the financial statements of the parent CIR and all subsidiaries, directly or indirectly controlled by it, joint ventures or associates. Assets and liabilities relating to companies to be disposed of are reclassified to specific asset and liability items to highlight these circumstances.

Following the agreement dated 2 December 2019 with which CIR and EXOR signed a contract for the purchase by EXOR of CIR's 43.78% stake in GEDI and given that the conditions envisaged by IFRS 5 "Non-current assets held for sale and discontinued operations" were met, the GEDI group has been represented as a discontinued operation at 31 December 2019 and excluded from the scope of consolidation at 30 September 2020, as the sale was concluded on 23 April 2020.

In this regard, for comparative purposes, revenue & income and costs & charges items of the Media Sector were reclassified under item *"Profit (loss) from discontinued operations"* in the income statement at 30 September 2019.

The income statement of the GEDI group at 30 September 2019 is shown below in detail.



INCOME STATEMENT – GEDI GROUP

(in thousands of euro)	30/09/2019
REVENUE	441,538
OPERATING LOSS	7,094
NET FINANCIAL INCOME (EXPENSE)	(6,450)
GAINS FROM SECURITIES TRADING	102
MEASUREMENT OF EQUITY-ACCOUNTED INVESTEEES	229
INCOME TAXES	(2,372)
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	(16,886)
PROFIT (LOSS) FOR THE YEAR INCLUDING NON-CONTROLLING INTERESTS	(18,283)

The following table summarises the amounts reclassified under "*Profit (loss) from discontinued operations*" in the consolidated income statement of the CIR Group at 30 September 2020 and at 30 September 2019.

(in thousands of euro)		30/09/2020	30/09/2019
Loss of the period including non-controlling interests of the GEDI group	A	--	(18,283)
Costs to sell	B	(74)	--
Loss from discontinued operations	C=A+B	(74)	(18,283)
of which:			
Loss attributable to the owners of the parent		(74)	(8,388)
Non-controlling interests		(--)	(9,895)

In September, within the Healthcare Sector, KOS S.p.A. ("KOS") reached a binding agreement with DWS Alternatives Global Limited ("DWS") for the sale of Medipass S.r.l. ("Medipass"), excluding the activities in India, which will remain part of KOS. The agreed enterprise value is € 169 million and the equity value is estimated at around € 103 million (with a possible additional earn-out of € 2.5 million), net of the outlay incurred by KOS for the purchase of the activities in India. Completion of the deal is subject to receiving the necessary approvals from the competent authorities and some waivers from third parties, which at present are almost entirely satisfied; the operation is therefore expected to be completed by the end of November 2020. It will give rise to a capital gain for KOS of over € 50 million.

Following this agreement and having met the conditions envisaged by IFRS 5 "Non-current assets held for sale and discontinued operations", the Medipass group is shown as a Discontinued Operation.

In this regard, the following entries have been made in the consolidated financial statements at 30 September 2020:

- in the statement of financial position, the assets and liabilities relating to the Medipass group have been reclassified to "*Assets and liabilities held for sale*";
- in the income statement at 30 September 2020 and for comparative purposes at 30 September 2019, the items of revenue & income and costs & charges, less costs to sell,



of the assets that make up the Discontinued Operations have been reclassified to "*Profit (Loss) from discontinued operations*".

The income statement of the Medipass group at 30 September 2020 and 30 September 2019, as well as the statement of financial position at 30 September 2020, are shown below in detail.

INCOME STATEMENT – MEDIPASS GROUP

(in thousands of euro)

	30/09/2020	30/09/2019
REVENUE	41,834	41,326
OPERATING LOSS	8,941	7,138
NET FINANCIAL INCOME (EXPENSE)	(624)	(627)
INCOME TAXES	(1,154)	(812)
PROFIT (LOSS) FOR THE YEAR INCLUDING NON-CONTROLLING INTERESTS	7,163	5,699

The following table summarises the amounts reclassified under "*Profit (loss) from discontinued operations*" in the consolidated income statement of the CIR Group at 30 September 2020 and at 30 September 2019.

(in thousands of euro)		20/09/2020	30/09/2019
Profit of the period including non-controlling interests of the Medipass group	A	7,163	5,699
Costs to sell	B	(252)	(1,016)
Profit from discontinued operations	C=A+B	6,909	4,683
of which:			
Profit attributable to the owners of the parent		4,113	2,788
Non-controlling interests		2,796	1,895

STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2020 – MEDIPASS GROUP

(in thousands of euro)

ASSETS HELD FOR SALE	30/09/2020
NON-CURRENT ASSETS	83,377
CURRENT ASSETS	30,784
TOTAL ASSETS HELD FOR SALE	114,161
LIABILITIES HELD FOR SALE	30/09/2020
NON-CURRENT LIABILITIES	11,720
CURRENT LIABILITIES	24,256
TOTAL LIABILITIES HELD FOR SALE	35,976

Note that the figures in the statement of financial position are shown net of intercompany items (€ 45.9 million of net liabilities).



It should also be noted that the *"Profit (Loss) from discontinued operations"* at 30 September 2019 included the gain of € 4,016 thousand deriving from the Sogefi group's sale of the Fraize production site of the French subsidiary Sogefi Air & Cooling S.A.S.

3. Consolidated accounting standards

The accounting standards applied in preparing the financial statements at 30 September 2020 do not differ from those applied to the financial statements at 31 December 2019.

4. Share capital

Share capital at 30 September 2020 amounted to € 638,603,657.00 and consisted of 1,277,207,314 shares with a par value of € 0.50 each, compared with € 359,604,959.00 at 31 December 2019 which consisted of 719,209,918 shares.

19 February 2020 saw completion of the absorption of CIR S.p.A. - Compagnie Industriali Riunite (merged company) and CIR S.p.A. - Compagnie Industriali Riunite (formerly Cofide - Gruppo De Benedetti S.p.A. - merging company). All the shares of the merged company were cancelled and exchanged for ordinary shares of the merging company issued in execution of the increase in capital of € 278,998,698.00 (557,997,396 shares) on the basis of an exchange ratio of 2.01 ordinary shares of the merging company for each share of the merged company, all of par value € 0.50 each.

At 30 September 2020 the parent held 27,120,920 treasury shares (2.123% of the share capital) for an amount of € 15,292 thousand, compared with 27,214,899 treasury shares (3.784% of the share capital) for an amount of € 15,345 thousand at 31 December 2019. The decrease is due to the exercise of the stock grant plans of 93,979 shares.

In application of IAS 32, since 1 January 2005 treasury shares held by the Parent have been deducted from total equity.

The share capital is fully subscribed and paid up. None of the shares are subject to any rights, privileges or limitations on the distribution of dividends, with the exception of treasury shares.

The Company's controlling shareholder is Fratelli De Benedetti S.p.A. with registered office in Via Valeggio 41, Turin.

Regarding stock option plans and stock grants, at 30 September 2020 there were 24,670,089 options outstanding, corresponding to an equivalent number of shares.

The notional cost of stock grants assigned to employees and allocated to a specific equity reserve amounted to € 1,188 thousand in the first nine months of 2020.



5. Other information

Merger

The Merger is configured as a business combination created between subjects under common control. A merger by absorption between an Issuer and its own subsidiary is an operation by which the subsidiary's assets and liabilities flow into the financial statements of the parent company and the equity investment held in it is eliminated. This situation was already reflected in the consolidated financial statements at 31 December 2019 and in the consolidated financial statements at 30 September 2019 of the merging company CIR (formerly COFIDE); financial statements which therefore already included the carrying amounts of the merged subsidiary CIR as a consequence of the line-by-line consolidation of the merged company with the merging company, with the exception of the attribution to minority interests, commented below.

For a better reading of the consolidated financial statements at 30 September 2020, information on the effects of the Transaction on consolidated equity at 31 December 2019 and the consolidated income statement at 30 September 2019 are provided below.

In the consolidated financial statements of the merging company, the Merger is configured as a purchase of minority interests made on the Merger Effective Date through the issue of new shares of the Parent Company.

The following table illustrates the effects of the Transaction on the consolidated equity of CIR S.p.A. (formerly Cofide S.p.A.):

(in thousands of euro)	Consolidated financial statements at 31/12/2019	Effects of the merger	Consolidated financial statements at 31/12/2019 (pro-forma)
	i	ii	i+ii
EQUITY	1,116,971	--	1,116,971
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT	432,431	338,252	770,683
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	684,540	(338,252)	346,288

Pro-forma adjustments reflect the € 278,999 thousand increase in capital (in kind, not in cash) and the effects of the acquisition of non-controlling interests as a reclassification of the minority interests in Group equity acquired through the merger (€ 338,252 thousand) from "Non-controlling interests" to "Equity attributable to the owners of the parent".

The following table illustrates the effects of the Transaction on CIR S.p.A.'s consolidated income statement at 30 September 2019 (formerly Cofide S.p.A.):



(in thousands of euro)	Consolidated financial statements at 30/09/2019	Effects of the merger	Consolidated financial statements at 30/09/2019 (pro-forma)
	i	ii	i+ii
PROFIT FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	12,345	--	12,345
PROFIT ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	10,072	(3,125)	6,947
PROFIT ATTRIBUTABLE TO THE OWNERS OF THE PARENT	2,273	3,125	5,398

The pro-forma adjustments relate to the recalculation of the profit attributable to non-controlling interests made as a result of the Merger. There is therefore a higher profit attributable to the merging company of € 3,125 thousand.

Certification of the consolidated financial statements



Certification pursuant to art. 154 bis, paragraph 2, of Legislative Decree 58/1998

Re: Interim Financial Report at 30 September 2020

The undersigned, Giuseppe Gianoglio, executive responsible for the preparation of the company's financial statements,

hereby declares

in accordance with paragraph 2 of Article 154 bis of the Finance Consolidation Act (TUF) that the accounting information contained in this document corresponds to the company's documented results, books of account and accounting entries.

Milan, 30 October 2020

CIR S.p.A.

Signed by

Giuseppe Gianoglio



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