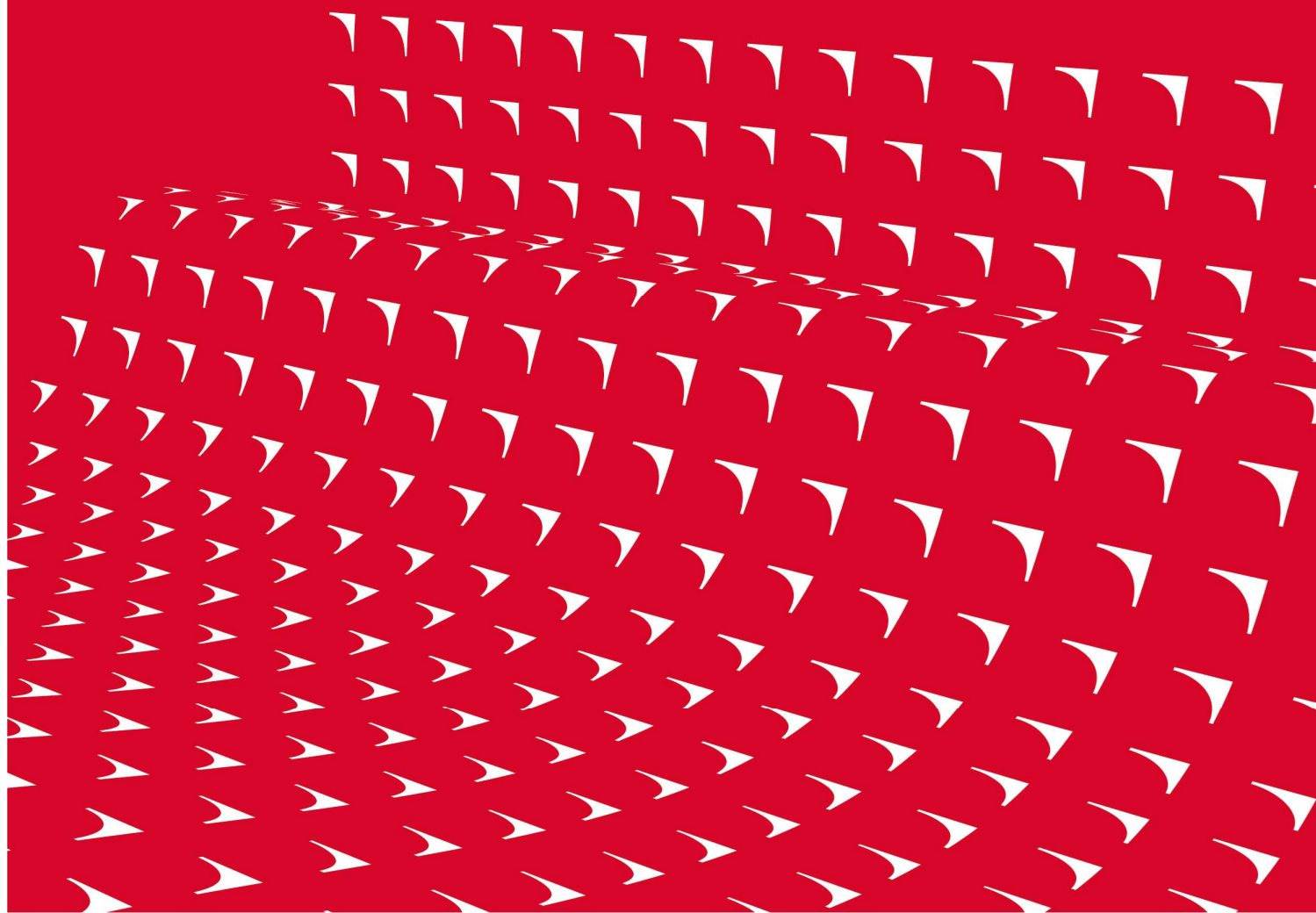




# Interim financial report

**at 30 June 2021**



(Translation from the Italian original which remains the definitive version)



# Contents

|           |   |
|-----------|---|
| <b>5</b>  | <b>Corporate Bodies</b>   |
| <b>7</b>  | <b>Report on operation</b>  |
| <b>9</b>  | 1. Key figures  |
| <b>14</b> | 2. Performance of the Group                                       |
| <b>17</b> | 3. Performance of business segments                               |
| <b>20</b> | 4. Financial investments  |
| <b>20</b> | 5. Impact of Covid-19 on the business                             |
| <b>21</b> | 6. Events after the reporting period                              |
| <b>21</b> | 7. Outlook  |
| <b>22</b> | 8. Other Information  |
|           | <b>Condensed interim consolidated</b>                             |
| <b>23</b> | <b>financial statements</b>                                       |
| <b>25</b> | <b>Financial statements</b>                                       |
| <b>31</b> | <b>Notes to the consolidated financial statements</b>             |
|           | <b>Certification of the condensed interim</b>                     |
| <b>77</b> | <b>consolidated financial statements</b>                          |
|           | Certification of the condensed interim consolidated financial     |
|           | statements at 30 June 2021 pursuant to art. 154 bis, paragraphs 3 |
| <b>79</b> | and 4, of Decree Law 58/1998                                      |
| <b>91</b> | <b>Report of independent auditors</b>                             |





**CIR S.p.A.**

Registered office: Via Ciovassino, 1 – 20121 Milano – **T** + 39 02 722701

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.



# Corporate Bodies

at 31 July 2021

## BOARD OF DIRECTORS

|  |  |
|--|--|
| Honorary Chairman                              | CARLO DE BENEDETTI   |
| Chairman                                       | RODOLFO DE BENEDETTI (*)   |
| Chief Executive Officer<br>And General Manager | MONICA MONDARDINI (*)  |
| Directors                                      | PHILIPPE BERTHERAT (1)<br>MARISTELLA BOTTICINI (2)<br>EDOARDO DE BENEDETTI<br>FRANCO DEBENEDETTI<br>MARCO DE BENEDETTI<br>PAOLA DUBINI (2)<br>SILVIA GIANNINI (1) (2)<br>FRANCESCA PASINELLI (1) (2)<br>MARIA SERENA PORCARI (1) (2) (3) |
| Secretary to the Board                         | MASSIMO SEGRE  |

## BOARD OF STATUTORY AUDITORS

|                              |   |
|------------------------------|---|
| Chairman                     | FRANCESCO MANTEGAZZA  |
| Standing Statutory Auditors  | MARIA MADDALENA GNUDI<br>GAETANO REBECCHINI                           |
| Alternate Statutory Auditors | ANTONELLA DELLATORRE<br>LUIGI MACCHIORLATTI VIGNAT<br>GIANLUCA MARINI |

## INDEPENDENT AUDITORS

KPMG S.p.A.

---

Report pursuant to the recommendation in Consob communication DAC/RM/97001574 of 20 February 1997

(\*) Powers as per Corporate Governance

(1) Member of the Appointments and Compensation Committee

(2) Member of the Control and Risk Committee

(3) Lead Independent Director





# Report on operations





# Report on operations

## 1. Key figures

Business saw a clear recovery in the first half of 2021 compared with the first half of 2020, but pre-pandemic levels have still not been reached.

Consolidated revenue amounted to € 1,007.9 million, 23.5% up on the first half of 2020, during which the effects of the Covid-19 pandemic had been particularly significant for all of the group's activities. Revenue is in line with the first half of 2019 (+0.4%) and down by 8.3% on a like-for-like basis.

The consolidated gross operating profit (EBITDA) amounted to € 172.3 million, (€ 100.1 million in the first half of 2020) and represents 17.1% of turnover, compared with 12.3% in the same period of 2020.

The profit for the period was € 21.6 million (versus a loss of € 30.4 million in the first half of 2020).

At 30 June 2021, **consolidated net financial indebtedness**, prior to IFRS 16, amounted to € 41.4 million, a decrease compared with 31 December 2020 (€ 100.0 million) and at 30 June 2020 (€ 285.6 million). Lease liabilities under IFRS 16 amount to € 802.3 million, so total consolidated net financial indebtedness came to € 843.7 million. The liabilities under IFRS 16 mainly concern the subsidiary KOS (€ 736.4 million), which operates predominantly in leased facilities.

Net financial indebtedness of subsidiaries before IFRS 16 fell to € 446.4 million (€ 491.7 million at 31 December 2020 and € 682.8 at 30 June 2020).

The net financial position of the parent (including subsidiaries dedicated to financial management) was € 405.0 million at 30 June 2021, an increase compared with the figure at 31 December 2020 (€ 391.7 million) and at 30 June 2020 (€ 397.2 million).

At 30 June 2021, **equity** attributable to the owners of the parent amounted to € 801.4 million compared with € 771.0 million at 31 December 2020. The increase was mainly attributable to the profit for the period.

### KOS

As is well known, KOS's activity was badly hit by the pandemic. During the first half of 2021, the vaccination campaign made it possible to combat infections, which today have been effectively eliminated in facilities for the elderly, and to allow relatives of guests to visit them again, in compliance with the safety protocols. The climate of greater confidence of guests and their families has led to a resumption of admissions and, from May, to an increase in the total number of presences.

Revenue amounted to € 325.5 million in the first half of 2021, up 4.9% compared with the same period in 2020.

Care home revenue in Italy was significantly lower than in the first half of 2020 and 2019, as the number of guests during the period was significantly lower than in the past, due to the circumstances caused by the pandemic during the last 18 months, such as new entries being blocked or slowed down considerably.

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; moreover, the public support given to care homes has allowed to contain the economic impact. Turnover of the first half year is slightly up compared with the first half of 2020.



Following a decline in patients attending Italian rehabilitation and acute treatment facilities during the first half of 2020, due to the slowdown in routine hospital activities, there was a marked recovery although lower than in 2019; laboratory and analysis services have also increased. Revenue was higher than in the corresponding period of 2020 and 2019, thanks also to the contribution of the new facilities purchased in 2020.

**Operating profit was € 20.9 million, compared with € 13.7 million in the corresponding period of 2020.** The result for 2021 includes non-recurring income (of approximately € 12 million), being the capital gain on the sale of a number of properties; recurring earnings remain depressed, due to the consequences of the pandemic and, in particular, the drop in the number of guests at care homes, a different mix of services provided in the rehabilitation centres and higher costs incurred for personnel and protection measures.

KOS's net profit for the period was just above break-even (€ 0.4 million), which compares with a loss of € 2.1 million in the first half of 2020.

**Free cash flow** was positive for € 15.3 million, with contributions of € 33.2 million from the sale of properties and investments in the development of new structures of € 9 million.

Excluding liabilities deriving from the application of IFRS16, **net indebtedness** amounted to € 185.5 million at 30 June 2021, compared with € 200.7 million at 31 December 2020 and € 356.2 million at 30 June 2020, before of the sale of Medipass. Total net indebtedness amounts to € 921.8 million, including lease liabilities pursuant to IFRS 16.

## Sogefi

In the first half of 2021, world car production grew by 29.2% (+15.5% in the first quarter and +48.6% in the second quarter) compared with the first half of 2020, when there was an unprecedented collapse in production due to Covid-19, as is well known. However, growth made it possible to recover only partially from the decline of 2020 and production volumes remain lower than prior to the pandemic (-12.6% compared with the first half of 2019).

Sogefi reported revenue up 34.9% compared with the first half of 2020; compared with the first half of 2019, turnover stands at -9% versus -12.6% for car production worldwide.

The resumption of activity and the measures implemented to counter the impact of the crisis made it possible to close the half year with an **EBIT** of € 48.9 million (€ -12.0 million in the same period of 2020), a **net profit** of € 21.4 million (versus the loss of € 28.8 million in the first half of 2020), positive **free cash flow** of € 33.1 million (negative € 64.0 million in the first half of 2020) and a net indebtedness pre-IFRS 16 of € 261.4 million, down with respect to 31 December and 30 June 2020 (€ 291,3 million and € 327.0 million respectively).

Commercial activity was positive during the half year: the A&C division has concluded important contracts in Europe, NAFTA and China for the supply of Thermal Management products for electric mobility and Filtration has been awarded a significant number of contracts for the supply of Air Purification Filters and Transmission Filters, helping to diversify away from platforms for internal combustion engines.

## Financial management

With reference to **financial management**, while in the first half of 2020 markets were affected by Covid-19, in the first half of 2021 the recovery already observed from the middle of the previous year continued for all categories of assets; total net financial income of € 12.4 million was recorded, with a yield over the half year of 2.6%. In particular, the overall yield on "highly liquid" assets (shares, bonds and hedge funds) grew to 2.5%, while the remaining part of the portfolio (private equity, non-performing loans and non-controlling interests) recorded a yield of 2.3%.

Lastly, in May 2021, CIR's Board of Directors resolved to launch a **partial voluntary takeover bid**, pursuant to article 102 *et seq.* of the CFA, for a maximum of 156,862,745 CIR shares, equal to 12.282% of the share capital, at a price of € 0.51 per share, corresponding to a total value of € 80



million. The bid period will end on 29 July 2021, the preliminary results will be communicated the following day and those who accept the offer will be paid on 6 August 2021.

*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

| 1st half 2021  |         |                     |                                  |  |                  |                                  |  |   |              |  |                           |                              | 1st half 2020                |
|--|---------|---------------------|----------------------------------|--|------------------|----------------------------------|--|---|--------------|--|---------------------------|------------------------------|------------------------------|
| CONSOLIDATED   |         |                     |                                  |  |                  |                                  |  |   |              |  |                           |                              | Profit (loss) for the period |
| COMBINED   |         |                     |                                  |  |                  |                                  |  |   |              |  |                           |                              |                              |
|  | Revenue | Costs of production | Other operating income & expense | Amortisation, depreciation & impairment losses | Operating profit | Net financial income and expense | Dividends, net of realised and unrealised gains and losses on securities | Fair value gains (losses) on equity-accounted investees | Income taxes | Profit (loss) from discontinued operations | Non-controlling interests | Profit (loss) for the period |                              |
| (1) (2) (3) (4)  |         |                     |                                  |  |                  |                                  |  |   |              |  |                           |                              |                              |
| KO'S group - Healthcare  | 325.4   | (266.2)             | 4.9                              | (43.2)   | 20.9             | (14.7)                           | --   | --  | (5.3)        | --   | (0.7)                     | 0.2                          |                              |
| Sogefi group - Automotive components                                       | 682.5   | (577.7)             | 5.2                              | (61.1)   | 48.9             | (10.6)                           | 1.5  | --  | (13.5)       | (3.3)                                      | (10.9)                    | 12.1                         |                              |
| Total for main subsidiaries  | 1,007.9 | (843.9)             | 10.1                             | (104.3)  | 69.8             | (25.3)                           | 1.5  | --  | (18.8)       | (3.3)                                      | (11.6)                    | 12.3                         |                              |
| Other subsidiaries   | --      | --                  | --                               | --   | --               | --                               | --   | --  | --           | --   | --                        | --                           |                              |
| Total industrial subsidiaries  | 1,007.9 | (843.9)             | 10.1                             | (104.3)  | 69.8             | (25.3)                           | 1.5  | --  | (18.8)       | (3.3)                                      | (11.6)                    | 12.3                         |                              |
| CIR and other non-industrial subsidiaries                                  |         |                     |                                  |  |                  |                                  |  |   |              |  |                           |                              |                              |
| Revenue  | --      |                     |                                  |  |                  |                                  |  |   |              |  |                           | --                           |                              |
| Operating costs  |         | (6.1)               |                                  |  |                  |                                  |  |   |              |  |                           | (7.0)                        |                              |
| Other operating income & expense   |         |                     | 4.3                              |  |                  |                                  |  |   |              |  |                           | (0.2)                        |                              |
| Amortisation, depreciation & impairment losses                             |         |                     |                                  | (1.3)  | (3.1)            |                                  |  |   |              |  |                           | (0.5)                        |                              |
| Operating profit (loss)  |         |                     |                                  |  |                  |                                  |  |   |              |  |                           | 0.5                          |                              |
| Financial income & expense   |         |                     |                                  |  |                  | 2.4                              |  |   |              |  |                           | (6.5)                        |                              |
| Dividends and net gains (losses) from securities trading                   |         |                     |                                  |  |                  |                                  | 10.0   |   |              |  |                           |                              |                              |
| Fair value gains (losses) on equity-accounted investees                    |         |                     |                                  |  |                  |                                  |  | --  |              |  |                           | --                           |                              |
| Income taxes   |         |                     |                                  |  |                  |                                  |  |   | --           |  |                           | 1.2                          |                              |
| Profit from discontinued operations  |         |                     |                                  |  |                  |                                  |  |   |              | --   |                           | (0.4)                        |                              |
| Total CIR and other non-industrial subsidiaries before non-recurring items | --      | (6.1)               | 4.3                              | (1.3)  | (3.1)            | 2.4                              | 10.0   | --  | --           | --   | --                        | (12.9)                       |                              |
| Non-recurring items  | --      | --                  | --                               | --   | --               | --                               | --   | --  | --           | --   | --                        | --                           |                              |
| Consolidated total for the group   | 1,007.9 | (850.0)             | 14.4                             | (105.6)  | 66.7             | (22.9)                           | 11.5   | --  | (18.8)       | (3.3)                                      | (11.6)                    | (30.4)                       |                              |

(1) This item is the sum of "changes in inventories", "costs for the purchase of goods", "costs for services" and "personnel expense" in the consolidated income statement.

This item does not take into consideration the € (0.3) 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 € 0.3 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)

(in millions of euro)

|   | 30.06.2021                                   |  |                                      |                     |                        |              | 31.12.2020                                       |   |       |
|---|--|--|--------------------------------------|---------------------|------------------------|--------------|--|---|-------|
|   | 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                              | (1)  | (2)  |                                      | (3)                 | (4)                    |              |  |   |       |
| COMBINED                                  | KOS group - Healthcare                       | 1,384.6                                      | (27.0)                               | --                  | (92.2)                 | (921.8)      | 343.6  | 142.5   | 201.1 |
|   | Sogefi group - Automotive components         | 692.0  | (88.5)                               | 5.9                 | (96.6)                 | (327.3)      | 185.5  | 89.9  | 95.6  |
|   | Other subsidiaries                           | --   | (0.7)                                | --                  | 0.7                    | 0.4          | 0.4  |   | 0.4   |
|   | Total industrial subsidiaries                | 2,076.6                                      | (116.2)                              | 5.9                 | (188.1)                | (1,248.7)    | 529.5  | 232.4   | 297.1 |
| QIR and other non-industrial subsidiaries |  |  |                                      |                     |                        |              |  |   |       |
|   | Non-current assets                           | 20.5   |                                      |                     |                        |              | 20.5   | --  | 20.5  |
|   | Other net non-current assets and liabilities |  | 77.2                                 |                     |                        |              | 77.2   | --  | 77.2  |
|   | Assets and liabilities held for sale         |  |                                      | --                  |                        |              | --   | --  | --    |
|   | Net working capital                          |  |                                      |                     | 1.6                    |              | 1.6  | --  | 1.6   |
|   | Net financial position                       |  |                                      |                     |                        | 405.0        | 405.0  | --  | 405.0 |
|   | Consolidated total for the group             | 2,097.1                                      | (39.0)                               | 5.9                 | (186.5)                | (843.7)      | 1,033.8  | 232.4   | 801.4 |
|   |  |  |                                      |                     |                        |              |  |   | 771.0 |

- (1) This item is the sum of "intangible assets", "property, plant and equipment", "right-of-use assets", "investment property", "equity-accounted investees" 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 half of 2020, consolidated **revenue** was € 1,007.9 million, 23.5% up on the first half of 2020 (€ 816.4 million). KOS recorded an increase in revenue of 4.9%, Sogefi of 34.9%.

| (in millions of euro)             | 1H2021         | %            | 1H2020 (1)   | %            | Change amount | %           |
|-----------------------------------|----------------|--------------|--------------|--------------|---------------|-------------|
| <b>Healthcare</b>                 |                |              |              |              |               |             |
| KOS group                         | 325.4          | 32.3         | 310.4        | 38.0         | 15.0          | 4.9         |
| <b>Automotive components</b>      |                |              |              |              |               |             |
| Sogefi group                      | 682.5          | 67.7         | 506.0        | 62.0         | 176.5         | 34.9        |
| <b>Total consolidated revenue</b> | <b>1,007.9</b> | <b>100.0</b> | <b>816.4</b> | <b>100.0</b> | <b>191.5</b>  | <b>23.5</b> |
| of which: ITALY                   | 265.1          | 26.3         | 234.0        | 28.7         | 31.1          | 13.3        |
| OTHER COUNTRIES                   | 742.8          | 73.7         | 582.4        | 71.3         | 160.4         | 27.5        |

- (1) Within the KOS and Sogefi groups, certain 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".

The **consolidated income statement** for the first half of 2021 compared with that for the first half of 2020.

| (in millions of euro)   | 1H2021       | %           | 1H2020 (1)    | %            |
|---|--------------|-------------|---------------|--------------|
| Revenue   | 1,007.9      | 100.0       | 816.4         | 100.0        |
| Gross operating profit (2)                                    | <b>172.3</b> | <b>17.1</b> | <b>100.1</b>  | <b>12.3</b>  |
| <b>Operating profit (loss)</b>                                | <b>66.7</b>  | <b>6.6</b>  | <b>(5.9)</b>  | <b>(0.7)</b> |
| Net financial expense (3)                                     | (11.4)       | (1.1)       | (33.0)        | (4.1)        |
| Income taxes  | (18.8)       | (1.9)       | --            | --           |
| Loss from discontinued operations                             | (3.3)        | (0.3)       | (5.0)         | (0.6)        |
| <b>Profit (loss) including non-controlling interests</b>      | <b>33.2</b>  | <b>3.3</b>  | <b>(43.9)</b> | <b>(5.4)</b> |
| Profit (loss) attributable to non-controlling interests       | (11.6)       | (1.2)       | 13.5          | 1.7          |
| <b>Profit (loss) attributable to the owners of the parent</b> | <b>21.6</b>  | <b>2.1</b>  | <b>(30.4)</b> | <b>(3.7)</b> |

- (1) Within the KOS and Sogefi groups, certain 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".
- (2) This is the sum of "Operating profit" and "Amortisation, depreciation & impairment losses" in the income statement.
- (3) 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 investees" and "fair value gains (losses) on financial assets" in the consolidated income statement.

The **consolidated gross operating profit** (EBITDA) for the first half of 2021 amounted to € 172.3 million (17.1% of revenue), compared with € 100.1 million in the corresponding period of 2020 (12.3% of revenue).

Consolidated **operating profit** (EBIT) was € 66.7 million, compared with a loss of € 5.9 million in the first half of 2020.

**Net financial expense** came to € 11.4 million (€ 33.0 million in the same period of 2020):





- Net gains from the financial investment portfolio of the holding company CIR and subsidiaries dedicated to financial management amounted to € 12.4 million, compared with a loss of € 6.0 million in the corresponding period of 2020;
- net interest expense on subsidiaries' liabilities amounted to € 14.5 million and decreased by € 2.2 million compared with the first half of 2020;
- IFRS 16 charges amounted to € 9.3 million in the first half of 2021 compared with € 10.1 million in the first half of 2020.

It should be noted that Sogefi has started negotiations for the sale of the Argentine branch of the Filtration Division and that, in light of its probable disposal over the next 12 months, the company has decided to classify the asset in question as an "asset held for sale" on the basis of IFRS 5. The sale would result in an estimated loss of € 2.8 million, already recognised at 30 June 2021, and on completion of the sale, a further negative impact would be generated on the income statement of approximately € 21 million from reclassification of the subsidiary's exchange differences from equity to profit or loss for the year.

Taking into account the above and other minor adjustments on disposals in 2020 of some locations, again of the Filtration Division, the result of the **assets held for sale** was negative for € 3.3 million (€ -5.0 million in 2020).

Consolidated profit amounted to € 21.6 million (a loss of € 30.4 million in the first half of 2020).

The condensed consolidated statement of financial position of the CIR group at 30 June 2021, with comparative figures at 31 December 2020, is as follows.

| (in millions of euro) (1)                        | 30.06.2021     | 31.12.2020     |
|--|----------------|----------------|
| Non-current assets                               | 2,097.1        | 2,119.7        |
| Net other non-current assets and liabilities     | (39.0)         | (31.8)         |
| Assets and liabilities held for sale             | 5.9            | 1.3            |
| Net working capital                              | (186.5)        | (204.6)        |
| <b>Net invested capital</b>                      | <b>1,877.5</b> | <b>1,884.6</b> |
| <b>Net financial indebtedness</b>                | <b>(843.7)</b> | <b>(896.8)</b> |
| <b>Total equity</b>                              | <b>1,033.8</b> | <b>987.8</b>   |
| Equity attributable to the owners of the parent  | 801.4          | 771.0          |
| Equity attributable to non-controlling interests | 232.4          | 216.8          |

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

Consolidated net invested capital at 30 June 2021 came to € 1,877.5 million, in line with 31 December 2020 (€ 1,884.6 million).

At 30 June 2021, before the application of IFRS 16, the consolidated **net financial indebtedness** amounted to € 41.4 million (compared with € 100.0 million at 31 December 2020), and is broken down as follows:

- a financial surplus for CIR and its subsidiaries dedicated to financial management of € 405.0 million (€ 391.7 million at 31 December 2020);
- total net indebtedness of the industrial subsidiaries of € 446.4 million, down by approximately € 45 million compared with 31 December 2020 (€ 491.7 million).



On the basis of IFRS 16, lease liabilities amounted to € 802.3 million at 30 June 2021, giving rise to a total consolidated net financial indebtedness of € 843.7 million (€ 896.8 million at 31 December 2020).

The **consolidated statement of cash flows**, prepared according to a "management" format, which shows the changes in net financial position, is reported below.

| (in millions of euro)   | 1H2021         | 1H2020(1)        |
|---|----------------|------------------|
| <b>Self-financing</b>   | <b>120.5</b>   | <b>30.3</b>      |
| <b>Change in working capital and other non-current assets and liabilities</b> | <b>(22.5)</b>  | <b>(27.1)</b>    |
| <b>CASH FLOW GENERATED BY OPERATIONS</b>                                      | <b>98.0</b>    | <b>3.2</b>       |
| Capital increases   | 0.1            | --               |
| <b>TOTAL SOURCES OF FUNDS</b>   | <b>98.1</b>    | <b>3.2</b>       |
| <b>APPLICATION OF FUNDS</b>   |                |                  |
| Net investment in non-current assets  | (29.5)         | (48.9)           |
| Consideration paid for business combinations                                  | (1.3)          | (10.9)           |
| Net financial position of acquired companies                                  | --             | (3.8)            |
| Payment of dividends  | (4.0)          | --               |
| <b>TOTAL APPLICATIONS OF FUNDS</b>  | <b>(34.8)</b>  | <b>(63.6)</b>    |
| <b>CASH FLOWS FROM (USED IN) CONTINUING OPERATIONS</b>                        | <b>63.3</b>    | <b>(60.4)</b>    |
| <b>CASH FLOW/FINANCIAL POSITION FROM (USED IN ) ASSETS HELD FOR SALE</b>      | <b>(4.7)</b>   | <b>102.4</b>     |
| <b>CASH FLOWS GENERATED IN THE YEAR</b>                                       | <b>58.6</b>    | <b>42.0</b>      |
| <b>OPENING NET FINANCIAL INDEBTEDNESS BEFORE IFRS 16</b>                      | <b>(100.0)</b> | <b>(327.6)</b>   |
| <b>CLOSING NET FINANCIAL INDEBTEDNESS BEFORE IFRS 16</b>                      | <b>(41.4)</b>  | <b>(285.6)</b>   |
| RESIDUAL LIABILITY FOR IFRS 16  | (802.4)        | (787.9)          |
| <b>CLOSING NET FINANCIAL INDEBTEDNESS</b>                                     | <b>(843.7)</b> | <b>(1,073.5)</b> |

(1) Within the KOS and Sogefi groups, certain 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".

In the first half of 2021, there was a financial surplus of € 58.6 million, compared with € 42.0 million in the same period of 2020 (with an inflow of € 102 million due to the sale of the investment in GEDI).

**Equity** attributable to the owners of the parent at 30 June 2021 came to € 801.4 million, compared with € 771.0 million at 31 December 2020.

At 30 June 2021, the CIR group had 17,402 employees, compared with 17,668 at 31 December 2020.



### 3. Performance of the business segments

#### 3.1 Healthcare

The KOS group provides healthcare services, managing a total of 140 facilities (care homes for the elderly and rehabilitation centres) for a total of 13,021 beds, in Italy and Germany. Services are detailed below:

- *Long-term care* in Italy: operating in the management of residential care homes for the elderly, mainly under the Anni Azzurri brand (55 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 92 facilities and 8,850 beds;
- *Long-term care* in Germany: management of residential care homes for the elderly through Charleston, a subsidiary (47 facilities and 4,050 beds);
- *Acute*: management under concession of the public hospital in Suzzara, for a total of 123 beds;
- *Diagnostics and cancer cure* (ClearMedi): contract management of high-tech diagnostic and radiotherapy services in India.

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

| (in millions of euro)               | 01/01 -30/06<br>2021 | 01/01 -30/06<br>2020 | Change<br>amount | %    |
|-------------------------------------|----------------------|----------------------|------------------|------|
| <b>Revenue</b>                      | 325.5                | 310.4                | 15.1             | 4.9  |
| <b>Profit (loss) for the period</b> | 0.4                  | (2.1)                | 2.5              | n.a. |

|  | 30/06/2021 | 31/12/2020 | Change |
|--|------------|------------|--------|
| <b>Net financial indebtedness before IFRS 16</b> | (185.5)    | (200.7)    | 15.2   |
| <b>Net financial indebtedness after IFRS 16</b>  | (921.8)    | (931.0)    | 9.2    |
| <b>No. of employees</b>                          | 11,552     | 11,581     | (29)   |

Starting from March 2020 there was an extremely significant reduction in activity. This reduced level of activity persisted during the first half of 2021, although in the last quarter there have been signs of recovery in admissions, mainly thanks to greater confidence on the part of guests and their families.

Nonetheless, revenue for the first half of 2021 amounted to € 325.5 million, an increase of 4.9% compared with the first half of 2020.

In the sector of care homes for the elderly, in Italy there was a 14% decrease in revenue compared with the first half of 2020, while in Germany revenues grew by 2.3%, thanks to a lower impact of the health crisis also on the saturation of facilities and more public support.

In the functional and psychiatric rehabilitation sector, revenue is recovering strongly (+20%) thanks to the fact that the core activity is in line with that of the first half of 2020, while there has been a significant increase in laboratory and analysis activities with a contribution from the new structures launched during the course of 2020.

Lastly, Diagnostics and Oncological Treatments, present only in India, posted revenue recovering by 33%, returning to the values of 2019.

**EBITDA** amounted to € 66.1 million (compared with € 56.1 million in the first six months of 2020) including capital gains from the sale of properties for a total of € 12.5 million.



**EBIT** amounted to € 20.9 million compared with € 13.6 million in the first half of 2020.

The **net profit for the period** amounted to € 0.4 million, compared with a loss of € 2.1 million in the first half of 2020.

**Cash flows** were positive for € 15.3 million, with contributions of € 32.3 million from the sale of properties and investments in new structures of approximately € 9 million.

At 30 June 2021, KOS presents a **net financial indebtedness pre-IFRS 16** of € 185.5 million compared with € 200.7 million at 31 December 2020 and € 356.2 million at 30 June 2020. The net financial position, including liabilities deriving from the application of IFRS 16, is negative for € 921.8 million, compared with € 930.9 million at the end of 2020.

With regard to financial resources, during the first half of 2021 KOS took out new loans for € 175 million; existing credit lines currently exceed requirements by more than € 200 million and, based on expected cash flow trends, existing loans and their maturities, the group should have the resources to support its business plan for the next 24-36 months.

With regard to covenant risk, the covenants contained in the loan contracts outstanding at 30 June 2021 have been complied with; in light of the prospects for the second half of the year and the following year, and taking into account the actions that have been identified and in part already carried out by management, these parameters are not expected to be violated at the coming deadlines.

At 30 June 2021, consolidated equity amounted to € 336.5 million (€ 336.2 million at 31 December 2020).

The KOS group had 11,552 employees at 30 June 2021 compared with 11,581 at 31 December 2020.

### 3.2 Automotive components

In the first half of 2021, world car production grew by 29.2% compared with the first half of 2020: +15.5% in the first quarter and +48.6% in the second quarter, which in 2020 experienced an unprecedented drop in production due to Covid-19.

The recovery affected all of the main geographical areas. In Europe, NAFTA and Asia production increased by approximately 30% (28%, 32% and 31.6% respectively) and in Mercosur by 63.3%.

That said, in all geographical areas, production volumes remain significantly lower than before the pandemic, with the exception of China. In fact, compared with the first half of 2019, world production in the first half of 2021 stands at -12.6%, with Europe at -23.5%, NAFTA at -19.7%, Mercosur at -19.5% and China at +1.6%.

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

| (in millions of euro)               | 01/01-30/06<br>2021 | 01/01-30/06<br>2020 | Change<br>amount | %    |
|-------------------------------------|---------------------|---------------------|------------------|------|
| <b>Revenue</b>                      | 682.5               | 506.0               | 176.5            | 34.9 |
| <b>Profit (loss) for the period</b> | 21.4                | (28.8)              | 50.2             | n.a. |

|  | 30/06/2021 | 31/12/2020 | Change |
|--|------------|------------|--------|
| <b>Net financial indebtedness before IFRS 16</b> | (261.4)    | (291.3)    | 29.9   |
| <b>Net financial indebtedness after IFRS 16</b>  | (327.5)    | (358.1)    | 30.6   |
| <b>No. of employees</b>                          | 5,833      | 5,940      | (107)  |

In the first half of 2021, Sogefi's revenue amounted to € 682.5 million, an increase compared with the corresponding period of 2020 of 34.9% at historical exchange rates and 38.5% at constant



exchange rates (+9.3% in the first quarter and +96.0% in the second); however, turnover is still 9.0% lower than in the first half of 2019.

Revenue at constant exchange rates increased by 30.4% in Europe, 40.3% in North America (+32.7% at current exchange rates) and 36.3% in China, with both North America and China turning in a better performance than the market.

By sector of activity, "Air and Cooling" and "Filtration" recovered more than the market compared with 2020, with revenue almost in line with the same period of 2019; the growth of Air and Cooling compared with the first half of 2020 (+39.9% at constant exchange rates, +37.4% at current exchange rates) is due not only to the recovery in the market, but also to growth in the order backlog, especially in China, where revenue at constant exchange rates increased by 43.6% compared with the previous year; the increase in "Filtration" turnover compared with the first half of 2020 (+36.2% at constant exchange rates, +31.6% at current exchange rates) reflects the evolution of the market and a strong recovery in India; lastly, "Suspensions" revenue grew by +39.8% at constant exchange rates (+36.3% at current exchange rates), but business remains significantly below the same period of 2019 (-19.4% at current exchange rates).

**EBITDA** amounted to € 110 million, compared with € 52.1 million in the first half of 2020 and € 87.9 million in the first half of 2019; gross profitability (EBITDA/Revenue %) increased to 16.1% (compared with 11.7% in the first half of 2019 and 10.3% in the same period of 2020).

The increase in profitability derives from the increase in the contribution margin to 31.3% (29.6% in the first half of 2019 and 30.2% in the same period of 2020), despite the ongoing market tensions regarding the availability and cost of raw materials, and a reduction of fixed costs as a proportion of revenue to 16.4% (17.4% and 19.2% in the first half of 2019 and 2020). Compared with the first half of 2019, fixed costs fell by 14.2%.

Lastly, the positive effect of exchange rates contributed to the increase in EBITDA (€ +1.3 million in 2021 compared with € -1.4 million in the first half of 2020) and the recording of € 5.3 million of non-operating income.

**EBIT** amounted to € 48.9 million, compared with € -12.0 million in the same period of 2020 and € 27.9 million in the first half of 2019.

**Financial expense**, equal to € 10.6 million, is in line with the corresponding period of 2020 (€ 10.4 million), tax charges amounted to € 13.5 million, compared with tax income of € 1.0 million the previous year, and the net result of discontinued operations held for sale was negative for € 3.3 million, compared with € -8.0 million in the first half of 2020.

The result of **assets held for sale** was negative for € 3.3 million (€ -5.0 million in the first half of 2020) and includes the estimated loss of € 2.8 million deriving from the transaction involving the Filtration site in Argentina and other minor adjustments on disposals in 2020 of a number of sites, again of the Filtration Division.

Sogefi recognised a **profit** for the period of € 21.4 million versus a loss of € 28.8 million in the first half of 2020 and a profit of € 6.9 million in the first half of 2019.

**Free Cash Flow** was positive for € 33.1 million, compared with a consumption of € 64.0 million in the first half of 2020 which, it should be remembered, presented an anomalous trend attributable to the strong contraction in activity due to the pandemic.

**Net financial indebtedness pre-IFRS 16** at 30 June 2021 is equal to € 261.4 million, down compared with 31 December 2020 (€ 291.3 million), 30 June 2020 (€ 327 million) and 30 June 2019 (€ 267.3). Including lease liabilities in accordance with IFRS 16, net financial indebtedness was € 327.5 million at 30 June 2021 compared with € 358.1 million at 31 December 2020 and € 382.9 million at 30 June 2020.

At 30 June 2021, the Sogefi Group has committed lines of credit in excess of the requirement for € 279 million (after having repaid the convertible bond loan of € 100 million in May).



At 30 June 2021 covenants in the loan agreements have been complied with and these parameters are not expected to be violated at the next deadlines.

The Sogefi Group had 5,833 employees at 30 June 2021 compared with 6,057 at 31 December 2020.

## 4. Financial investments

The group manages a diversified portfolio of financial investments amounting to € 484.4 million at 30 June 2021. These comprise traditional financial assets that are highly liquid, private equity funds and non-strategic equity investments. The investment strategy seeks to manage the risk-yield trade-off in a prudent manner.

At 30 December 2021, the highly liquid assets - bonds, equities, bank deposits and hedge funds - amount to € 405.0 million (€ 391.7 million at 31 December 2020), with a 2.5% return in the half year equal to € 10.0 million (0.7% in the first half of 2020, equal to €2.3 million).

The other assets, comprising private equity funds, non-strategic equity investments and non-performing loans, amount to € 79.4 million at 30 June 2021 and their yield during the half year was positive for € 2.3 million.

## 5. Impact of Covid-19 on the business

### 5.1 Impact on the KOS group

The pandemic has had major repercussions on the health sector and on the activities of the KOS group. Starting from January 2021, the vaccination campaign began in all of the group's facilities in Italy and Germany and at the date of this report we estimate that around 75% of guests and most of the operators have been vaccinated. This has made it possible to substantially eliminate new infections in the facilities for the elderly and to resume visits by the relatives of the guests, in compliance with the safety protocols. The climate of greater confidence on the part of guests and their families has allowed a recovery in occupancy rates starting from May 2021, albeit with growth rates still limited for the moment.

Due to the pandemic, the revenue of the Italian care homes is about 20% lower than it would have achieved in a normal situation and additional costs have been incurred in all sectors of the business for the protection of guests and staff.

### 5.2 Impact on the Sogefi group

In the first six months of 2021, while the pandemic persisted, the effects on the market in which the company operates were less severe than in the first half of 2020. They consisted of a general weakness in demand, even lower than the same period of 2019, particularly in Europe and NAFTA (about -20%), and the need to maintain high levels of protection. Production volumes remain approximately 10% lower than in 2019, but thanks to the measures adopted by the company to cope with the market evolution in the context of the pandemic crisis, the economic trend in the first half of 2021 was positive.

### 5.3 Impact on the parent

The impact of the pandemic on the parent was reflected particularly in the fair value of financial assets. The equity and bond markets initially suffered major corrections in March 2020, but then recovered in subsequent months and closed 2020 and the first half of 2021 positively. The investment portfolio of CIR and of the financial holding companies, managed according to a conservative strategy, underwent a correction in the first quarter of 2020, but thanks to the recovery in financial markets during the following quarters, it achieved performances that were both positive and above expectations in 2020 and the first half of 2021.





## 5.4 Impact on accounting estimates and measurements

With regard to the impacts of Covid-19 on accounting estimates and measurements, it should be noted that the measurements in the consolidated financial statements of the CIR Group are fully supported by the amounts calculated on the basis of the most recent business plans approved by the subsidiaries KOS and Sogefi, which take into account the impacts of Covid-19 in determining the main financial statements items.

For more details on accounting estimates and measurements, please refer to the “Notes”.

## 6. Events after the reporting period

As regards the parent, there are no subsequent events to report.

As regards the subsidiaries, we would like to remind you that Sogefi has started negotiations for the sale of the Argentine branch of the Filtration Division and that the sale would result in an estimated loss of € 2.8 million, already recognised at 30 June 2021, and on completion of the sale, a further negative impact would be generated on the income statement of approximately € 21 million from reclassification of the subsidiary's exchange differences from equity to profit or loss for the year, without any cash effect.

## 7. Outlook

Given persistent uncertainties about how the pandemic will evolve, visibility about Group performance in the coming months remains clouded.

As regards **KOS**, in the absence of further waves of infections and constraints on welcoming new guests (such as the need for isolation in care homes) and management of the facilities (such as blocking visits by relatives), it is expected that the activity will increase progressively and that the return to pre-pandemic levels will require at least one more year.

As for the automotive market, IHS expects that world production in the second half will turn in a small decline (-3.4%) compared with 2020 and that, taking into account the trend in the first half of the year, there will be growth over the entire year of 10%, coming in at -7.8% compared with 2019. For the second half of 2021, tensions in commodity prices (steel, plastic and paper) are also expected to continue.

In such a scenario, **Sogefi** confirms what was said at the time the first quarter 2021 results were published, namely the expectation of achieving an operating profit for the entire year at least equal to that recorded in 2019 and of returning to a net profit, in the absence of extraordinary circumstances or events currently unforeseeable and prior to the accounting effects of the disposals.



## 8. Other information

### Treasury shares

At 30 June 2021, the parent owned 26,708,861 treasury shares (2.09% of share capital).

Further information about the treasury shares held is provided in the notes on equity.

### Definition of performance indicators

In line with recommendation CESR/05-178b published on 3 November 2005 and subsequent ESMA's new guidance no. 1095/2010/EU of 15 October 2015, the criteria used for the construction of the main performance indicators that management considers useful for monitoring the group's performance are reported below.

EBITDA is the sum of the items "Operating profit (loss)" and "Amortisation, depreciation and impairment losses".

At 30 June 2021, there are no non-recurring expense as defined by Consob in its communication DEM/6064293 of 28 July 2006.

### Main risks and uncertainties to which the group is exposed

The main risk factors to which the CIR group is exposed are substantially unchanged compared with those that characterised 2020.

For the risks and uncertainties associated with specific cases, please refer to the contents of paragraph 3 "Sector trend" and paragraph 7 "Business outlook" of this Report and paragraph 15 "Risk management" of the notes to the condensed interim consolidated financial statements at 30 June 2021.

### Related-party transactions

With regard to significant transactions with related parties, as required by art. 154-ter paragraph 4 of Legislative Decree 58/98, please refer to paragraph 22 "Other information" of the notes to the condensed interim consolidated financial statements at 30 June 2021.

### 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 June 2021 was approved by the Board of Directors on 26 July 2021.

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



# Condensed interim consolidated financial statements

Financial statements

Notes





## Condensed interim consolidated financial statements

1. Statement of financial position
2. Income statement
3. Statement of comprehensive income
4. Statement of cash flows
5. Statement of changes in equity



## 1. Statement of financial position

(in thousands of euro)

| ASSETS   | Notes      | 30.06.2021       | 31.12.2020       |
|--|------------|------------------|------------------|
| <b>NON-CURRENT ASSETS</b>                              |            | <b>2,279,034</b> | <b>2,310,573</b> |
| INTANGIBLE ASSETS                                      | (3.a.)     | 616,549          | 625,128          |
| PROPERTY, PLANT AND EQUIPMENT                          | (3.b.)     | 634,415          | 640,347          |
| RIGHT-OF-USE ASSETS                                    | (3.c.)     | 829,085          | 835,988          |
| INVESTMENT PROPERTY                                    | (3.d.)     | 14,568           | 15,770           |
| EQUITY-ACCOUNTED INVESTEEES                            | (3.e.)     | 596              | 596              |
| OTHER EQUITY INVESTMENTS                               | (3.f.)     | 1,871            | 1,872            |
| OTHER ASSETS   | (3.g.)     | 39,162           | 45,284           |
| OTHER FINANCIAL ASSETS                                 | (3.h.)     | 77,168           | 75,846           |
| DEFERRED TAX ASSETS                                    | (3.i.)     | 65,620           | 69,742           |
| <b>CURRENT ASSETS</b>                                  |            | <b>1,248,134</b> | <b>1,150,810</b> |
| INVENTORIES  | (4.a.)     | 117,182          | 107,066          |
| TRADE RECEIVABLES                                      | (4.b.)     | 205,286          | 196,928          |
| of which with related parties (*)                      | (4.b.) 39  | --               |                  |
| OTHER ASSETS   | (4.c.)     | 64,578           | 66,904           |
| of which with related parties (*)                      | (4.c.) 133 | 133              |                  |
| LOAN ASSETS  | (4.d.)     | 9,209            | 10,940           |
| SECURITIES   | (4.e.)     | 48,112           | 48,992           |
| OTHER FINANCIAL ASSETS                                 | (4.f.)     | 302,991          | 295,434          |
| CASH AND CASH EQUIVALENTS                              | (4.g.)     | 500,776          | 424,546          |
| <b>ASSETS HELD FOR SALE</b>                            | (4.h.)     | <b>12,879</b>    | <b>6,548</b>     |
| <b>TOTAL ASSETS</b>                                    |            | <b>3,540,047</b> | <b>3,467,931</b> |
| <b>LIABILITIES</b>                                     |            |                  |                  |
| <b>EQUITY</b>  |            | <b>1,033,799</b> | <b>987,820</b>   |
| SHARE CAPITAL  | (5.a.)     | 625,249          | 625,125          |
| RESERVES   | (5.b.)     | 99,959           | 91,225           |
| RETAINED EARNINGS                                      | (5.c.)     | 54,594           | 38,314           |
| PROFIT FOR THE PERIOD/YEAR                             |            | 21,624           | 16,313           |
| <b>EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b> |            | <b>801,426</b>   | <b>770,977</b>   |
| EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS       |            | 232,373          | 216,843          |
| <b>NON-CURRENT LIABILITIES</b>                         |            | <b>1,689,889</b> | <b>1,643,073</b> |
| BONDS  | (6.a.)     | 179,945          | 192,843          |
| OTHER LOANS AND BORROWINGS                             | (6.b.)     | 534,546          | 463,857          |
| LEASE LIABILITIES                                      | (6.c.)     | 754,461          | 763,725          |
| OTHER LIABILITIES                                      |            | 64,493           | 59,430           |
| DEFERRED TAX LIABILITIES                               | (3.i.)     | 60,994           | 56,699           |
| EMPLOYEE BENEFIT OBLIGATIONS                           | (6.d.)     | 82,521           | 93,812           |
| PROVISIONS FOR RISKS AND CHARGES                       | (6.e.)     | 12,929           | 12,707           |
| <b>CURRENT LIABILITIES</b>                             |            | <b>809,359</b>   | <b>831,786</b>   |
| BANK LOANS AND BORROWINGS                              | (4.g.)     | 38,297           | 4,561            |
| BONDS  | (7.a.)     | 23,619           | 119,747          |
| OTHER LOANS AND BORROWINGS                             | (7.b.)     | 96,739           | 60,873           |
| LEASE LIABILITIES                                      | (7.c.)     | 77,199           | 71,126           |
| TRADE PAYABLES   | (7.d.)     | 332,319          | 341,218          |
| OTHER LIABILITIES                                      | (7.e.)     | 184,734          | 161,796          |
| PROVISIONS FOR RISKS AND CHARGES                       | (6.e.)     | 56,452           | 72,465           |
| <b>LIABILITIES HELD FOR SALE</b>                       | (4.h.)     | <b>7,000</b>     | <b>5,252</b>     |
| <b>TOTAL LIABILITIES AND EQUITY</b>                    |            | <b>3,540,047</b> | <b>3,467,931</b> |

(\*) As per Consob Resolution no. 6064293 of 28 July 2006



## 2. Income statement

(in thousands of euro)

|   | Notes     | 1st half 2021 | 1st half 2020<br>(*) |
|---|-----------|---------------|----------------------|
| REVENUE   | (8)       | 1,007,915     | 816,382              |
| CHANGE IN INVENTORIES   |           | 5,708         | (7,798)              |
| COSTS FOR THE PURCHASE OF GOODS   | (9.a.)    | (410,996)     | (294,227)            |
| COSTS FOR SERVICES  | (9.b.)    | (140,008)     | (128,533)            |
| PERSONNEL EXPENSE   | (9.c.)    | (304,458)     | (267,189)            |
| OTHER OPERATING INCOME  | (9.d.)    | 43,027        | 15,716               |
| of which with related parties (**)                                      | (9.d.) 39 |               | 156                  |
| OTHER OPERATING EXPENSE   | (9.e.)    | (28,917)      | (34,300)             |
| AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES                          |           | (105,611)     | (105,978)            |
| <b>OPERATING PROFIT (LOSS)</b>  |           | <b>66,660</b> | <b>(5,927)</b>       |
| FINANCIAL INCOME  | (10.a.)   | 5,102         | 3,693                |
| FINANCIAL EXPENSE   | (10.b.)   | (27,999)      | (30,058)             |
| DIVIDENDS   |           | 32            | 24                   |
| GAINS FROM SECURITIES TRADING   | (10.c.)   | 4,007         | 134                  |
| LOSSES FROM SECURITIES TRADING  | (10.d.)   | (817)         | (240)                |
| SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTEEES                   | (3.e.)    | --            | (172)                |
| NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS                       | (10.e.)   | 8,280         | (6,366)              |
| <b>PROFIT (LOSS) BEFORE TAXES</b>                                       |           | <b>55,265</b> | <b>(38,912)</b>      |
| INCOME TAXES  | (11)      | (18,790)      | 35                   |
| <b>PROFIT (LOSS) FROM CONTINUING OPERATIONS</b>                         |           | <b>36,475</b> | <b>(38,877)</b>      |
| LOSS FROM DISCONTINUED OPERATIONS                                       | (12)      | (3,312)       | (5,053)              |
| <b>PROFIT (LOSS) FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS</b> |           | <b>33,163</b> | <b>(43,930)</b>      |
| - PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS               |           | (11,539)      | 13,512               |
| - <b>PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT</b>         |           | <b>21,624</b> | <b>(30,418)</b>      |
| <b>BASIC EARNINGS PER SHARE (in euro)</b>                               | (13)      | 0.0173        | (0.0277)             |
| <b>DILUTED EARNINGS PER SHARE (in euro)</b>                             | (13)      | 0.0172        | (0.0277)             |
| <b>BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (IN EURO)</b>    | (13)      | 0.0292        | (0.0354)             |
| <b>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (IN EURO)</b>  | (13)      | 0.0290        | (0.0354)             |

(\*) Certain 1st half 2020 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"

(\*\*) As per Consob Resolution no. 6064293 of 28 July 2006



### 3. Statement of comprehensive income

(in thousands of euro)

|  | 1st half 2021 | 1st half 2020   |
|--|---------------|-----------------|
| <b>PROFIT (LOSS) FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS</b>          | 33,163        | (43,930)        |
| <b>OTHER COMPREHENSIVE INCOME</b>  |               |                 |
| <i>ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS</i>                   |               |                 |
| - ACTUARIAL GAINS (LOSSES)   | 11,171        | (10,162)        |
| - TAX EFFECT OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS          | (3,524)       | 931             |
| <b>SUBTOTAL OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS</b>       | <b>7,647</b>  | <b>(9,231)</b>  |
| <i>ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS</i>             |               |                 |
| - EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS                      | 2,855         | (7,822)         |
| - NET FAIR VALUE GAINS ON CASH FLOW HEDGES                                       | 877           | 510             |
| - OTHER COMPREHENSIVE INCOME (EXPENSE)   | --            | --              |
| - TAX EFFECT OF ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS    | (210)         | (123)           |
| <b>SUBTOTAL OF ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS</b> | <b>3,522</b>  | <b>(7,435)</b>  |
| <b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b>                                      | <b>11,169</b> | <b>(16,666)</b> |
| <b>COMPREHENSIVE INCOME (EXPENSE)</b>  | <b>44,332</b> | <b>(60,596)</b> |
| <b>TOTAL COMPREHENSIVE INCOME (EXPENSE) ATTRIBUTABLE TO:</b>                     |               |                 |
| OWNERS OF THE PARENT   | 27,917        | (39,829)        |
| NON-CONTROLLING INTERESTS  | 16,415        | (20,767)        |



## 4. Statement of cash flows

(in thousands of euro)

|  | 1st half 2021   | 1st half 2020   |
|--|-----------------|-----------------|
| <b>OPERATING ACTIVITIES</b>  |                 |                 |
| PROFIT (LOSS) FROM CONTINUING OPERATIONS   | 36,475          | (43,547)        |
| ADJUSTMENTS:   |                 |                 |
| AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES   | 105,611         | 112,122         |
| NET FAIR VALUE GAINS (LOSSES) ON EQUITY-ACCOUNTED INVESTEEES                           | --              | 172             |
| NET ACTUARIAL GAINS ON STOCK OPTION/STOCK GRANT PLANS                                  | 824             | 1,101           |
| CHANGES IN EMPLOYEE BENEFIT OBLIGATIONS, PROV. FOR RISKS & CHARGES                     | (13,156)        | (15,722)        |
| FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS  | (12,777)        | 6,366           |
| GAINS ON DISPOSAL OF NON-CURRENT ASSETS  | (11,867)        | (53)            |
| OTHER NON-MONETARY CHANGES   | 2,456           | (1,694)         |
| INCREASE IN NON-CURRENT ASSETS/LIABILITIES   | 12,581          | 759             |
| INCREASE IN NET WORKING CAPITAL  | (12,188)        | (23,293)        |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  | <b>107,959</b>  | <b>36,211</b>   |
| of which:  |                 |                 |
| - interest paid  | (11,578)        | (15,353)        |
| - income tax paid  | (5,510)         | (3,202)         |
| <b>INVESTING ACTIVITIES</b>  |                 |                 |
| CONSIDERATION PAID FOR BUSINESS COMBINATIONS   | (1,350)         | (9,981)         |
| NET FINANCIAL POSITION OF ACQUIRED COMPANIES   | --              | (182)           |
| CHANGE IN OTHER LOANS RECEIVABLE   | 815             | 4,347           |
| (PURCHASE) SALE OF SECURITIES  | 6,479           | (16,669)        |
| PURCHASE OF NON-CURRENT ASSETS   | (29,489)        | (60,353)        |
| <b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>   | <b>(23,545)</b> | <b>(82,838)</b> |
| <b>FINANCING ACTIVITIES</b>  |                 |                 |
| PROCEEDS FROM CAPITAL INCREASES  | 80              | 30              |
| DRAWDOWN OF OTHER LOANS AND BORROWINGS   | (2,471)         | 72,357          |
| REPAYMENT OF LEASE LIABILITIES   | (31,714)        | (32,136)        |
| DIVIDENDS PAID   | (4,015)         | --              |
| <b>CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES</b>                                  | <b>(38,120)</b> | <b>40,251</b>   |
| <b>INCREASE (DECREASE) IN NET CASH &amp; CASH EQUIVALENTS OF CONTINUING OPERATIONS</b> | <b>46,294</b>   | <b>(6,376)</b>  |
| <b>OPENING CASH FLOWS/NET CASH &amp; CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS</b> | <b>(3,800)</b>  | <b>102,444</b>  |
| <b>OPENING NET CASH &amp; CASH EQUIVALENTS</b>   | <b>419,985</b>  | <b>300,881</b>  |
| <b>CLOSING NET CASH &amp; CASH EQUIVALENTS</b>   | <b>462,479</b>  | <b>396,949</b>  |

## 5. Statement of changes in equity

|   | Attributable to the owners of the parent |                      |                       |               |                    |                     |                             |                                      |                |                   |                              | Non-controlling interests | Total            |
|---|--|----------------------|-----------------------|---------------|--------------------|---------------------|-----------------------------|--------------------------------------|----------------|-------------------|------------------------------|---------------------------|------------------|
|   | Share capital issued                     | less treasury shares | Share capital premium | Legal reserve | Fair value reserve | Translation reserve | Reserve for treasury shares | Stock option and stock grant reserve | Other reserves | Retained earnings | Profit (loss) for the period |                           |                  |
| <b>BALANCE AT 31 DECEMBER 2019</b>                        | <b>359,605</b>                           | <b>(13,607)</b>      | <b>345,998</b>        | <b>5,044</b>  | <b>24,846</b>      | <b>(700)</b>        | <b>(20,363)</b>             | <b>13,607</b>                        | <b>20,921</b>  | <b>112,885</b>    | <b>(69,807)</b>              | <b>684,540</b>            | <b>1,116,971</b> |
| Capital increases   | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | ---                          | 30                        | 30               |
| Dividends to shareholders                                 | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | ---                          | (3,771)                   | (3,771)          |
| Allocation of the profit of the previous year             | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | ---                          | ---                       | ---              |
| Effects of the merger                                     | 278,999                                  | ---                  | 278,999               | ---           | 670                | ---                 | ---                         | ---                                  | 1,274          | (71,751)          | 69,807                       | (338,252)                 | ---              |
| Fair value gains (losses) on treasury shares              | ---                                      | 31                   | 31                    | ---           | ---                | (535)               | (15,535)                    | (31)                                 | 75,333         | (10)              | ---                          | ---                       | ---              |
| Notional cost of share-based plans                        | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | 36             | (36)              | ---                          | ---                       | ---              |
| Reclassifications   | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | ---                          | ---                       | ---              |
| Effects of changes in equity attributable to subsidiaries | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | ---                          | ---                       | ---              |
| Effects of changes in equity attributable to subsidiaries | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | 30                          | ---                                  | (957)          | (2,212)           | ---                          | (122,437)                 | (125,576)        |
| <b>Comprehensive income for the period</b>                | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | ---                          | ---                       | ---              |
| Fair value gains on cash flow hedges                      | ---                                      | ---                  | ---                   | ---           | ---                | 222                 | ---                         | ---                                  | ---            | ---               | ---                          | 165                       | 387              |
| Translation differences                                   | ---                                      | ---                  | ---                   | ---           | ---                | (4,407)             | ---                         | ---                                  | ---            | ---               | ---                          | (3,415)                   | (7,822)          |
| Actuarial losses  | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | (5,226)        | ---               | ---                          | (4,005)                   | (9,231)          |
| Loss for the period                                       | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | (30,418)                     | (13,512)                  | (43,930)         |
| <b>Comprehensive income (expense) for the period</b>      | ---                                      | ---                  | ---                   | ---           | ---                | 222                 | (4,407)                     | ---                                  | (5,226)        | ---               | (30,418)                     | (20,767)                  | (60,596)         |
| <b>BALANCE AT 30 JUNE 2020</b>                            | <b>638,604</b>                           | <b>(13,576)</b>      | <b>625,028</b>        | <b>5,044</b>  | <b>25,516</b>      | <b>(1,013)</b>      | <b>(40,275)</b>             | <b>13,576</b>                        | <b>91,381</b>  | <b>38,876</b>     | <b>(30,418)</b>              | <b>199,343</b>            | <b>927,865</b>   |
| <b>BALANCE AT 31 DECEMBER 2020</b>                        | <b>638,604</b>                           | <b>(13,479)</b>      | <b>625,125</b>        | <b>5,044</b>  | <b>25,516</b>      | <b>(1,258)</b>      | <b>(41,763)</b>             | <b>13,479</b>                        | <b>88,726</b>  | <b>38,314</b>     | <b>16,313</b>                | <b>216,843</b>            | <b>987,820</b>   |
| Capital increases   | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | ---                          | 80                        | 80               |
| Dividends to shareholders                                 | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | ---                          | (1,015)                   | (1,015)          |
| Allocation of the profit of the previous year             | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | ---                          | ---                       | ---              |
| Fair value gains (losses) on treasury shares              | ---                                      | 124                  | 124                   | ---           | ---                | ---                 | ---                         | (124)                                | 140            | (140)             | ---                          | ---                       | ---              |
| Notional cost of share-based plans                        | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | ---                          | ---                       | ---              |
| Reclassifications   | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | 107               | ---                          | ---                       | ---              |
| Effects of changes in equity attributable to subsidiaries | ---                                      | ---                  | ---                   | ---           | ---                | (1)                 | (10)                        | ---                                  | 1,819          | ---               | ---                          | 50                        | 1,858            |
| <b>Comprehensive income for the period</b>                | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | ---                          | ---                       | ---              |
| Fair value gains on cash flow hedges                      | ---                                      | ---                  | ---                   | ---           | ---                | 378                 | ---                         | ---                                  | ---            | ---               | ---                          | 289                       | 667              |
| Translation differences                                   | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | 1,586                       | ---                                  | ---            | ---               | ---                          | 1,269                     | 2,855            |
| Actuarial losses  | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | 4,329          | ---               | ---                          | 3,318                     | 7,647            |
| Profit for the period                                     | ---                                      | ---                  | ---                   | ---           | ---                | ---                 | ---                         | ---                                  | ---            | ---               | ---                          | 11,539                    | 33,163           |
| <b>Comprehensive income for the period</b>                | ---                                      | ---                  | ---                   | ---           | ---                | 378                 | 1,586                       | ---                                  | 4,329          | ---               | ---                          | 16,415                    | 44,332           |
| <b>BALANCE AT 30 JUNE 2021</b>                            | <b>638,604</b>                           | <b>(13,355)</b>      | <b>625,249</b>        | <b>5,044</b>  | <b>25,516</b>      | <b>(881)</b>        | <b>(40,187)</b>             | <b>13,355</b>                        | <b>95,014</b>  | <b>54,594</b>     | <b>21,624</b>                | <b>232,373</b>            | <b>1,033,799</b> |





# Notes to the consolidated financial statements

## 1. Basis of preparation

These condensed interim consolidated financial statements have been prepared on a going-concern basis in accordance with the International Financial Reporting Standards adopted by the European Union, as well as all the measures issued in implementation of art. 30 of Legislative Decree 2021/05, taking into account that, on the basis of the most recent forecasts prepared by the management, over a minimum time horizon of 12 months the companies of the group have sufficient liquidity to meet their commitments and they will also comply with any covenants in their loan agreements.

In this regard, it should be noted that the groups in which CIR holds majority and controlling interests have been going through a totally unforeseeable and extraordinary period of crisis, due to the Covid-19 pandemic and its consequences in terms of suspended production and collapsing demand. This has generated a number of elements of uncertainty which have been and continue to be monitored by the management teams of CIR and of the two industrial groups, which have taken action to mitigate these uncertainties as much as possible.

These condensed interim consolidated financial statements have been prepared in condensed form in accordance with IAS 34 "Interim Financial Reporting". This means that they do not include all of the information required for annual financial statements and should be read in conjunction with the annual report at 31 December 2020. Even though they do not include all of the information required for complete financial statement disclosure, specific notes are included to explain the events and transactions that are relevant to understand the changes in financial position and performance of the group that have taken place since the last set of annual financial statements.

The same accounting principles, recognition and measurement criteria, as well as consolidation criteria adopted in preparing the consolidated financial statements as at and for the year ended 31 December 2020 were also applied to these consolidated interim consolidated financial statements, with the exception of the new accounting standards in force as of 1 January 2021, for which reference is made to the paragraph "Basis of consolidation".

The condensed interim consolidated financial statements at 30 June 2021 include the parent CIR S.p.A. and its subsidiaries, and were prepared using the financial statements of the individual companies included in the consolidation scope; these correspond to their separate financial statements or the consolidated financial statements of sub-groups, examined and approved by their respective boards and amended and re-stated where necessary to bring them into line with the accounting policies listed below and, where compatible, with Italian regulations.

The presentation criteria adopted are as follows:

- the statement of financial position is organised by matching items on the basis of current and non-current assets and liabilities;
- the income statement is shown by type of expenditure;
- the statement of comprehensive income shows the income and expenses that are in equity;
- the statement of cash flows has been prepared using the indirect method;
- the statement of changes in equity gives a breakdown of the changes that took place in the reporting period and in the same period of the previous year.

It should be noted that the figures of the first half of 2020 have been restated for the application of IFRS 5 ("Non-current assets held for sale and discontinued operations"), within the Sogefi group, with reference to the Brazilian and Spanish subsidiaries of the Filtration business unit, sold in



December 2020 and January 2021 respectively, and within the KOS group following the sale of the subsidiary Medipass on 27 November 2020.

It should also be noted that at 30 June 2021, within the Sogefi group, in consideration of the ongoing negotiations for the sale, the Argentine subsidiary of the Filtration business unit has been classified as "Assets held for sale" based on IFRS 5.

It should be noted that the classification, form, order and nature of the items in the financial statements have not changed compared with the approved consolidated financial statements at 31 December 2020, with the exception of the reclassification of an amount of € 26,137 thousand within the Sogefi group from "Provisions for risks and charges" in non-current liabilities to "Provisions for risks and charges" in current liabilities and the reclassification of an amount of € 11,700 thousand relating to the investment in GEDI Gruppo Editoriale S.p.A., made by the parent CIR S.p.A. from item 3.f. "Other equity investments" to item 3.h. "Other financial assets" in non-current assets.

The financial statements of each of the companies within the consolidation scope are prepared in the currency of the main geographical segment in which it operates ("functional currency"). For the purposes of the condensed interim consolidated financial statements, the assets and liabilities of foreign companies that use functional currencies other than the euro are converted at the exchange rates ruling at the year-end, including goodwill and fair value adjustments generated by the acquisition of a foreign company. Revenue, income, costs and charges are all translated at average exchange rates for the year, which approximate those of the underlying transactions. Exchange gains or losses are recognised in the statement of comprehensive income and shown in the statement of changes in equity in the "Translation reserve". Exchange gains and losses on monetary assets or liabilities to foreign operations, the collection or payment of which is neither planned nor probable in the foreseeable future, are considered part of the net investment in foreign operations, are accounted for in other components of comprehensive income and shown in the statement of changes in equity in the "Translation reserve".

The condensed interim consolidated financial statements at 30 June 2021 were approved by the Board of Directors on 26 July 2021.

#### Significant estimates and assumptions

The preparation of these interim consolidated financial statements and their notes thereto in accordance with IFRS requires management to make estimates and assumptions which affect the carrying amounts of the assets and liabilities, as well as the disclosures made regarding contingent assets and liabilities at the reporting date.

The estimates and assumptions used are based on experience and other factors considered relevant. To a considerable extent, they are also quite subjective. The actual results could differ from these estimates.

Estimates and assumptions are reviewed periodically and the effects of any changes are reflected in the income statement in the period in which the amendment is made if the review only affects that period, or in subsequent periods if the amendment affects both the current and future periods.

As for assessing the impact of COVID-19, it has to be said that any forecasts regarding the future evolution of the current macroeconomic and financial context, in any case, feature a high degree of uncertainty, which could well reflect on the measurements and estimates made for the carrying amounts of assets and liabilities affected by a higher degree of volatility.



Consequently, with respect to the consolidated financial statements at 31 December 2020, the measurements and estimates underlying the impairment test on KOS were updated in light of the above events.

The items in the financial statements mainly affected by such a measurement process are:

- Non-financial assets subject to impairment testing;
- Inventories;
- Receivables;
- Other financial assets measured at fair value;
- Deferred tax assets;
- Provisions for risks, such as onerous contracts according to IAS 37.

The assessments made did not show significant impacts on the condensed interim consolidated financial statements. The following paragraphs of the notes to the condensed interim consolidated financial statements include the relevant information regarding the estimates listed above.

### 1.a. Information on IFRS 5

#### KOS group

On 27 November 2020, KOS S.p.A. completed the sale of 100% of the quotas in Medipass S.r.l. to Inframedica S.p.A., a company which is indirectly wholly-owned by DWS Alternatives Global Limited, the investment manager that manages the Pan-European Infrastructure III, SCSp fund.

In this regard, the condensed interim consolidated financial statements at 30 June 2021 show the following:

- for comparative purposes, in the income statement and the statement of comprehensive income for the first half of 2020, the items of revenue & income and costs & charges, less costs to sell, of the sold assets that make up the Discontinued Operations have been reclassified to " Loss from discontinued operations".

The income statement and the statement of comprehensive income of the Medipass group for the first half of 2020 are shown below.

#### **CONSOLIDATED INCOME STATEMENT – Medipass group**

(in thousands of euro)

|                              | 1st half 2020 |
|------------------------------|---------------|
| REVENUE                      | 26,804        |
| <b>OPERATING PROFIT</b>      | <b>4,763</b>  |
| NET FINANCIAL EXPENSE        | (476)         |
| INCOME TAXES                 | (676)         |
| <b>PROFIT FOR THE PERIOD</b> | <b>3,611</b>  |

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – Medipass group**

|   |                      |
|---|----------------------|
| <i>(in thousands of euro)</i>                                 | <i>1st half 2020</i> |
| <b>PROFIT FOR THE PERIOD</b>                                  | <b>3,611</b>         |
| <i>CHANGES THAT WILL NOT REVERSE TO THE INCOME STATEMENT:</i> |                      |
| ACTUARIAL GAINS (LOSSES)                                      | --                   |
| TAX EFFECT ON CHANGE IN ACTUARIAL PROFIT (LOSS)               | --                   |
| <i>CHANGES THAT WILL NOT REVERSE TO THE INCOME STATEMENT:</i> |                      |
| CHANGE IN THE TRANSLATION RESERVE                             | (141)                |
| <b>COMPREHENSIVE INCOME</b>                                   | <b>3,470</b>         |

The following table summarises the amounts reclassified under "Profit (loss) from discontinued operations" in the consolidated income statement of the CIR group for the first half of 2020 relating to the Medipass group.

|   |                  |                      |
|---|------------------|----------------------|
| <i>(in thousands of euro)</i>                             |                  | <i>1st half 2020</i> |
| Profit for the period including non-controlling interests | A                | 3,611                |
| Adjustment of carrying amounts to fair value              | B                | --                   |
| Disposal costs incurred, net of tax effect                | C                | (254)                |
| Profit from the sale of discontinued operations           | D                | --                   |
| <b>Profit from discontinued operations</b>                | <b>E=A+B+C+D</b> | <b>3,357</b>         |

**Sogefi group**

Within the Sogefi group, the subsidiary Sogefi Filtration do Brasil Ltda was sold in December 2020 while the subsidiary Sogefi Filtration Spain S.A.U. was sold in January 2021.

In this regard, the consolidated financial statements at 30 June 2021 show the following:

- in the income statement for the first half of 2021 and for comparative purposes for the first half of 2020, the items of revenue & income and costs & charges, less costs to sell of the sold subsidiaries, of the assets that make up the Discontinued Operations have been reclassified to "Loss from discontinued operations";
- in the statement of cash flows for the first half of 2021, the individual flows generated by the activities that constitute the Discontinued Operation have been reclassified to "Cash flow generated by assets held for sale" excluding from the cash flow generated by continuing operations the effects of the flows of the two subsidiaries

The income statement and the statement of comprehensive income of the two subsidiaries are shown in detail below.

**INCOME STATEMENT – Sogefi Filtration do Brasil Ltda**

|                               |                      |                      |
|-------------------------------|----------------------|----------------------|
| <i>(in thousands of euro)</i> | <i>1st half 2021</i> | <i>1st half 2020</i> |
| REVENUE                       | --                   | 11,985               |
| <b>OPERATING LOSS</b>         | <b>--</b>            | <b>(6,170)</b>       |
| NET FINANCIAL EXPENSE         | --                   | (1,159)              |
| INCOME TAXES                  | --                   | --                   |
| <b>LOSS FOR THE PERIOD</b>    | <b>--</b>            | <b>(7,329)</b>       |

**STATEMENT OF COMPREHENSIVE INCOME – Sogefi Filtration do Brasil Ltda**

|   |                      |                      |
|---|----------------------|----------------------|
| <i>(in thousands of euro)</i>               | <i>1st half 2021</i> | <i>1st half 2020</i> |
| <b>LOSS FOR THE PERIOD</b>                  | <b>--</b>            | <b>(7,329)</b>       |
| <b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b> | <b>--</b>            | <b>--</b>            |
| <b>COMPREHENSIVE EXPENSE</b>                | <b>--</b>            | <b>(7,329)</b>       |



The following table summarises the amounts reclassified under “Loss from discontinued operations” in the consolidated income statement of the CIR group for the first half of 2020, relating to Sogefi Filtration do Brasil Ltda.

| <i>(in thousands of euro)</i>                                    |                  | 1st half 2021 | 1st half 2020  |
|--|------------------|---------------|----------------|
| Profit (loss) for the period including non-controlling interests | A                | --            | (7,329)        |
| Adjustment of carrying amounts to fair value                     | B                | --            | --             |
| Reclassification of exchange differences from equity             | C                | --            | --             |
| Profit (loss) from the sale of discontinued operating activities | D                | (204)         | --             |
| <b>Loss from discontinued operating activities</b>               | <b>E=A+B+C+D</b> | <b>(204)</b>  | <b>(7,329)</b> |

#### INCOME STATEMENT – Sogefi Filtration Spain S.A.U.

| <i>(in thousands of euro)</i>  | 1st half 2021 | 1st half 2020 |
|--------------------------------|---------------|---------------|
| REVENUE                        | 219           | 3,655         |
| <b>OPERATING LOSS</b>          | <b>(126)</b>  | <b>(692)</b>  |
| NET FINANCIAL INCOME (EXPENSE) | --            | (6)           |
| INCOME TAXES                   | 60            | --            |
| <b>LOSS FOR THE PERIOD</b>     | <b>(66)</b>   | <b>(698)</b>  |

#### STATEMENT OF COMPREHENSIVE INCOME – Sogefi Filtration Spain S.A.U.

| <i>(in thousands of euro)</i>               | 1st half 2021 | 1st half 2020 |
|---|---------------|---------------|
| <b>LOSS FOR THE PERIOD</b>                  | <b>(66)</b>   | <b>(698)</b>  |
| <b>OTHER COMPREHENSIVE INCOME (EXPENSE)</b> | <b>--</b>     | <b>--</b>     |
| <b>COMPREHENSIVE EXPENSE</b>                | <b>(66)</b>   | <b>(698)</b>  |

The following table summarises the amounts reclassified under “Loss from discontinued operations” in the consolidated income statement of the CIR group for the first half of 2021, related to Sogefi Filtration Spain S.A.U.

| <i>(in thousands of euro)</i>                                    |                  | 1st half 2021 | 1st half 2020 |
|--|------------------|---------------|---------------|
| Loss for the period including non-controlling interests          | A                | (66)          | (698)         |
| Adjustment of carrying amounts to fair value                     | B                | --            | --            |
| Reclassification of exchange differences from equity             | C                | --            | --            |
| Profit (loss) from the sale of discontinued operating activities | D                | (287)         | --            |
| <b>Loss from discontinued operating activities</b>               | <b>E=A+B+C+D</b> | <b>(353)</b>  | <b>(698)</b>  |

It should also be noted that Sogefi has begun negotiations for the sale of the subsidiary Sogefi Filtration Argentina S.A.U., classified as “Assets held for sale” at 30 June 2021 as it is considered highly probable that the subsidiary will be sold in the second half of 2021.



The following table shows the effect on the group's financial position and an analysis of the loss deriving from the sale of the discontinued operation:

|  |                |
|--|----------------|
| <i>(in thousands of euro)</i>                        |                |
| ASSETS HELD FOR SALE                                 | 30.06.2021     |
| NON-CURRENT ASSETS                                   | 4,747          |
| CURRENT ASSETS                                       | 8,132          |
| <b>TOTAL ASSETS HELD FOR SALE</b>                    | <b>12,879</b>  |
|  |                |
| LIABILITIES HELD FOR SALE                            | 30.06.2021     |
| NON-CURRENT LIABILITIES                              | 1,165          |
| CURRENT LIABILITIES                                  | 3,080          |
| <b>TOTAL LIABILITIES HELD FOR SALE</b>               | <b>4,245</b>   |
| <b>TOTAL NET ASSETS HELD FOR SALE</b>                | <b>8,634</b>   |
| SALE PRICE   | 5,879          |
| <b>LOSS FROM THE SALE OF DISCONTINUED OPERATIONS</b> | <b>(2,755)</b> |

The matching entry for the loss of € 2,755 thousand from the sale of discontinued operations was made to the "Liabilities held for sale" caption of the statement of financial position, which therefore amounts to € 7,000 thousand.

### 1.b. Translation of foreign companies' financial statements into euro

The financial statements of foreign subsidiaries in countries not belonging to the single currency are translated into euro at period-end exchange rates for the statement of financial position, while the income statement is translated at average exchange rates for the period. Any exchange gains or losses arising on translation of shareholders' equity at the closing exchange rate and of the income statement at the average rate are recognised under "Other reserves" in equity.

The main exchange rates used are the following:

|                  | 1st half 2021         |            | 1st half 2020         |            |
|------------------|-----------------------|------------|-----------------------|------------|
|                  | Average exchange rate | 30.06.2021 | Average exchange rate | 30.06.2020 |
| US dollar        | 1.2057                | 1.1884     | 1.1015                | 1.1198     |
| GB pound         | 0.8684                | 0.8580     | 0.8743                | 0.9124     |
| Brazilian real   | 6.4918                | 5.9050     | 5.4168                | 6.1118     |
| Argentine peso   | 113.6435              | 113.6435   | 78.7859               | 78.7859    |
| Chinese renminbi | 7.7979                | 7.6742     | 7.7483                | 7.9219     |
| Indian rupee     | 88.4173               | 88.3240    | 81.6993               | 84.6235    |
| New Romanian leu | 4.9015                | 4.9280     | 4.8174                | 4.8397     |
| Canadian dollar  | 1.5040                | 1.4722     | 1.5031                | 1.5324     |
| Mexican peso     | 24.3191               | 23.5784    | 23.8550               | 25.9470    |
| Moroccan dirham  | 10.7504               | 10.5910    | 10.7643               | 10.8740    |
| Hong Kong dollar | 9.3572                | 9.2293     | 8.5485                | 8.6788     |

### 1.c. Consolidation scope

The condensed interim consolidated financial statements at 30 June 2021 and those of the previous period are the result of the consolidation of CIR (parent) and all of the companies directly



or indirectly controlled, jointly controlled or associated at those dates. Assets and liabilities held for sale are reclassified to specific asset and liability items to highlight these circumstances.

A list of the equity investments included in the consolidation scope, with an indication of the consolidation method used, is provided in a specific section of this report, along with a list of those that have been excluded.

### 1.d. Change in the consolidation scope

The main changes in the consolidation scope compared with the previous period concern the following:

- *Healthcare*

During the first half of the year, the purchase of a business unit was finalised for the management of a care home located in Castenaso (BO). The price paid for the transaction was € 1,350 thousand.

- *Automotive components*

The following changes in the consolidation scope have occurred during the period:

- sale of the wholly-owned subsidiary Sogefi Filtration Spain S.A.U. in January 2021;
- sale of the subsidiary Shanghai Alleward Springs Co. Ltd, 60.58% owned, in April 2021.

- *Other companies*

There were no changes in the consolidation scope during the period.

## 2. Basis of consolidation

With the exception of what is explained below, these condensed interim consolidated financial statements have been prepared using the same accounting policies applied by the group for the consolidated financial statements as at and for the year ended 31 December 2020.

### **Standards, amendments and interpretations of IFRS applied from 1 January 2021:**

The following standards, amendments and interpretations were applied for the first time by the group with effect from 1 January 2021:

- Interest rates benchmark reform - Phase 2 - (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

### **Standards, amendments and interpretations of IFRS and IFRIC not yet endorsed by the European Union**

At the reporting date, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the following amendments and standards. The Directors are currently assessing the potential effects of these amendments on the group's condensed interim consolidated financial statements.

- Amendments to IAS 16 - Property, plant and equipment with reference to the accounting relating to the sale of items before the asset relating to these items is available for use. The amendments are effective from 1 January 2022.



- Amendments to IAS 37 – Onerous Contracts, Cost of Fulfilling a Contract: this clarifies the type of costs that have to be considered, such as those needed to fulfil the contract for measurement of an onerous contract. The amendments are effective from 1 January 2022.
- Annual improvements to IFRS Standards 2018-2020. The amendments are effective from 1 January 2022.
- References to Conceptual Framework: Amendments to IFRS 3. The amendments are effective from 1 January 2022.
- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Deferral effective date. The amendments are effective from 1 January 2023.
- Amendments to IFRS 17 – Insurance contracts. The amendments are effective from 1 January 2023.
- Amendments to IFRS 8 – Definition of accounting estimates. The amendments are effective from 1 January 2023.
- Amendments to IAS 1 and IFRS Practice Statement 2 – Disclosures of accounting policies. The amendments are effective from 1 January 2023.
- Amendment to IFRS 10 and IAS 28 – Sale or contribution of an asset between an investor and its associates or joint venture. The date of entry into force is currently still being defined.







## GOODWILL

| <i>(in thousands of euro)</i>    | 30.06.2021     | 31.12.2020     |
|----------------------------------|----------------|----------------|
| Automotive sector (Sogefi group) | 128,588        | 128,637        |
| Healthcare sector (KOS group)    | 364,314        | 363,353        |
| <b>Total</b>                     | <b>492,902</b> | <b>491,990</b> |

The above table shows the allocation of goodwill by group business segment. Goodwill has been allocated to the CGUs that were identified in the same way that management of the parent operates and manages its assets, based on the group's business segments.

This item went from € 491,990 thousand at 31 December 2020 to € 492,902 thousand at 30 June 2021.

The change in the Healthcare Sector during the period refers to the acquisitions made in the first half of the year.

For the purpose of preparing the consolidated financial statements at 31 December 2020, the impairment test carried out on the goodwill allocated to the Healthcare and Automotive sectors ascertained that there are no impairment losses. For the purpose of verifying the potential impairment indicators at 30 June 2021, which if identified would require impairment testing, the performance of the two sectors in the first half of 2021 was considered with respect to the forecasts prepared by management of the respective units, approved by the respective Boards of Directors in February 2021 and used in previous impairment tests.

The economic performance of the Automotive Sector was in line with forecast, so it was not deemed necessary to update the impairment test.

The Healthcare Sector, on the other hand, saw a deterioration of the market compared with forecast, due in particular to the second and third wave of the Covid-19 pandemic, which had repercussions on levels of activity, operations and economic performance of KOS group companies, with particular reference to the Residential Care Homes Sector in Italy. It was therefore deemed necessary to carry out an impairment test on the goodwill and assets of the Healthcare Sector at 30 June 2021, updating the estimates and relevant parameters with respect to those used at 31 December 2020, as detailed below.

#### Impairment test method

Pursuant to the impairment testing method adopted by group companies, the recoverability of the carrying amounts is verified in accordance with IAS 36 and - where applicable to the individual cases - considering the guidelines of the document entitled "Impairment testing of goodwill in the context of crises in financial markets and the real economy - guidelines" issued by the O.I.V. (Independent Performance Evaluation Organisation).

For each CGU, the net carrying amount, including goodwill, is compared with the estimated recoverable amount, based on the higher of value in use and fair value less costs to sell.

The value in use of each unit was calculated using the discounted cash flow method, discounting: (i) the future cash flows of the most recent business plan approved by the competent bodies, without taking into account those of financial management ("Operating Free Cash Flow"); (ii) the terminal value, calculated using the "perpetual annuity" formula, or projecting the operating cash flow of the last year of the multi-year plan with an expected long-term growth rate ("g").

The discount rate used corresponds to the weighted average cost of capital ("WACC"), which incorporates the market performance parameters and risk factors attributable to the sector and to the specific unit. In detail, the following amounts are used for the calculation of WACC:



- return on risk-free assets: this is equal to the ten-year average of the rates of return on ten-year debt securities of the countries in which the group companies operate;
- market equity risk premium: measured as a long-term historical yield differential between equity and bonds on mature financial markets (Source: Damodaran);
- Unlevered Beta: determined with reference to the Beta of comparable companies in the sector;
- the structure of the financial sources used for weighting the cost of capital was determined on the basis of an average market debt ratio ( $D/(D+E)$ ), taken from a sample of comparable companies in the sector;
- dimensional risk premium: based on long-term observations of the yield premium associated with an investment in the risk capital of a medium-sized company with respect to large-sized ones (Source: Duff & Phelps).

The fair value less costs to sell of an asset or group of assets (e.g. a CGU) is best expressed in the price established by a "binding sale agreement in an arm's length transaction", net of any direct disposal costs. If this information is not available, the fair value net of costs to sell is determined in relation to the following trading prices, in order of importance:

- the current price traded on an active market;
- prices for prior similar transactions;
- the estimated price based on information obtained by the company.

The recoverable amount of each asset is estimated with reference to the higher of its value in use and its fair value less costs to dispose of, if both are available.

The methodology adopted by the group is also suitable in conditions of uncertainty caused by the Covid-19 pandemic and involves a reassessment of the assumptions underlying the test, as detailed below.

#### Impairment Test of the Healthcare Sector (KOS group)

Considering that the impacts of the pandemic on the healthcare sector, particularly the running of residential care homes for the elderly, have gone on far longer than expected, KOS group management decided to carry out impairment tests at 30 June 2021 in order to verify the resilience of the Healthcare Sector's goodwill and other assets. These impairment tests were based on the cash flows of the individual operating units, derived from a sensitivity analysis on the 2021-2025 business plan (approved by the Board of Directors on 2 February 2021), carried out by KOS group management using the best information available, the actual results and expectations at the time of the estimate. To this forward-looking estimate was added an updated budget forecast for 2021, which takes into account the results of the first half and the prospects for the rest of the year. A reduction in revenue, profit margins and cash flows with respect to the original plan was assumed for 2022 and 2023, assuming that the recovery path of full operations is going to take place over a longer period of time than previously expected. The projections for 2024 and 2025 have remained unchanged, as compared with the previous plan, no elements have emerged that would suggest a lower level of profitability once fully operational. The plan does not contain any development or acquisition projects, other than those already under contract; on the other hand, it does take into consideration the effects of the pandemic on activity levels and prospective profitability.

The first level impairment test was carried out on the KOS sub-consolidation, with reference to the following CGUs: Long-Term Care Italy (one CGU for each Italian region served), Long-Term Care Germany, Acute Care Italy, Diagnostics and Cancer Care (limited to India following the sale of Medipass Europe); a second level impairment test was then carried out for the purposes of CIR's consolidated financial statements, which took the KOS group as a single CGU and in addition to



what was considered for the first level test, it also included the flows and the carrying amounts relating to the corporate structures.

The discount rate (WACC) was updated and set at 4.61% for the second level test on the KOS group as a whole, using the weighted average of the WACCs in the various countries (4.88% for Italy, 3.68% for Germany, 8.26% for India).

The cost of own capital calculation took account of the impact of Covid-19 when determining the risk-free rates, by using averages calculated over more extended periods than in the past, in order to smooth the effect on the rate of the measures adopted by the European and US central banks to tackle the economic effects of the pandemic; the Beta and Leverage were, by contrast, determined with reference to a set of companies operating in the healthcare sector that knowledgeable leading financial analysts consider to be the peers of KOS.

For the calculation of the terminal values using the "perpetual annuity" formula, growth rates of 1.3% in Italy, 1% in Germany and 4% in India were assumed (based on updated estimates of expected long-term inflation in the respective countries).

The second level test (for CIR's consolidated financial statements) showed a headroom (excess of the recoverable amount of the CGU with respect to its carrying amount) of € 654,507 thousand, on a carrying amount of € 1,383,160 thousand. The group also prepared a number of sensitivity analyses, considering the impacts on the recoverable amount of changes in the key parameters of the model (WACC discount rates and g growth rates), also calculating the limit values of WACC and reduction in EBITDA for which there would be an impairment. These analyses confirm the recoverability in almost all of the scenarios hypothesised and highlight a break-even WACC of 5.4% and a reduction in EBITDA of up to -16.7% before the headroom get reduced to zero. The first level test also showed that there was headroom for all of the main CGUs of the KOS sub-consolidation, both in the base scenario and in most of the sensitivity scenarios considered.

#### Summary of the results of impairment testing

The impairment test on the Healthcare Sector at 30 June 2021 did not reveal any need to recognise any impairment loss of goodwill or other assets, either in the consolidated financial statements of the CIR group or in the KOS group's sub-consolidation.

However, considering that the recoverable amount is determined on the basis of estimates, the group cannot guarantee that goodwill will not be impaired in future years. Given the current context of market crisis, the various factors used to make the estimates could be revised if conditions prove not to be in line with those on which the forecasts were based.

### 3.b. Property, plant and equipment

| (in thousands of euro)                            | Opening position |  |                    | Changes for the period |  |                |               |                    | Closing position                               |                    |
|---|------------------|--|--------------------|------------------------|--|----------------|---------------|--------------------|--|--------------------|
|   | Original cost    | Accumulated depreciation and impairment losses | Balance 31.12.2020 | Acquisitions           | Business combinations and disposals<br>increases decreases | Exchange gains | Other changes | Net disposals cost | Accumulated depreciation and impairment losses | Balance 30.06.2021 |
| Land  | 40,483           | (444)  | 40,039             | --                     | --   | --             | 27            | (3,113)            | (1,355)  | --                 |
| Buildings used for operating purposes             | 299,263          | (153,327)                                      | 145,936            | 395                    | --   | --             | 321           | (8,703)            | (10,991)                                       | (4,251)            |
| Plant and machinery                               | 706,034          | (527,140)                                      | 178,894            | 3,236                  | --   | --             | 2,785         | 14,994             | (311)  | (18,317)           |
| Industrial and commercial equipment               | 325,537          | (239,268)                                      | 86,269             | 4,353                  | 116  | --             | 1,070         | 8,676              | (5)  | (18,518)           |
| Other assets                                      | 190,445          | (125,281)                                      | 65,164             | 3,554                  | 272  | --             | 91            | 14,394             | (1,106)  | (6,713)            |
| Assets under construction and payments on account | 126,318          | (2,273)  | 124,045            | 40,549                 | --   | --             | 1,237         | (28,500)           | (119)  | --                 |
| <b>Total</b>                                      | <b>1,688,080</b> | <b>(1,047,733)</b>                             | <b>640,347</b>     | <b>52,087</b>          | <b>388</b>   | <b>--</b>      | <b>5,531</b>  | <b>(2,252)</b>     | <b>(13,887)</b>                                | <b>(47,799)</b>    |

Property, plant and equipment went from € 640,347 thousand at 31 December 2020 to € 634,415 thousand at 30 June 2021.

It should be noted that the balances of "Industrial and commercial equipment" and "Assets under construction and payments on account" at 30 June 2021 include the investments made by the Sogefi group in tooling for € 41,584 thousand and € 53,660 thousand respectively.

#### DEPRECIATION RATES

| Description                           | %      |
|---------------------------------------|--------|
| Buildings used for operating purposes | 3%     |
| Plant and machinery                   | 10-25% |
| Other assets:                         |        |
| - Electronic office equipment         | 20%    |
| - Furniture and fittings              | 12%    |
| - Motor vehicles                      | 25%    |

### 3.c. Right-of-use assets

| (in thousands of euro)                            | Opening position |  |                    | Changes for the period |                                     |                |               |                | Closing position                   |                |  |                    |
|---|------------------|--|--------------------|------------------------|-------------------------------------|----------------|---------------|----------------|------------------------------------|----------------|--|--------------------|
|   | Original cost    | Accumulated depreciation and impairment losses | Balance 31.12.2020 | Increases              | Business combinations and disposals | Exchange gains | Other changes | Net disposals  | Depreciation and impairment losses | Original cost  | Accumulated depreciation and impairment losses | Balance 30.06.2021 |
| Land  | 1,923            | --   | 1,923              | --                     | --                                  | --             | --            | --             | --                                 | 1,182          | --   | 1,182              |
| Buildings used for operating purposes             | 946,741          | (121,091)                                      | 825,650            | 30,252                 | --                                  | 1,078          | 72            | (5,071)        | (32,999)                           | 971,685        | (152,703)                                      | 818,982            |
| Plant and machinery                               | 15,586           | (13,027)                                       | 2,559              | 393                    | --                                  | 39             | (168)         | --             | (745)                              | 12,385         | (10,307)                                       | 2,078              |
| Industrial and commercial equipment               | 1,453            | (979)  | 474                | 286                    | --                                  | --             | --            | --             | (72)                               | 1,739          | (1,051)  | 688                |
| Other assets                                      | 10,454           | (5,072)  | 5,382              | 2,314                  | --                                  | 26             | 46            | (3)            | (1,610)                            | 12,380         | (6,225)  | 6,155              |
| Assets under construction and payments on account | --               | --   | --                 | --                     | --                                  | --             | --            | --             | --                                 | --             | --   | --                 |
| <b>Total</b>                                      | <b>976,157</b>   | <b>(140,169)</b>                               | <b>835,988</b>     | <b>33,245</b>          | <b>--</b>                           | <b>1,143</b>   | <b>(50)</b>   | <b>(5,815)</b> | <b>(35,426)</b>                    | <b>999,371</b> | <b>(170,286)</b>                               | <b>829,085</b>     |

The right-of-use assets amount to € 829,085 thousand at 30 June 2021 and refer to the KOS group for € 764,480 thousand, the Sogefi group for € 64,559 thousand and the Parent Company CIR S.p.A. for € 46 thousand. The market value is considerably higher than the carrying amount.





### 3.e. Equity-accounted investees

| (in thousands of euro) | Net<br>31.12.2020 | Increases<br>(Decreases) | Impairment losses | Dividends | Pro-rata<br>share of |           | Other<br>changes | Net<br>30.06.2021 |
|------------------------|-------------------|--------------------------|-------------------|-----------|----------------------|-----------|------------------|-------------------|
|                        |                   |                          |                   |           | Loss                 | Profit    |                  |                   |
| Devil Peak S.r.l.      | --                | --                       | --                | --        | --                   | --        | --               | --                |
| Apokos Rehab PVT Ltd   | 596               | --                       | --                | --        | --                   | --        | --               | 596               |
| <b>Total</b>           | <b>596</b>        | <b>--</b>                | <b>--</b>         | <b>--</b> | <b>--</b>            | <b>--</b> | <b>--</b>        | <b>596</b>        |

### 3.f. Other equity investments

| (in thousands of euro) | 30.06.2021   | 31.12.2020   |
|------------------------|--------------|--------------|
| Other                  | 1,871        | 1,872        |
| <b>Total</b>           | <b>1,871</b> | <b>1,872</b> |

### 3.g. Other assets

"Other assets" at 30 June 2021 amounted to € 39,162 thousand compared with € 45,284 thousand at 31 December 2020.

At 30 June 2021 this item was mainly made up of:

- € 1,760 thousand (€ 6,257 thousand at 31 December 2020) of unsecured and mortgage-backed financial assets held by CIR International S.A.. Measurement of these assets led to an impairment loss of € 4,497 thousand recorded under item 10.e "Net fair value gains (losses) on financial assets";
- € 3,040 thousand relating to guarantee deposits;
- € 18,778 thousand due from the tax authority to the Sogefi group, relating to tax assets for research and development activities of the French subsidiaries.

### 3.h. Other financial assets

"Other financial assets" at 30 June 2021 amounted to € 77,168 thousand (€ 75,846 thousand at 31 December 2020) and mainly referred to investments in private equity funds and non-controlling investments. The fair value measurement of these investments led to net gains in the income statement for € 6,355 thousand recorded under item 10.e "Fair value gains or losses on financial assets".

During the period, losses for € 645 thousand (gains for € 91 thousand in the same period of 2020) were realised and booked to item 10.d. "Losses on securities trading".

At 30 June 2021, the residual commitment for investments in private equity funds stood at € 17.3 million.

### 3.i. Deferred tax assets and liabilities

The amounts relate to taxes resulting from deductible temporary differences and from benefits deriving from tax losses carried forward, which are deemed to be recoverable in a reasonable time horizon.





The details of "Deferred tax assets and liabilities" broken down by type of temporary difference are as follows:

| (in thousands of euro)                 | 30.06.2021                  |               | 31.12.2020                  |               |
|--|-----------------------------|---------------|-----------------------------|---------------|
|  | Total temporary differences | Tax effect    | Total temporary differences | Tax effect    |
| Deductible temporary differences from: |                             |               |                             |               |
| - current assets                       | 19,881                      | 4,825         | 20,072                      | 4,947         |
| - non-current assets                   | 73,496                      | 18,832        | 67,413                      | 16,421        |
| - current liabilities                  | 43,248                      | 10,893        | 41,681                      | 10,738        |
| - employee benefit obligations         | 45,127                      | 10,848        | 66,846                      | 15,188        |
| - provisions for risks and charges     | 33,751                      | 7,971         | 38,744                      | 9,153         |
| - long-term borrowings                 | --                          | --            | --                          | --            |
| - financial instruments                | 29                          | 7             | 137                         | 33            |
| - tax losses from previous years       | 50,715                      | 12,244        | 54,035                      | 13,262        |
| <b>Total deferred tax assets</b>       | <b>266,247</b>              | <b>65,620</b> | <b>288,928</b>              | <b>69,742</b> |
| Taxable temporary differences from:    |                             |               |                             |               |
| - current assets                       | 18,743                      | 4,703         | 18,342                      | 4,552         |
| - non-current assets                   | 210,559                     | 50,841        | 194,271                     | 48,644        |
| - current liabilities                  | 25,012                      | 5,689         | 18,556                      | 3,677         |
| - employee benefit obligations         | (1,554)                     | (373)         | (1,500)                     | (360)         |
| - provisions for risks and charges     | 448                         | 134           | 619                         | 186           |
| - financial instruments                | --                          | --            | --                          | --            |
| <b>Total deferred tax liabilities</b>  | <b>253,208</b>              | <b>60,994</b> | <b>230,288</b>              | <b>56,699</b> |
| <b>Net deferred tax assets</b>         |                             | <b>4,626</b>  |                             | <b>13,043</b> |

Deferred tax assets have been recognised, at operational sub-group level, with reference to their recoverability based on the related business plans.

The changes in "Deferred tax assets and liabilities" during the period were as follows:

| 2021<br>(in thousands of euro)   | Balance at<br>31.12.2020 | Use of<br>deferred taxes<br>from prior<br>periods | Deferred taxes<br>generated in<br>the period | Exchange<br>differences<br>and other<br>changes | Balance at<br>30.06.2021 |
|----------------------------------|--------------------------|---|--|---|--------------------------|
| <b>Deferred tax assets:</b>      |                          |   |  |   |                          |
| - income statement               | 49,573                   | (3,820)   | 1,874  | --  | 47,627                   |
| - equity                         | 20,169                   | (3,734)   | 605  | 953   | 17,993                   |
| <b>Deferred tax liabilities:</b> |                          |   |  |   |                          |
| - income statement               | (38,467)                 | 20  | (3,809)                                      | --  | (42,256)                 |
| - equity                         | (18,232)                 | 82  | (9)  | (579)   | (18,738)                 |
| <b>Net deferred taxes</b>        | <b>13,043</b>            | <b>(7,452)</b>                                    | <b>(1,339)</b>                               | <b>374</b>                                      | <b>4,626</b>             |



## 4. Current assets

### 4.a. Inventories

Inventories can be broken down as follows:

| <i>(in thousands of euro)</i>               | 30.06.2021     | 31.12.2020     |
|---|----------------|----------------|
| Raw materials, supplies and consumables     | 64,488         | 58,038         |
| Work in progress and semi-finished products | 16,652         | 13,817         |
| Finished products and goods                 | 35,821         | 35,211         |
| Payments on account                         | 221            | --             |
| <b>Total</b>                                | <b>117,182</b> | <b>107,066</b> |

The value of inventories is shown net of any write-downs made in past years or in the current period and takes into account the degree of obsolescence of finished products, goods and supplies. The increase reflects the trend in revenue.

### 4.b. Trade receivables

| <i>(in thousands of euro)</i> | 30.06.2021     | 31.12.2020     |
|-------------------------------|----------------|----------------|
| Customers                     | 205,286        | 196,928        |
| <b>Total</b>                  | <b>205,286</b> | <b>196,928</b> |

Trade receivables due from customers refer to the Sogefi group (€ 128,542 thousand) and to the KOS group (€ 76,635 thousand).

They are interest-free and have an average maturity in line with market conditions.

Trade receivables are shown net of any accruals to the loss allowance that take credit risk into account.

In the first half of 2021, accruals to the loss allowance were made for a total of € 1,420 thousand compared with € 1,158 thousand in the first half of 2020.

### 4.c. Other assets

| <i>(in thousands of euro)</i> | 30.06.2021    | 31.12.2020    |
|-------------------------------|---------------|---------------|
| Associates                    | 133           | 133           |
| Tax assets                    | 29,106        | 31,585        |
| Other                         | 35,339        | 35,186        |
| <b>Total</b>                  | <b>64,578</b> | <b>66,904</b> |

### 4.d. Loan assets

Loan assets fell from € 10,940 thousand at 31 December 2020 to € 9,209 thousand at 30 June 2021. This item includes € 4,103 thousand which relates to the fair value measurement of hedge accounting cross currency swap contracts taken out by the Sogefi group for the purpose of hedging the interest rate and currency risk on the private bond placement of USD 115 million; it also includes € 5,100 thousand due to the KOS group by factoring companies for non-recourse assignments.



#### 4.e. Securities

This item consists of the following categories of securities:

| <i>(in thousands of euro)</i>         | 30.06.2021    | 31.12.2020    |
|---------------------------------------|---------------|---------------|
| Equity investments in other companies | 7             | 4             |
| Bonds                                 | 19,248        | 20,118        |
| Investment funds and similar funds    | 28,857        | 28,870        |
| <b>Total</b>                          | <b>48,112</b> | <b>48,992</b> |

At 30 June 2021, the item amounted to a total of € 48,112 thousand (€ 48,992 thousand at 31 December 2020) and includes investments in investment funds by the subsidiary CIR Investimenti S.p.A. for € 15,257 thousand (€ 14,923 thousand at 31 December 2020) and by the parent CIR S.p.A. for € 13,600 thousand (€ 13,947 thousand at 31 December 2020), a bonds for € 19,248 thousand (€ 20,118 thousand at 31 December 2020) held by CIR Investimenti S.p.A. and equities held by the parent CIR S.p.A..

During the period, gains were made for € 1,000 thousand (€ 134 thousand in the corresponding period of 2020) recognized in item 10.c "Gains from securities trading" and losses for € 172 thousand (€ 116 thousand in the corresponding period of 2020) recognized in item 10.d "Losses from securities trading".

The fair value measurement of "Securities" led to a gain in the income statement of € 3,717 thousand.

#### 4.f. Other financial assets

This item totals € 302,991 thousand (€ 295,434 thousand at 31 December 2020) and refers for € 64,691 thousand (€ 58,220 thousand at 31 December 2020) to investments in hedge funds and redeemable shares in asset management companies held by CIR International S.A.. The degree of liquidity of the investment is a function of the time required for the redemption of the funds, which normally varies from one to three months. The fair value measurement of these funds involved a gain in the income statement of € 2,636 thousand. During the period, gains for € 1,505 thousand (€ 33 thousand in the same period of 2020) were realised and booked to item 10.c. "Gains on securities trading".

This item also includes € 238,300 thousand (€ 237,214 thousand at 31 December 2020) for whole-life insurance and capitalisation policies arranged with leading insurance companies by CIR Investimenti S.p.A., with yields linked to separate managed insurance funds and, in some cases, to unit-linked funds. The net yield during the period was positive for € 1,086 thousand (negative for € 196 thousand in the corresponding period of 2020).

The fair value measurement of policies with yields deriving from unit-linked funds has resulted in a gain in the income statement of € 69 thousand.

#### 4.g. Cash and cash equivalents and Bank loans and borrowings

Cash and cash equivalents went from € 424,546 thousand at 31 December 2020 to € 500,776 thousand at 30 June 2021.

Bank loans and borrowings went from € 4,561 thousand at 31 December 2020 to € 38,297 thousand at 30 June 2021.



A breakdown of the changes in these two items is given in the statement of cash flows.

#### 4.h. Assets and liabilities held for sale

The item refers to the assets and liabilities, within the Sogefi group, of the subsidiary Sogefi Filtration Argentina SAU as it is considered highly probable that the subsidiary will be sold in the second half of 2021.

For more information please read paragraph 1.a “Information on IFRS 5”.

At 31 December 2020 this item referred to assets and liabilities of Sogefi Spain S.A.U. classified as “Assets held for sale”. The sale of the subsidiary took place in January 2021.



## 5. Equity

### 5.a. Share capital

Share capital at 30 June 2021 amounted to € 638,603,657.00, unchanged on 31 December 2020, and consisted of 1,277,207,314 shares without par value.

At 30 June 2021 the parent held 26,708,861 treasury shares (2.091% of the share capital) for an amount of € 15,060 thousand, compared with 26,957,393 treasury shares (2.111% of the share capital) for an amount of € 15,200 thousand at 31 December 2020. The decrease is due to the exercise of the stock grant plans of 248,532 shares.

The treasury shares held by the parent are deducted from 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 parent's controlling shareholder is Fratelli De Benedetti S.p.A. with registered office in via Valeggio 41, Turin.

With regard to stock grant plans, at 30 June 2021 there were 19,696,714 Units (attributed and not yet exercised), which give the beneficiaries the right to be assigned an equivalent number of shares free of charge.

The notional cost of stock grants assigned to employees and allocated to a specific equity reserve amounted to € 724 thousand in the first half of 2021.

In May 2021, CIR's Board of Directors resolved to launch a **partial voluntary takeover bid**, pursuant to article 102 *et seq.* of the CFA, for a maximum of 156,862,745 CIR shares, equal to 12.282% of the share capital, at a price of € 0.51 per share, corresponding to a total value of € 80 million. The bid period will end on 29 July 2021, the preliminary results will be communicated the following day and those who accept the offer will be paid on 6 August 2021.



## 5.b. Reserves

The breakdown of "Reserves" is as follows:

| (in thousands of euro)                                    | Share premium | Legal reserve | Fair value reserve | Translation reserve | Reserve for treasury shares | Stock option and stock grant reserve | Other reserves | Total reserves |
|---|---------------|---------------|--------------------|---------------------|-----------------------------|--------------------------------------|----------------|----------------|
| <b>Balance at 31 December 2019</b>                        | <b>5,044</b>  | <b>24,846</b> | <b>(700)</b>       | <b>(20,363)</b>     | <b>13,607</b>               | <b>--</b>                            | <b>20,921</b>  | <b>43,355</b>  |
| Effects of the merger                                     | --            | --            | (535)              | (15,535)            | --                          | --                                   | 75,333         | 59,263         |
| Allocation of the profit of the previous year             | --            | 670           | --                 | --                  | --                          | --                                   | 1,274          | 1,944          |
| Fair value gains (losses) on treasury share transactions  | --            | --            | --                 | --                  | (31)                        | --                                   | 36             | 5              |
| Notional cost of share-based plans                        | --            | --            | --                 | --                  | --                          | 807                                  | --             | 807            |
| Fair value measurement of cash flow hedges                | --            | --            | 222                | --                  | --                          | --                                   | --             | 222            |
| Effects of changes in equity attributable to subsidiaries | --            | --            | --                 | 30                  | --                          | --                                   | (957)          | (927)          |
| Translation differences                                   | --            | --            | --                 | (4,407)             | --                          | --                                   | --             | (4,407)        |
| Actuarial losses  | --            | --            | --                 | --                  | --                          | --                                   | (5,226)        | (5,226)        |
| <b>Balance at 30 June 2020</b>                            | <b>5,044</b>  | <b>25,516</b> | <b>(1,013)</b>     | <b>(40,275)</b>     | <b>13,576</b>               | <b>807</b>                           | <b>91,381</b>  | <b>95,036</b>  |
| <b>Balance at 31 December 2020</b>                        | <b>5,044</b>  | <b>25,516</b> | <b>(1,258)</b>     | <b>(41,763)</b>     | <b>13,479</b>               | <b>1,481</b>                         | <b>88,726</b>  | <b>91,225</b>  |
| Allocation of the profit of the previous year             | --            | --            | --                 | --                  | --                          | --                                   | --             | --             |
| Fair value gains (losses) on treasury share transactions  | --            | --            | --                 | --                  | (124)                       | --                                   | 140            | 16             |
| Notional cost of share-based plans                        | --            | --            | --                 | --                  | --                          | 724                                  | --             | 724            |
| Reclassifications   | --            | --            | --                 | --                  | --                          | (107)                                | --             | (107)          |
| Fair value measurement of cash flow hedges                | --            | --            | 378                | --                  | --                          | --                                   | --             | 378            |
| Effects of changes in equity attributable to subsidiaries | --            | --            | (1)                | (10)                | --                          | --                                   | 1,819          | 1,808          |
| Translation differences                                   | --            | --            | --                 | 1,586               | --                          | --                                   | --             | 1,586          |
| Actuarial gains   | --            | --            | --                 | --                  | --                          | --                                   | 4,329          | 4,329          |
| <b>Balance at 30 June 2021</b>                            | <b>5,044</b>  | <b>25,516</b> | <b>(881)</b>       | <b>(40,187)</b>     | <b>13,355</b>               | <b>2,098</b>                         | <b>95,014</b>  | <b>99,959</b>  |

The "Fair value reserve", net of tax, was negative for € 881 thousand and refers to the measurement of hedges (€ 832 thousand relating to the Sogefi group and € 49 thousand relating to the KOS group).

The "Translation reserve" had a negative balance of € 40,187 thousand at 30 June 2021 with the following breakdown:

| (in thousands of euro) | 31.12.2020      | Increases    | Decreases   | <b>30.06.2021</b> |
|------------------------|-----------------|--------------|-------------|-------------------|
| Sogefi group           | (42,287)        | 1,621        | --          | (40,666)          |
| KOS group              | 524             | --           | (45)        | 479               |
| <b>Total</b>           | <b>(41,763)</b> | <b>1,621</b> | <b>(45)</b> | <b>(40,187)</b>   |



The breakdown of "Other reserves" at 30 June 2021 was as follows:

(in thousands of euro)

|  |               |
|--|---------------|
| Merger surplus                                 | 55,396        |
| Revaluation reserve art. 6 Leg. Decree 38/2005 | 2,648         |
| Other  | 36,970        |
| <b>Total</b>                                   | <b>95,014</b> |

The changes in treasury shares during the period were as follows:

| (in thousands of euro)         | Number of shares  | Amount        |
|--------------------------------|-------------------|---------------|
| Balance at 31 December 2020    | 26,957,393        | 15,200        |
| Increases / decreases          | (248,532)         | (140)         |
| <b>Balance at 30 June 2021</b> | <b>26,708,861</b> | <b>15,060</b> |

## 5.c. Retained earnings

The changes in Retained earnings are shown in the statement of changes in equity.

## 6. Non-current liabilities

### 6.a. Bonds

The breakdown of the item "Bonds" is as follows:

| (in thousands of euro)                 | 30.06.2021     | 31.12.2020     |
|--|----------------|----------------|
| Sogefi S.p.A. bond 2013/2023 in USD    | 13,739         | 26,670         |
| Sogefi S.p.A. bond 2019/2025           | 67,206         | 67,173         |
| KOS S.p.A. Private Placement 2017/2024 | 64,000         | 64,000         |
| KOS S.p.A. Private Placement 2017/2025 | 35,000         | 35,000         |
| <b>Total</b>                           | <b>179,945</b> | <b>192,843</b> |

### 6.b. Other loans and borrowings

| (in thousands of euro)                   | 30.06.2021     | 31.12.2020     |
|--|----------------|----------------|
| Collateralised bank loans and borrowings | 58,703         | 21,331         |
| Other bank loans and borrowings          | 474,752        | 439,483        |
| Other                                    | 1,091          | 3,043          |
| <b>Total</b>                             | <b>534,546</b> | <b>463,857</b> |

This item consists of loans to KOS group companies for € 249,340 thousand and loans to Sogefi group companies for € 285,206 thousand.

During the year, KOS S.p.A. agreed loans totalling € 175 million of which € 75 million are assisted by guarantees from SACE S.p.A. for up to 80% of their nominal value.



### 6.c. Lease liabilities

The item, amounting to € 754,461 thousand, refers to lease liabilities relating to companies in the KOS group, which operate out of mainly leased properties, for € 703,832 thousand, to companies in the Sogefi group for € 50,595 thousand and to the parent CIR S.p.A. for € 34 thousand.

### 6.d. Employee benefit obligations

The details of this item are as follows:

| <i>(in thousands of euro)</i>                                    | 30.06.2021    | 31.12.2020    |
|--|---------------|---------------|
| Post-employment benefits (TFR)                                   | 29,045        | 29,701        |
| Pension funds and similar obligations                            | 53,476        | 64,111        |
| <b>Total</b>   | <b>82,521</b> | <b>93,812</b> |
| <i>(in thousands of euro)</i>                                    | 30.06.2021    | 31.12.2020    |
| Opening balance  | 93,812        | 85,906        |
| Accrual for labour provided during the year                      | 6,595         | 11,338        |
| Increases for interest   | 705           | 1,587         |
| Actuarial (gains)/losses   | (11,196)      | 13,936        |
| Benefits paid  | (3,953)       | (6,771)       |
| Increases or decreases due to changes in the consolidation scope | --            | (987)         |
| Other changes  | (3,442)       | (11,197)      |
| <b>Closing balance</b>   | <b>82,521</b> | <b>93,812</b> |

The item mainly refers to companies of the Sogefi group for € 55,025 thousand, to companies of the KOS group for € 25,421 thousand and to the parent for € 1,852 thousand.

### 6.e. Provisions for risks and charges

The breakdown and changes in the non-current part of these provisions are as follows:

| <i>(in thousands of euro)</i>  | <i>Provision for pending disputes</i> | <i>Provision for restructuring charges</i> | <i>Provision for product warranties</i> | <i>Provision for other risks</i> | <i>Total</i>  |
|--------------------------------|---------------------------------------|--|---|----------------------------------|---------------|
| Balance at 31 December 2020    | 261                                   | 25   | 584                                     | 11,837                           | 12,707        |
| Accruals of the period         | 77                                    | 31   | 725                                     | 247                              | 1,080         |
| Uses/Releases                  | (280)                                 | --   | --                                      | (504)                            | (784)         |
| Exchange gains                 | --                                    | --   | 12                                      | 67                               | 79            |
| Other changes                  | --                                    | --   | --                                      | (153)                            | (153)         |
| <b>Balance at 30 June 2021</b> | <b>58</b>                             | <b>56</b>                                  | <b>1,321</b>                            | <b>11,494</b>                    | <b>12,929</b> |

This item consists of loans to Sogefi group companies for € 7,071 thousand and loans to KOS group companies for € 5,209 thousand.

The provision for pending disputes includes risks associated with litigation of a commercial nature and labour suits referred to the KOS group.

The provision for restructuring charges includes amounts set aside for restructuring plans that have been publicly announced and communicated to the parties concerned and refers to the production reorganisation projects mainly involving the European subsidiaries of the Sogefi group.





The provision for product warranties relates to the Sogefi group.

The provision for other risks was set aside mainly for disputes of various kinds involving various group companies and includes liabilities to employees and other subjects. It refers principally to companies of the KOS group for € 5,151 thousand and to Sogefi group companies for € 5,694 thousand.

The breakdown and changes in the current part of these provisions are as follows:

| <i>(in thousands of euro)</i>  | <i>Provision for<br/>restructuring<br/>charges</i> | <i>Provision for<br/>product<br/>warranties</i> | <i>Provision for<br/>other risks</i> | <i>Total</i>  |
|--------------------------------|--|---|--------------------------------------|---------------|
| Balance at 31 December 2020    | 19,457   | 3,376   | 49,632                               | 72,465        |
| Accruals of the period         | 201  | 847   | 1,925                                | 2,973         |
| Uses/Releases                  | (2,835)  | --  | (12,944)                             | (15,779)      |
| Provisions not used            | (1,559)  | (1,128)   | --                                   | (2,687)       |
| Exchange gains                 | --   | 1   | 7                                    | 8             |
| Other changes                  | (550)  | (51)  | 73                                   | (528)         |
| <b>Balance at 30 June 2021</b> | <b>14,714</b>                                      | <b>3,045</b>                                    | <b>38,693</b>                        | <b>56,452</b> |

This item consists of loans to Sogefi group companies for € 20,102 thousand and loans to KOS group companies for € 35,500 thousand.

The provision for restructuring charges includes amounts set aside, and in part already used, for restructuring plans that have been publicly announced and communicated to the parties concerned and refers in particular to the production reorganisation projects involving the European subsidiaries of the Sogefi group.

The provision for product warranties relates to the Sogefi group.

The provision for other risks was set aside mainly for disputes of various kinds involving various group companies and includes liabilities to employees and other subjects. It refers principally to companies of the KOS group for € 35,500 thousand and to Sogefi group companies for € 2,343 thousand.

In particular, the KOS group is a party to various civil proceedings involving medical and surgical practice, which could lead to orders to pay compensation. The potential liabilities that could derive from pending disputes were assessed and a provision was made in the financial statements to cover the risk of losing these proceedings. Lawsuits and disputes can derive from complex and difficult problems, subject to a varying degree of uncertainty and characterised by differing levels of justice over a long period of time. This estimate is the result of an articulated process, which involves consultants essentially in the legal and medical field and subjective judgements by the management of the group. Against the assessments made, there are provisions in the condensed interim consolidated financial statements for disputes against third parties and staff for an amount equal to € 8,261 thousand.

In this regard, it should be noted that the doctors operating at KOS group structures have insurance policies in place to partially cover the risks associated with claims for compensation made by patients or their relatives for damages suffered in the event of accidents during their stay at the structure due to the alleged malfunctions of the health services rendered by the structure and to the staff working at these structures.

We would also point out the inclusion in the provisions for other risks of € 17,365 thousand of employee benefit obligations, mainly for possible contractual renewals.



## 7. Current liabilities

### 7.a. Bonds

This item, totalling € 23,619 thousand, includes € 7,500 thousand for the current portion of the Sogefi S.p.A. 2019/2025 Bond, € 13,824 thousand for the current portion of the Sogefi S.p.A. Bond 2013/2023 denominated in USD and € 2,295 thousand for the current portion of the private placements issued by KOS S.p.A.. Note that in May 2021 Sogefi S.p.A. repaid all of the 2014/2021 convertible bond for an amount of € 100 million.

### 7.b. Other loans and borrowings

| <i>(in thousands of euro)</i>            | 30.06.2021    | 31.12.2020    |
|--|---------------|---------------|
| Collateralised bank loans and borrowings | 3,920         | 13,638        |
| Other bank loans and borrowings          | 88,615        | 45,337        |
| Other loans and borrowings               | 4,204         | 1,898         |
| <b>Total</b>                             | <b>96,739</b> | <b>60,873</b> |

The item mainly refers to loans to companies of the Sogefi group for € 31,604 thousand (€ 29,743 thousand at 31 December 2020) and loans to companies of the KOS group for € 63,595 thousands (€ 31,130 thousand at 31 December 2020).

### 7.c. Lease liabilities

The item, amounting to € 77,199 thousand, refers to lease liabilities relating to KOS group companies for € 58,958 thousand, to Sogefi group companies for € 18,229 thousand and to the subsidiary CIR S.p.A. for € 12 thousand.

### 7.d. Trade payables

| <i>(in thousands of euro)</i> | 30.06.2021     | 31.12.2020     |
|-------------------------------|----------------|----------------|
| Suppliers                     | 300,527        | 306,936        |
| Payments on account           | 31,792         | 34,282         |
| <b>Total</b>                  | <b>332,319</b> | <b>341,218</b> |

Trade payables to suppliers refer for € 222,626 thousand to the Sogefi group and for € 77,199 thousand to the KOS group.

Payments on account mainly include the liabilities recognised by the Sogefi group on FTA of IFRS 15. These liabilities represent the amounts received from customers for the sale of tooling and prototypes that will be recognised in the income statement over the life of the product.

### 7.e. Other liabilities

| <i>(in thousands of euro)</i> | 30.06.2021     | 31.12.2020     |
|-------------------------------|----------------|----------------|
| Due to employees              | 71,938         | 56,623         |
| Tax liabilities               | 34,304         | 26,764         |
| Social security payables      | 27,731         | 26,778         |
| Other                         | 50,761         | 51,361         |
| <b>Total</b>                  | <b>184,734</b> | <b>161,796</b> |

The increase in the item is essentially attributable to the Sogefi group for € 12.8 million and to the KOS group for € 9.8 million.



## INCOME STATEMENT

### 8. Revenue

#### Breakdown by business segment

| (in millions of euro)             | 1st half 2021  |              | 1st half 2020 |              | Change      |
|-----------------------------------|----------------|--------------|---------------|--------------|-------------|
|                                   | amount         | %            | amount        | %            | %           |
| Automotive components             | 682.5          | 67.7         | 506.0         | 62.0         | 34.9        |
| Healthcare                        | 325.4          | 32.3         | 310.4         | 38.0         | 4.8         |
| <b>Total consolidated revenue</b> | <b>1,007.9</b> | <b>100.0</b> | <b>816.4</b>  | <b>100.0</b> | <b>23.5</b> |

#### Breakdown by geographical segment

(in millions of euro)

| 1st half 2021                     | Total revenue  | Italy        | Other European countries | North America | South America | Asia        | Other countries |
|-----------------------------------|----------------|--------------|--------------------------|---------------|---------------|-------------|-----------------|
| Automotive components             | 682.5          | 37.0         | 378.0                    | 138.3         | 44.4          | 79.3        | 5.5             |
| Healthcare                        | 325.4          | 228.1        | 87.5                     | --            | --            | 9.8         | --              |
| <b>Total consolidated revenue</b> | <b>1,007.9</b> | <b>265.1</b> | <b>465.5</b>             | <b>138.3</b>  | <b>44.4</b>   | <b>89.1</b> | <b>5.5</b>      |
| Percentages                       | 100.0          | 26.3%        | 46.2%                    | 13.7%         | 4.4%          | 8.8%        | 0.6%            |

| 1st half 2020                     | Total revenue | Italy        | Other European countries | North America | South America | Asia        | Other countries |
|-----------------------------------|---------------|--------------|--------------------------|---------------|---------------|-------------|-----------------|
| Automotive components             | 506.0         | 21.7         | 296.3                    | 105.8         | 24.0          | 54.4        | 3.8             |
| Healthcare                        | 310.4         | 212.3        | 90.7                     | --            | --            | 7.4         | --              |
| <b>Total consolidated revenue</b> | <b>816.4</b>  | <b>234.0</b> | <b>387.0</b>             | <b>105.8</b>  | <b>24.0</b>   | <b>61.8</b> | <b>3.8</b>      |
| Percentages                       | 100.0%        | 28.7%        | 47.4%                    | 12.9%         | 2.9%          | 7.6%        | 0.5%            |

The types of products marketed by the group and the nature of its business segment mean that revenue flows are reasonably linear throughout the period and are not subject to any particular cyclical phenomena on a like-for-like basis.



## 9. Operating expense and income

### 9.a. Costs for the purchase of goods

Costs for the purchase of goods passed from € 294,227 thousand in the first half of 2020 to € 410,996 thousand in the corresponding period of 2021. The increase in the item is essentially attributable to the Sogefi group which during the first half of 2020 presented an anomalous trend attributable to the sharp contraction in activity as a result of the Covid-19 pandemic.

### 9.b. Costs for services

This item went from € 128,533 thousand in the first half of 2020 to € 140,008 thousand in the first half of 2021, as can be seen from the following breakdown:

| <i>(in thousands of euro)</i>         | <i>1st half 2021</i> | <i>1st half 2020</i> |
|---------------------------------------|----------------------|----------------------|
| Technical and professional consulting | 43,209               | 39,088               |
| Distribution and transport costs      | 7,813                | 6,499                |
| Outsourcing                           | 23,281               | 15,616               |
| Other                                 | 65,705               | 67,330               |
| <b>Total</b>                          | <b>140,008</b>       | <b>128,533</b>       |

The increase is mainly attributable to the Sogefi group.

### 9.c. Personnel expense

Personnel expense amounted to € 304,458 thousand in the first half of 2021 (€ 267,189 thousand in the first half of 2020) and is made up as follows:

| <i>(in thousands of euro)</i>     | <i>1st half 2021</i> | <i>1st half 2020</i> |
|-----------------------------------|----------------------|----------------------|
| Salaries and wages                | 223,249              | 195,022              |
| Social security contributions     | 61,009               | 56,253               |
| Post-employment benefits          | 5,923                | 5,619                |
| Pensions and similar benefits     | 672                  | 595                  |
| Measurement of stock option plans | 824                  | 1,077                |
| Other costs                       | 12,781               | 8,623                |
| <b>Total</b>                      | <b>304,458</b>       | <b>267,189</b>       |

The increase in the item is mainly due to lower use of social safety nets, such as the redundancy fund in Italy and similar instruments in other countries, and to the lower use of holidays; these actions were implemented in the first half of 2020 in order to reduce the negative impacts of the decline in activity resulting from the Covid-19 pandemic.

The group had an average of 17,271 employees in the first half of 2021 (18,439 in the first half of 2020).



## 9.d. Other operating income

This item can be broken down as follows:

| <i>(in thousands of euro)</i>     | <i>1st half 2021</i> | <i>1st half 2020</i> |
|-----------------------------------|----------------------|----------------------|
| Services provided to subsidiaries | --                   | 105                  |
| Grants related to income          | 36                   | 13                   |
| Gains on asset disposals          | 14,059               | 1,302                |
| Prior period and other income     | 28,932               | 14,296               |
| <b>Total</b>                      | <b>43,027</b>        | <b>15,716</b>        |

In the first half of 2020, revenue from services provided to subsidiaries is the charge-back of fees for strategic and management support and specific administrative, financial and tax assistance provided to GEDI Gruppo Editoriale S.p.A. up to 23 April 2020.

The increase in gains on asset disposal is essentially attributable to the sale of some properties within the KOS group.

The increase in prior period and other income is mainly attributable for € 3.7 million to the refunds and reimbursements obtained, both in Italy and in Germany, within the KOS group to offset the various effects deriving from the Covid-19 pandemic and € 3.9 million for the recovery of “indirect” taxes, within the Sogefi group, paid in previous years by the subsidiaries in Brazil and China.

## 9.e. Other operating expense

This item can be broken down as follows:

| <i>(in thousands of euro)</i>                | <i>1st half 2021</i> | <i>1st half 2020</i> |
|--|----------------------|----------------------|
| Impairment and credit losses                 | 2,053                | 1,354                |
| Accruals to provisions for risks and charges | 1,834                | 2,866                |
| Indirect taxes                               | 17,042               | 18,564               |
| Restructuring charges                        | 1,345                | 6,386                |
| Losses on asset disposals                    | 1,547                | 1,644                |
| Miscellaneous losses and other costs         | 5,096                | 3,486                |
| <b>Total</b>                                 | <b>28,917</b>        | <b>34,300</b>        |

Restructuring charges relate to the costs involved in the restructuring plans already being implemented by the Sogefi group.



## 10. Financial income and expense

### 10.a. Financial income

This item includes the following:

| <i>(in thousands of euro)</i>    | <i>1st half 2021</i> | <i>1st half 2020</i> |
|----------------------------------|----------------------|----------------------|
| Interest income on bank accounts | 519                  | 194                  |
| Interest income on securities    | 146                  | 356                  |
| Other interest income            | 2,500                | 1,455                |
| Interest rate derivatives        | 292                  | 1,673                |
| Exchange gains                   | 1,645                | 15                   |
| <b>Total</b>                     | <b>5,102</b>         | <b>3,693</b>         |

### 10.b. Financial expense

This item includes the following:

| <i>(in thousands of euro)</i>     | <i>1st half 2021</i> | <i>1st half 2020</i> |
|-----------------------------------|----------------------|----------------------|
| Interest expense on bank accounts | 6,741                | 8,578                |
| Interest expense on bonds         | 4,872                | 6,540                |
| Interest on lease liabilities     | 9,955                | 10,060               |
| Other interest expense            | 3,230                | 1,661                |
| Interest rate derivatives         | 241                  | 483                  |
| Exchange losses                   | --                   | 347                  |
| Other financial expense           | 2,960                | 2,389                |
| <b>Total</b>                      | <b>27,999</b>        | <b>30,058</b>        |

### 10.c. Gains from securities trading

The breakdown of "Gains from securities trading" is as follows:

| <i>(in thousands of euro)</i>    | <i>1st half 2021</i> | <i>1st half 2020</i> |
|----------------------------------|----------------------|----------------------|
| Equity investments               | 1,502                | --                   |
| Other securities and other gains | 2,505                | 134                  |
| <b>Total</b>                     | <b>4,007</b>         | <b>134</b>           |

The item "Equity investments" includes € 474 thousand relating, within the Sogefi group, to the profit deriving from the sale in April 2021 of the subsidiary Shanghai Alleward Springs Co. Ltd and € 1,028 thousand relating to the reclassification of exchange differences, attributable to the same subsidiary, from equity to profit for the period.



## 10.d. Losses from securities trading

The breakdown of "Losses from securities trading" is the following:

| <i>(in thousands of euro)</i>     | <i>1st half 2021</i> | <i>1st half 2020</i> |
|-----------------------------------|----------------------|----------------------|
| Other securities and other losses | 817                  | 240                  |
| <b>Total</b>                      | <b>817</b>           | <b>240</b>           |

## 10.e. Net fair value gains (losses) on financial assets

The gain of € 8,280 thousand (for a loss of € 6,366 thousand in the first half of 2020), refers for € 6,422 thousand to the fair value gain in "Securities" and "Other financial assets" recognised under current assets, for € 6,355 thousand to the fair value gain in "Other financial assets" recognised under non-current assets and for € 4,497 thousand to the fair value loss in "Other assets" recognised under non-current assets.

## 11. Income taxes

Income taxes can be broken down as follows:

| <i>(in thousands of euro)</i>   | <i>1st half 2021</i> | <i>1st half 2020</i> |
|---------------------------------|----------------------|----------------------|
| Current taxes                   | 13,899               | 790                  |
| Deferred taxes                  | 4,801                | (844)                |
| Income taxes from prior periods | 90                   | 19                   |
| <b>Total</b>                    | <b>18,790</b>        | <b>(35)</b>          |

The increase in the item is essentially attributable to the Sogefi group for € 14.6 million and the KOS group for € 3.1 million.

Management recognises income taxes on the basis of the best estimate of the weighted average tax rate for the entire year, applying it to the pre-tax profit for the period, adjusted to reflect the tax effect of certain elements that arose entirely during the period. The effective tax rate in the condensed interim consolidated financial statements may therefore differ from that estimated by management for the entire year.

## 12. Loss from discontinued operations

This item amounting to € 3,312 thousand refers, within the Sogefi group, for € 353 thousand to the subsidiary Sogefi Filtration Spain SAU, sold in January 2021, and to the subsidiary Sogefi Filtration do Brasil Ltda, sold in December 2020 for which a negative price adjustment of € 204 thousand was determined in 2021.

The item also includes € 2,755 thousand relating to the estimate of the probable negative result of the sale of the subsidiary Sogefi Filtration Argentina SAU classified as "Assets held for sale" as it is considered highly probable that the subsidiary will be sold in the second half of 2021.

The amount of € 5,053 thousand in the corresponding period of 2020 referred negatively, within the Sogefi group, to the results for the period of the subsidiary Sogefi Filtration Spain SAU (€ 698



thousand) and of the subsidiary Sogefi Filtration do Brasil Ltda (€ 7,329 thousand) and positive for € 3,357 thousand for the result for the period of the subsidiary Medipass, within the KOS group. The item also included € 383 thousand of costs to sell the investment in GEDI Gruppo Editoriale S.p.A. formalised on 23 April 2020, which were incurred by the parent CIR S.p.A..

### 13. Earnings per share

Basic earnings (loss) per share is calculated by dividing the profit or loss for the period, the profit or loss from continuing operations and the profit or loss from discontinued operations attributable to the ordinary shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss for the period, the profit or loss from continuing operations and the profit or loss from discontinued operations attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period, adjusted for the dilutive effects of options outstanding. Treasury shares are not included in the calculation.

The parent has only one category of potential ordinary shares, those deriving from stock grant plans assigned to employees.

The dilutive effect that these ordinary shares to be issued or assigned to stock grant plans will have on earnings per share is not significant.

The following chart provides information on the shares used to calculate basic and diluted earnings per share.

#### Basic earnings per share

|  | 1st half 2021   | 1st half 2020   |
|--|-----------------|-----------------|
| Profit (loss) for the period attributable to the owners of the parent (in thousands of euro)             | 21,624          | (30,418)        |
| Average number of ordinary shares outstanding  | 1,250,398,942   | 1,096,716,080   |
| <b>Basic earnings (loss) per share (euro)</b>  | <b>0.0173</b>   | <b>(0.0277)</b> |
|  | 1st half 2021   | 1st half 2020   |
| Comprehensive income (expense) attributable to the owners of the parent (in thousands of euro)           | 27,917          | (39,829)        |
| Average number of ordinary shares outstanding  | 1,250,398,942   | 1,096,716,080   |
| <b>Basic earnings (loss) per share (euro)</b>  | <b>0.0223</b>   | <b>(0.0363)</b> |
|  | 1st half 2021   | 1st half 2020   |
| Profit (loss) from continuing operations attributable to the owners of the parent (in thousands of euro) | 36,475          | (38,877)        |
| Average number of ordinary shares outstanding  | 1,250,398,942   | 1,096,716,080   |
| <b>Basic earnings (loss) per share (euro)</b>  | <b>0.0292</b>   | <b>(0.0354)</b> |
|  | 1st half 2021   | 1st half 2020   |
| Loss from discontinued operations attributable to the owners of the parent (in thousands of euro)        | (3,312)         | (5,053)         |
| Average number of ordinary shares outstanding  | 1,250,398,942   | 1,096,716,080   |
| <b>Basic loss per share (euro)</b>   | <b>(0.0026)</b> | <b>(0.0046)</b> |





### Diluted earnings per share

|  | 1st half 2021   | 1st half 2020   |
|--|-----------------|-----------------|
| Profit (loss) for the period attributable to the owners of the parent (in thousands of euro)             | 21,624          | (30,418)        |
| Average number of ordinary shares outstanding  | 1,250,398,942   | 1,096,716,080   |
| Average number of options  | 6,683,051       | 5,393,456       |
| Adjusted average number of shares outstanding  | 1,257,081,993   | 1,102,109,536   |
| <b>Diluted earnings (loss) per share (in euro)</b>   | <b>0.0172</b>   | <b>(0.0277)</b> |
|  | 1st half 2021   | 1st half 2020   |
| Comprehensive income (expense) attributable to the owners of the parent (in thousands of euro)           | 27,917          | (39,829)        |
| Average number of ordinary shares outstanding  | 1,250,398,942   | 1,096,716,080   |
| Average number of options  | 6,683,051       | 5,393,456       |
| Adjusted average number of shares outstanding  | 1,257,081,993   | 1,102,109,536   |
| <b>Diluted earnings (loss) per share (in euro)</b>   | <b>0.0222</b>   | <b>(0.0363)</b> |
|  | 1st half 2021   | 1st half 2020   |
| Profit (loss) from continuing operations attributable to the owners of the parent (in thousands of euro) | 36,475          | (38,877)        |
| Average number of ordinary shares outstanding  | 1,250,398,942   | 1,096,716,080   |
| Average number of options  | 6,683,051       | 5,393,456       |
| Adjusted average number of shares outstanding  | 1,257,081,993   | 1,102,109,536   |
| <b>Diluted earnings (loss) per share (in euro)</b>   | <b>0.0290</b>   | <b>(0.0354)</b> |
|  | 1st half 2021   | 1st half 2020   |
| Loss from discontinued operations attributable to the owners of the parent (in thousands of euro)        | (3,312)         | (5,053)         |
| Average number of ordinary shares outstanding  | 1,250,398,942   | 1,096,716,080   |
| Average number of options  | 6,683,051       | 5,393,456       |
| Adjusted average number of shares outstanding  | 1,257,081,993   | 1,102,109,536   |
| <b>Diluted loss per share (in euro)</b>  | <b>(0.0026)</b> | <b>(0.0046)</b> |

## 14. Dividends paid

The parent did not distribute dividends during the first half of the year.

## 15. Risk management

The group operates in various industry and service sectors, both nationally and internationally, so its business is exposed to various kinds of financial risk, including market risk (currency risk and price risk), credit risk, liquidity risk and interest rate risk.

The group uses hedging derivatives to minimise certain types of risks.



Risk management is carried out by the central finance and treasury function on the basis of policies approved by top management and communicated to the subsidiaries on 25 July 2003.

## 15.a. Market risk

### Currency risk

As the group operates internationally, Sogefi in particular, it is exposed to the risk that fluctuations in exchange rates could affect the fair value of some of its assets and liabilities. The Sogefi group produces and sells mainly in the Eurozone, but it is subject to currency risk, especially versus the GB pound, Brazilian real, US dollar, Argentine peso, Chinese renminbi and Canadian dollar.

With regard to the exchange rate risk associated with the translation of the financial statements of foreign subsidiaries, despite being active both in their domestic market and abroad, the operating companies generally have a substantial convergence between the currencies used for billing sales and purchases and, in case of need, the financial means are generally found locally.

## 15.b. Credit risk

Credit risk can be assessed both in commercial terms by customer type, contractual terms and sales concentration, and in financial terms by type of counterparty used in financial transactions. There is no significant concentration of credit risk within the group.

Some time ago adequate policies were put in place to ensure that sales are made to customers of good standing. The counterparties for derivative products and cash transactions are exclusively financial institutions with a high credit rating. The group has policies that limit credit exposure to individual financial institutions.

Credit risk can vary depending on the business segment concerned.

In the "Automotive Components" segment there is no excessive concentration of credit risk since the Original Equipment and After-market distribution channels with which it operates are car manufacturers or large purchasing groups without any particular concentration of risk.

Credit risk in the "Healthcare" segment varies according to the nature of the activities carried on by the operating companies, as well as their various key customers; concentration is mitigated by the fact that the credit exposure is spread over a large number of institutional counterparties and private customers. For example, the concentration of receivables is lower than in the case of management of residential care homes, whose revenue derive more than 50% from the number of guests in the facility and whose receivables recorded in the financial statements from public entities (mainly local health authorities and municipalities) are due from a plurality of subjects. The concentration of receivables is higher when managing rehabilitation or acute care hospitals due to the fact that almost all of the revenue of each structure comes from a single institutional entity.

The monitoring of credit risk versus customers includes grouping receivables together by type, age, whether the company is in financial difficulty or is involved in disputes and the existence of legal or insolvency proceedings.

## 15.c. Liquidity risk

Prudent management of liquidity risk implies maintaining sufficient liquidity and negotiable securities and ensuring an adequate supply of credit facilities to ensure adequate funding.

The group systematically plans cash requirements and deadlines for commitments, in order to maintain a correct balance between procurement and use of financial resources.

The companies heading up the two main business segments manage their own liquidity risk directly and independently. Tight control is exercised over the net financial position and its outlook in the short, medium and long term. In general, the group follows an extremely prudent financial policy using mainly medium/long-term funding arrangements. Treasury management is centralised for the operating groups.



### 15.d. Interest rate risk (fair value and cash flow)

Interest rate risk depends on fluctuations in market rates, which can cause changes in the cash flows of financial assets or liabilities.

In line with the group's risk management policies, the parent and the subsidiaries have entered into various IRS contracts with leading financial institutions over the years in order to hedge interest rate risk on floating rate loan contracts.

### 15.e. Derivatives

Derivatives are measured at fair value.

For accounting purposes hedging transactions can be classified as:

- fair value hedges, if they are subject to price changes in the market value of the underlying asset or liability;
- cash flow hedges, if they are entered into against the risk of changes in cash flows from an existing asset and liability, or from a future transaction;
- hedges of net investments in foreign operations, if they are entered into to protect against currency risk from the translation of subsidiaries' equity denominated in a currency other than the group's functional currency.

For derivatives classified as fair value hedges, gains and losses resulting from both the determination of their market value and the fair value gains or losses of the element underlying the hedge are recognised in the income statement.

For instruments classified as cash flow hedges (interest rate swaps), gains and losses from marking them to market are recognised directly in equity for the part which "effectively" hedges the underlying risk, while any "non-effective" part is recognised in the income statement.

For instruments classified as hedges of a net investment in a foreign operation, gains and losses from marking them to market are recognised directly in equity for the part which "effectively" hedges the underlying risk, while any "non-effective" part is recognised in the income statement.

On initial recognition under hedge accounting, derivatives are accompanied by an effective hedging relationship which designates the individual derivative as a hedge and specifies its effectiveness parameters in relation to the financial instrument being hedged.

Hedge effectiveness is tested at regular intervals, with the effective part of the relationship being recognised in equity and the ineffective part, if any, in the income statement.

More specifically, the hedge is considered effective when fair value gains or losses or changes in the cash flows of the instrument being hedged is "almost entirely" offset by the fair value gains or losses or changes in the cash flow hedges, and when the results achieved are in a range of 80%-125%.

At 30 June 2021, the group had the following derivatives accounted for as hedges and expressed at their notional amount:

*a) interest rate hedge:*

KOS group:

- hedging for floating rate bank loans for € 39.3 million.



*b) currency hedge:*

CIR International S.A.:

- forward sales for a total of USD 76.6 million, maturing in July 2021, to hedge investments in hedge funds, maturing in July 2021.

Sogefi group:

- forward purchase of USD 0.4 million and sale of BRL;
- forward purchase of € 0.2 million and sale of BRL;
- forward purchase of USD 0.5 million and sale of ARS;
- arrangement of cross currency swaps expiring in 2023 to hedge the private placement of bonds with a notional amount of USD 32.9 million.

## 15.f. Capital ratios

Management modulates the use of leverage to ensure that the capital and financial structure has solidity and flexibility at the same time, parameterising the use of sources of funding for the investing activity to the repayment capacity based on the cash flows generated by operating activities, taking into account the restrictions present in the loan agreements (in the form of covenants).

## 15.g. Borrowing conditions

Some of the group's borrowing agreements contain special clauses which, in the event of failure to comply with certain economic and financial covenants, give the financing banks an option to claim immediate repayment if the company involved does not immediately remedy the infringement of such covenants as required under the terms and conditions of the agreements.

At 30 June 2021, all contractual clauses relating to medium and long term financial liabilities were fully complied with by the group.

Below is a summary of the main covenants relating to the borrowings of the operating sub-holding companies outstanding at the end of the first half of 2021.

▪ Sogefi group

The Sogefi group has undertaken to comply with the following covenants relating to some of its loans, as summarised below:

- bond of USD 115 million: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 3.5; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 4;
- for all other loans: ratio of consolidated net financial position to consolidated normalised gross operating profit (loss) less than or equal to 4; ratio of consolidated normalised gross operating profit (loss) to consolidated net financial expense not less than 3.

At 30 June 2021, these covenants were all complied with.



▪ KOS group

The KOS group has undertaken to comply with the following covenants relating to some of its loans:

- ratio of consolidated net financial position to gross operating profit (loss) less than or equal to 3.5, ratio of gross operating profit (loss) to financial expense greater than or equal to 3 and a loan to value ratio of property loans of less than 60%;

Note that for the purpose of calculating the covenants, the consolidated net financial position and gross operating profit (loss) do not take into account the impacts of IFRS 16 and refer to "operating" profitability and debt, net of property loans.

At 30 June 2021, these covenants were all complied with.

### 15.h. Measurement of financial assets and liabilities and fair value hierarchy

The fair value of financial assets and liabilities is calculated as follows:

- the fair value of financial assets and liabilities with standard terms and conditions listed on an active market is measured on the basis of prices published in the active market;
- the fair value of other financial assets and liabilities (except for derivatives) is measured using commonly accepted valuation techniques based on analytical models using discounted cash flows, which as variables use prices observable in recent market transactions and broker listed prices for similar instruments;
- the fair value of derivatives that are listed on an active market is measured on the basis of market prices; if no prices are published, different approaches are used according to the type of instrument.

In particular, for the measurement of certain investments in bond instruments with no regular market, i.e. where there is an insufficient number of frequent transactions with a sufficiently limited bid-ask spread and volatility, the fair value of these instruments is measured principally on the basis of prices supplied by leading international brokers at the parent's request. These prices are then validated by comparing them with market prices, even if limited in number, or with prices that are observable for other instruments with similar characteristics.

When measuring investments in investment funds, hedge funds and private equity funds, fair value is determined on the basis of the NAV communicated by the fund administrators at the reporting date. Where such information is not available at the reporting date, the last official communication is used, though it must not be more than three months old at the reporting date and, if necessary, validated against more recent information made available to investors by the fund administrators.

With reference to Class 1 insurance policies with capitalisation, these instruments cannot be classified as fair value level 1, as they are not listed and the price cannot be inferred from public info providers. It should also be considered that, given the impossibility for the investor/insured party to sell these instruments to third parties, there are no transactions that can identify the instrument as "liquid".

The fair value is instead configured as level 2 because, even though they are not listed instruments, the method for determining their value is the same for all policyholders who invest in the same fund, based on information provided by the counterparty or available on the websites of insurance counterparties.

The following table gives a breakdown of financial assets and liabilities measured at fair value with an indication of whether the fair value is determined, in whole or in part, directly by reference to price quotations published in an active market ("Level 1") or estimated using prices derived from



market quotations for similar assets or using valuation techniques for which all significant factors are derived from observable market data ("Level 2") or from valuation techniques based mainly on input not observable on the market, which therefore involve estimates and assumptions being made by management ("Level 3").

#### CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES SHOWN IN THE FINANCIAL STATEMENTS

| Category of financial assets and liabilities at 30 June 2021 | Classification | Carrying amount | Fair value Level 1 | Fair value Level 2 | Fair value Level 3 |
|--|----------------|-----------------|--------------------|--------------------|--------------------|
| <b>NON-CURRENT ASSETS</b>                                    |                |                 |                    |                    |                    |
| OTHER FINANCIAL ASSETS                                       | FVTPL          | 77,168          | --                 | 67,788             | 9,380              |
| <b>CURRENT ASSETS</b>  |                |                 |                    |                    |                    |
| SECURITIES   | FVTPL          | 48,112          | 34,505             | 13,607             | --                 |
| OTHER FINANCIAL ASSETS                                       | FVTPL          | 302,991         | --                 | 302,991            | --                 |

During the period there were no transfers between the various levels of the fair value hierarchy.

In detail, financial assets classified as level 3 refer for € 39 thousand to venture capital investments held by CIR International S.A., for investments in companies operating in the IT and communications sector, for € 341 thousand to the investment made by CIR S.p.A. in October S.A. and for € 9,000 thousand to the investment made by CIR S.p.A. in GEDI Gruppo Editoriale S.p.A..

## 16. Guarantees and commitments

At 30 June 2021, the position of guarantees and commitments was the following:

- CIR and financial holding companies

Commitments for private equity fund investments by CIR International for € 17.3 million.

- Sogefi group

#### *Investment commitments*

At 30 June 2021, there are binding commitments for investments relating to the purchase of property, plant and equipment of € 2,318 thousand.

#### *Guarantees given*

Details of these guarantees are as follows:

| (in thousands of euro)  | 30.06.2021 | 31.12.2020 |
|---|------------|------------|
| Guarantees given to third parties   | 1,068      | 858        |
| Other unsecured guarantees given to third parties                         | 3,455      | 3,271      |
| Secured guarantees given for borrowings shown in the financial statements | 15,495     | 556        |

The sureties given in favour of third parties relate to guarantees given to certain customers by Sogefi Suspensions Heavy Duty Italy S.p.A., and to guarantees given to tax authorities by Sogefi Filtration Ltd; sureties are shown at the amount of the outstanding commitment as of the reporting date. These items indicate risks, commitments and guarantees given by group companies to third parties.



"Other unsecured guarantees given to third parties" refer to the commitment of Sogefi HD Suspensions Germany GmbH to the employees' pension fund of the two business divisions at the time of the acquisition in 1996. This commitment is covered by contractual obligations on the part of the vendor, which is a leading German company.

The secured guarantees relate exclusively to the subsidiaries Sogefi Suspensions Eastern Europe S.R.L. and Sogefi ADM Suspensions Private Limited which, for the loans obtained, have granted to the lenders secured guarantees over their property, plant and equipment and trade receivables.

#### *Other risks*

At 30 June 2020, the Sogefi group held assets belonging to third parties on its premises for € 15,528 thousand.

- KOS group

The following is a breakdown of the bank guarantees and other sureties given by KOS S.p.A. and/or other subsidiaries against loans of KOS S.p.A. for a total of € 26,267 thousand:

- a guarantee on behalf of KOS S.p.A. for the lease of the Via Durini offices for € 46 thousand;
- a guarantee on behalf of KOS Care S.r.l. for lease contracts worth € 25,996 thousand;
- a guarantee in favour of the Municipality of Sanremo as a security deposit for urbanisation works, for € 225 thousand.

At 30 June 2021, other commitments and risks amounted to € 10,229 thousand, mainly related to:

- assets on free loan for € 3,013 thousand;
- guarantees issued by Suzzara Hospital in favour of F.lli Montecchi, for € 953 thousand;
- tenders for € 795 thousand;
- contractual commitments of around € 5,468 thousand.

## 17. Information on the business segment

The business segments coincide with the groups of companies that CIR S.p.A. controls.

In detail:

- Healthcare: KOS group;
- Automotive components: Sogefi group.

From a geographical point of view, the Sogefi group's business is carried out internationally, with a presence in Europe, North America, South America, India and China; the KOS group operates mainly in Italy but is also present in Germany and India.

An analysis of performance by segment is given in the interim report on operations, whereas details of revenue by geographical segment (secondary segment) can be found in Note 8.

## 18. Joint ventures

The group does not hold equity investments in joint ventures at 30 June 2021.





## 19. Net financial position

The net financial position in accordance with Consob Resolution no. 6064293 dated 28 July 2006 supplemented by RA 5/21, is as follows:

| <i>(in thousands of euro)</i>                               | 30.06.2021       | 31.12.2020       |
|---|------------------|------------------|
| A. Cash   | 500,776          | 424,546          |
| B. Cash equivalents   | 302,991          | 295,434          |
| C. Other current financial assets                           | 57,321           | 59,932           |
| <b>D. Cash and cash equivalents (A) + (B) + (C)</b>         | <b>861,088</b>   | <b>779,912</b>   |
| E. Current bank loans and borrowings                        | 61,916           | 124,308          |
| F. Current portion of non-current bank loans and borrowings | 173,938          | 131,999          |
| <b>G. Current financial position (E) + (F)</b>              | <b>235,854</b>   | <b>256,307</b>   |
| <b>H. NET CURRENT FINANCIAL INDEBTEDNESS (G) - (D)</b>      | <b>(625,234)</b> | <b>(523,605)</b> |
| I. Non-current bank loans and borrowings                    | 1,289,007        | 1,227,582        |
| J. Debt instruments   | 179,945          | 192,843          |
| K. Trade payables and other non-current liabilities         | --               | --               |
| <b>L. Non-current financial position (I) + (J) + (K)</b>    | <b>1,468,952</b> | <b>1,420,425</b> |
| <b>M. NET FINANCIAL POSITION (H) + (L)</b>                  | <b>843,718</b>   | <b>896,820</b>   |

- A) item 4.g "Cash and cash equivalents;  
 B) item 4.f "Other financial assets";  
 C) item 4.d "Loan assets" and item 4.e "Securities";  
 E) item 4.g "Bank loans and borrowings" and item 7.a "Bonds";  
 F) item 7.b "Other loans and borrowings" and item 7.c "Lease liabilities";  
 I) item 6.b "Other loans and borrowings" and item 6.c "Lease liabilities";  
 J) item 6.a "Bonds".

## 20. Disclosures regarding share-based payment plans

### 20.a. Employee payment plans at 30 June 2021 (CIR)

The following chart shows the stock option and stock grant plans of the parent CIR S.p.A



## CIR - STOCK OPTION PLAN AT 30 JUNE 2021

|                  | Options outstanding at start of period |                               | Options granted during the period |                               | Options exercised during the period |                               | Options expired during the period |                               | Options outstanding at the end of the period |                      |                          | Options exercisable at the end of the period |                               |
|------------------|--|-------------------------------|-----------------------------------|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|-------------------------------|--|----------------------|--------------------------|--|-------------------------------|
|                  | No. of options                         | Weighted average strike price | No. of options                    | Weighted average strike price | No. of options                      | Weighted average strike price | No. of options                    | Weighted average strike price | No. of options                               | Average strike price | Average duration (years) | No. of options                               | Weighted average strike price |
| 2nd tranche 2010 | 6,166,680                              | 0.7454                        | -                                 | -                             | -                                   | -                             | 6,166,680                         | 0.7454                        | -  | -                    | -                        | -  | -                             |
| <b>Total</b>     | <b>6,166,680</b>                       | <b>0.7454</b>                 | <b>-</b>                          | <b>-</b>                      | <b>-</b>                            | <b>-</b>                      | <b>6,166,680</b>                  | <b>0.7454</b>                 | <b>-</b>                                     | <b>-</b>             | <b>-</b>                 | <b>-</b>                                     | <b>-</b>                      |

## CIR - STOCK GRANT PLAN AT 30 JUNE 2021

|                                   | Instruments outstanding at start of period |                | Instruments granted during the period |                | Instruments exercised during the period |                               | Instruments vested during the period |                               | Instruments outstanding at end of period |                |                          | Instruments exercisable at the end of the period |                |
|-----------------------------------|--|----------------|---------------------------------------|----------------|---|-------------------------------|--------------------------------------|-------------------------------|--|----------------|--------------------------|--|----------------|
|                                   | No. of Units                               | Opening amount | No. of Units                          | Opening amount | No. of Units                            | Weighted average strike price | No. of Units                         | Weighted average strike price | No. of Units                             | Opening amount | Average duration (years) | No. of Units                                     | Opening amount |
| Stock Grant Plan 2015             | 1,226,192                                  | 0.5431         | -                                     | -              | -                                       | -                             | -                                    | -                             | 1,226,192                                | 0.5431         | 3.83                     | 1,226,192  | 0.5431         |
| Stock Grant Plan 2015 for the CEO | 2,158,039                                  | 0.5443         | -                                     | -              | -                                       | -                             | -                                    | -                             | 2,158,039                                | 0.5443         | 3.83                     | 2,158,039  | 0.5443         |
| Stock Grant Plan 2016             | 1,193,280                                  | 0.5267         | -                                     | -              | -                                       | -                             | -                                    | -                             | 1,193,280                                | 0.5267         | 4.83                     | 1,193,280  | 0.5267         |
| Stock Grant Plan 2017             | 2,401,381                                  | 0.7144         | -                                     | -              | 78,022                                  | 0.7144                        | 1,286,615                            | 0.7144                        | 1,036,744                                | 0.7144         | 5.83                     | 1,036,744  | 0.7144         |
| Stock Grant Plan 2018             | 3,518,602                                  | 0.4378         | -                                     | -              | 154,870                                 | 0.4378                        | -                                    | -                             | 3,363,732                                | 0.4378         | 6.83                     | 1,124,915  | 0.4378         |
| Stock Grant Plan 2019             | 3,528,772                                  | 0.4557         | -                                     | -              | 15,640                                  | 0.4557                        | -                                    | -                             | 3,513,132                                | 0.4557         | 7.84                     | 204,908  | 0.4557         |
| Stock Grant Plan 2020             | 3,640,311                                  | 0.4066         | -                                     | -              | -                                       | -                             | -                                    | -                             | 3,640,311                                | 0.4066         | 8.95                     | -  | -              |
| Stock Grant Plan 2021             | -  | -              | 3,565,284                             | 0.4025         | -                                       | -                             | -                                    | -                             | 3,565,284                                | 0.4025         | 9.84                     | -  | -              |
| <b>Total</b>                      | <b>17,666,577</b>                          | <b>0.4989</b>  | <b>3,565,284</b>                      | <b>0.4025</b>  | <b>248,532</b>                          | <b>0.5257</b>                 | <b>1,286,615</b>                     | <b>0.7144</b>                 | <b>19,696,714</b>                        | <b>0.4670</b>  | <b>7.26</b>              | <b>6,944,078</b>                                 | <b>0.5466</b>  |



## 20.b. Employee payment plans at 30 June 2021 (Sogefi group)

The following table shows the total number of rights existing with respect to the stock grant plans for the period 2011-2021:

|  | 30 June 2021 | 31 December 2020 |
|--|--------------|------------------|
| Not exercised/not exercisable at the start of the period | 1,482,261    | 927,040          |
| Granted during the period                                | 897,500      | 790,000          |
| Cancelled during the period                              | (409,724)    | (97,248)         |
| Exercised during the period                              | (46,642)     | (137,531)        |
| Not exercised/not exercisable at the end of the period   | 1,923,395    | 1,482,261        |
| Exercisable at the end of the period                     | 38,509       | 46,719           |

The line "Not exercised/not exercisable at the end of the period" refers to the total amount of the rights net of those exercised or cancelled during the current or prior periods.

The line "Exercisable at the end of the period" refers to the total amount of the rights vested at the end of the period but not yet exercised.

## 20.c. Employee payment plans at 30 June 2021 (KOS group)

The chart below shows the stock option plans of the KOS group:

## KOS- STOCK OPTION PLAN AT 30 JUNE 2021

|                           | Options outstanding at the start of the period |                               | Options granted during the period |                               | Options exercised during the period |                               | Options expired during the period |                               | Options outstanding at the end of the period |                               |                          | Options exercisable at the end of the period |                               | Expiry date  |             |
|---------------------------|--|-------------------------------|-----------------------------------|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|-------------------------------|--|-------------------------------|--------------------------|--|-------------------------------|--------------|-------------|
|                           | No. of options                                 | Weighted average strike price | No. of options                    | Weighted average strike price | No. of options                      | Weighted average strike price | No. of options                    | Weighted average strike price | Number                                       | Weighted average strike price | Average duration (years) | No. of options                               | Weighted average strike price | Vesting date | Expiry date |
| Stock Option Plan '10 rev | 1,414,583                                      | 2.65                          | --                                | --                            | --                                  | --                            | --                                | --                            | 1,414,583                                    | 2.65                          | 11.90                    | 1,414,583                                    | 2.65                          | 31/12/2014   | 17/05/2033  |
| Stock Option Plan '16     | 1,206,000                                      | 7.25                          | --                                | --                            | --                                  | --                            | --                                | --                            | 1,206,000                                    | 7.25                          | 11.90                    | 482,400                                      | 7.00                          | 17/05/2023   | 17/05/2033  |
| <b>Total</b>              | <b>2,620,583</b>                               | <b>4.77</b>                   | <b>--</b>                         | <b>--</b>                     | <b>--</b>                           | <b>--</b>                     | <b>--</b>                         | <b>--</b>                     | <b>2,620,583</b>                             | <b>4.77</b>                   | <b>11.90</b>             | <b>1,896,983</b>                             | <b>3.76</b>                   |              |             |

### Contingent asset/liabilities

Certain group companies have legal disputes pending, against which their Boards have accrued specific provisions for risks for amounts that are considered appropriate, taking into account the opinion of their consultants regarding the likelihood that significant contingent liabilities will actually occur.

### Sogefi group

In October 2016, Sogefi S.p.A. received four notices of assessment relating to the tax years 2011 and 2012, following a tax audit in the first half of 2016, containing the following two observations: i) undue deduction of € 0.6 million of VAT paid on goods and services, ii) undue deduction for IRES purposes (and related non-deductible VAT of € 0.2 million) in costs for services rendered by the parent CIR S.p.A. for a total taxable amount of € 1.3 million, plus interest and penalties.

The notices have already been appealed before the Mantua Provincial Tax Commission, which on 14 July 2017 issued ruling 119/02/2017 that was entirely favourable to the company. The sentence was partially appealed by the Tax Authorities, which requested confirmation only of the assessments notified for VAT purposes, definitively renouncing the assessment notices issued for IRES purposes.

The company has filed counterclaims against this partial appeal. On 19 November 2019 the hearing was held at the Lombardy Regional Tax Commission, which accepted the Tax Office's argument.

The ruling of the Brescia section of the Lombardy Regional Tax Commission was challenged by the company in an appeal filed with the Court of Cassation on 30 September 2020. The Tax Office has made a counter-appeal through the State Attorney General. The company is waiting for the hearing date to be set.

The company paid the amount specified in Regional Tax Commission ruling 1/26/2020 on 31 December 2020. This amount, equal to € 1.3 million, has been included in "Tax credits".

The Directors, backed by the professional opinion of the company's tax consultant, consider that the risk of losing is possible, but not probable.

Sogefi Filtration Italy S.p.A. has a dispute with the Tax Authorities for the 2004 tax year. The judgement, which arose in 2009, concerns an alleged circumvention or abuse of the merger with cancellation of the shares of the "old" Sogefi Filtration S.p.A. absorbed by Filtrauto Italia S.r.l., which resulted in the derecognition on cancellation of the merger deficit attributed partially to goodwill and partially to revaluation of a property, in addition to interest on the loan granted by Sogefi S.p.A. to Filtrauto S.r.l. as part of the deal.

The company has challenged the assessment notices, defending the legitimacy of its approach. In 2012 the Provincial Tax Commission of Milan cancelled the assessment notices for the part relating to the accusation of circumvention/abuse. The Office appealed these judgements before the Milan Regional Tax Commission. On 21 March 2014, the Milan Regional Tax Commission filed the sentence confirming cancellation of the documents already ordered at first instance. On 16 June 2014 the Tax Authorities filed an appeal through the State Attorney. The company has filed a counter-appeal. On 5 December 2019 the Supreme Court upheld one of the grounds of appeal proposed by the State Attorney and, as a result, the sentence rendered by the second instance judge was dismissed. The company returned the case to the Lombardy Regional Tax Commission on July 2020. The hearing to discuss the merits of the dispute before the Lombardy Regional Tax Commission has been scheduled for 22 October 2021.

Based on the opinion expressed by the tax consultant who follows the case and considering the almost unanimous opinion of the best legal doctrine in favour of the arguments put forward by the company regarding the circumvention and abuse of the right, which were shared by the judgements of first and second instance, management believes, as of 30 June 2021, that the risk of losing the dispute, which involves taxes of around € 3 million, penalties of the same amount and

estimated interest of around € 2 million, for a total of around € 8 million, is possible but not probable.

The Sogefi group has therefore not recognised any tax provisions for contingent liabilities at 30 June 2021.

## 21. Other information

### MANAGEMENT AND COORDINATION

CIR S.p.A. is subject to management and coordination by Fratelli De Benedetti S.p.A. (art. 2497-bis of the Italian Civil Code).

### EVENTS AFTER THE REPORTING DATE

Sogefi has started negotiations for the sale of the Argentine branch of the Filtration Division and the sale would result in an estimated loss of € 2.8 million, already recognised at 30 June 2021, whereas on completion of the sale, a further negative impact would be generated on the income statement of approximately € 21 million from reclassification of the subsidiary's exchange differences from equity to profit or loss for the period, without any cash effect.

### RELATED PARTY TRANSACTIONS

On 28 October 2010 the parent adopted the "Regulations on Related Party Transactions" envisaged in Consob Resolution no. 17221 of 12 March 2010, most recently amended by Resolution no. 21264 of 10 December 2020. This procedure was most recently updated by a resolution of the parent's Board of Directors on 28 June 2021 and is effective from 1 July 2021.

The procedure lays down principles of conduct that the parent is required to adopt to ensure that related party transactions are handled properly. This means that it:

- 1) lays down the criteria and methods for identifying the parent's related parties;
- 2) establishes principles for identifying related party transactions;
- 3) governs the procedures for carrying out related party transactions;
- 4) establishes ways to ensure compliance with the related disclosure requirements.

The Board of Directors has also appointed the Related Party Transactions Committee. The parties defined as such by the international accounting standards currently in force have been identified as related parties.

No new transactions with related parties were concluded in the first half of 2021, nor were any amendments made to related party transactions carried out previously.

The group's related-party transactions are settled at arm's length, taking into consideration the quality and the specific nature of the services provided; the group has not carried out any atypical or unusual transactions with related parties, unrelated to normal business operations or such as to significantly affect the group's financial position, results of operations and cash flows.

The following table gives a summary of related party transactions:

## INCOME STATEMENT

| <i>(in thousands of euro)</i> | Revenue   | Costs for the purchase of goods | Costs for services | Other operating expense | Other operating income | Financial income | Financial expense | Dividends |
|-------------------------------|-----------|---------------------------------|--------------------|-------------------------|------------------------|------------------|-------------------|-----------|
| Parents                       | --        | --                              | --                 | --                      | --                     | --               | --                | --        |
| Subsidiaries                  | --        | --                              | --                 | --                      | --                     | --               | --                | --        |
| Associates                    | --        | --                              | --                 | --                      | --                     | --               | --                | --        |
| Joint ventures                | --        | --                              | --                 | --                      | --                     | --               | --                | --        |
| Other related parties         | --        | --                              | --                 | 39                      | --                     | --               | --                | --        |
| <b>Total</b>                  | <b>--</b> | <b>--</b>                       | <b>--</b>          | <b>39</b>               | <b>--</b>              | <b>--</b>        | <b>--</b>         | <b>--</b> |

## STATEMENT OF FINANCIAL POSITION

|                | Current assets    |              | Current liabilities        |                |           |
|----------------|-------------------|--------------|----------------------------|----------------|-----------|
|                | Trade receivables | Other assets | Other loans and borrowings | Trade payables | Other     |
| Parents        | --                | --           | --                         | --             | --        |
| Subsidiaries   | --                | --           | --                         | --             | --        |
| Associates     | --                | 133          | --                         | --             | --        |
| Joint ventures | --                | --           | --                         | --             | --        |
| Other related  | 39                | --           | --                         | --             | --        |
| <b>Total</b>   | <b>39</b>         | <b>133</b>   | <b>--</b>                  | <b>--</b>      | <b>--</b> |

# Certification of the condensed interim consolidated financial statements







**Certification of the condensed interim consolidated financial statements at 30 June 2021 pursuant to art. 154-bis, paragraphs 3 and 4, of Decree Law 58/1998**

1. The undersigned, Monica Mondardini, the Chief Executive Officer, and Michele Cavigioli, the executive responsible for the preparation of the condensed interim consolidated financial statements of CIR S.p.A., hereby certify, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:
  - the appropriateness, in relation to the characteristics of the business, and
  - the effective application of the administrative and accounting procedures for the preparation of the condensed interim consolidated financial statements at 30 June 2021, for the period 1 January - 30 June 2021.
2. In this respect, no significant issues have arisen which need to be reported.
3. We also certify that the condensed interim consolidated financial statements at 30 June 2021:
  - are prepared in accordance with International Financial Reporting Standards as endorsed by the European Community pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
  - agree with the balances on the books of account and accounting entries;
  - are able to give a true and fair view of the financial position, financial performance and cash flows of the issuer and of the companies included in the consolidation.

The report on operations at 30 June 2021 includes a reliable analysis of the group's performance and results of operations, as well as the general situation of the issuer and of the companies included in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

*Milan, 26 July 2021*

*(Signed on the original)*

Monica Mondardini  
Chief Executive Officer

Michele Cavigioli  
Executive responsible for the  
preparation of financial statements



## LIST OF EQUITY INVESTMENTS AT 30 JUNE 2021

pursuant to art. 38.2 of Italian Legislative Decree 127/91

## SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

(in euro or foreign currency)

| <b>Company name</b>                                       | <b>Registered office</b> | <b>Share/quota capital</b> | <b>Currency</b> | <b>Held by</b>                         | <b>Investment %</b> |
|---|--------------------------|----------------------------|-----------------|--|---------------------|
| <b>CIR GROUP</b>  |                          |                            |                 |  |                     |
| CIR INTERNATIONAL S.A.                                    | Luxembourg               | 15,000,000.00              | €               | CIR S.p.A.                             | 100.00              |
| CIGA LUXEMBOURG S.A.R.L.                                  | Luxembourg               | 1,000,000.00               | €               | CIR S.p.A.                             | 100.00              |
| JUPITER MARKETPLACE S.R.L.                                | Italy                    | 100,000.00                 | €               | CIR S.p.A.                             | 100.00              |
| CIR INVESTIMENTI S.P.A.                                   | Italy                    | 19,426,162.00              | €               | CIR S.p.A.                             | 100.00              |
| <b>KOS GROUP</b>  |                          |                            |                 |  |                     |
| KOS S.P.A.  | Italy                    | 8,853,458.40               | €               | CIR S.p.A.                             | 59.77               |
| OSPEDALE DI SUZZARA S.P.A.                                | Italy                    | 120,000.00                 | €               | KOS S.p.A.                             | 99.90               |
| CLEARMEDI HEALTHCARE LTD                                  | India                    | 58,464,060.00              | INR             | KOS S.p.A.                             | 97.81               |
|   |                          |                            |                 | CLEARVIEW HEALTHCARE LTD               | 2.19                |
|   |                          |                            |                 |  | 100.00              |
| KOS CARE S.R.L.   | Italy                    | 2,550,000.00               | €               | KOS S.p.A.                             | 100.00              |
| CLEARVIEW HEALTHCARE LTD                                  | India                    | 4,661,880.00               | INR             | KOS S.p.A.                             | 85.19               |
| ABITARE IL TEMPO S.R.L.                                   | Italy                    | 100,826.00                 | €               | KOS CARE S.r.l.                        | 54.00               |
| SANATRIX S.R.L.   | Italy                    | 843,700.00                 | €               | KOS CARE S.r.l.                        | 91.27               |
| SANATRIX GESTION S.R.L.                                   | Italy                    | 300,000.00                 | €               | SANATRIX S.r.l.                        | 99.61               |
| JESILAB S.R.L.  | Italy                    | 80,000.00                  | €               | KOS CARE S.r.l.                        | 100.00              |
| FIDIA S.R.L.  | Italy                    | 10,200.00                  | €               | KOS CARE S.r.l.                        | 60.00               |
| VILLA MARGHERITA S.R.L.                                   | Italy                    | 20,000.00                  | €               | KOS CARE S.r.l.                        | 100.00              |
| GES.CA.S. VILLA ARMONIA NUOVA S.R.L.                      | Italy                    | 52,000.00                  | €               | KOS CARE S.r.l.                        | 95.00               |
| KOS GERMANY GMBH  | Germany                  | 25,000.00                  | €               | KOS CARE S.r.l.                        | 100.00              |
| CHARLESTON HOLDING GMBH                                   | Germany                  | 1,025,000.00               | €               | KOS Germany GmbH                       | 100.00              |
| REGENTA BETRIEBSGESELLSCHAFT MBH                          | Germany                  | 250,000.00                 | €               | Charleston Holding GmbH                | 100.00              |
| ELISABETHENHAUS BETRIEBSGESELLSCHAFT MBH                  | Germany                  | 250,000.00                 | €               | Charleston Holding GmbH                | 100.00              |
| Dienstleistungsgesellschaft für soziale Einrichtungen MBH | Germany                  | 25,600                     | €               | Charleston Holding GmbH                | 100.00              |
| WOHN- UND PFLEGEZENTRUM FRISENHOF GMBH                    | Germany                  | 25,000                     | €               | Charleston Holding GmbH                | 100.00              |
| WOHN- & PFLEGEZENTRUM GUT HANSING GMBH                    | Germany                  | 50,000                     | €               | Charleston Holding GmbH                | 100.00              |
| RDS RESIDENZPARK DIENSTLEISTUNG & SERVICE GMBH            | Germany                  | 25,000                     | €               | Wohn- & Pflegezentrum Gut Hansing GmbH | 100.00              |

| <b>Company name</b>   | <b>Registered office</b> | <b>Share/quota capital</b> | <b>Currency</b> | <b>Held by</b>  | <b>Investment %</b> |
|---|--------------------------|----------------------------|-----------------|---|---------------------|
| WOHN- UND PFLEGEZENTRUM HAUS TEICHBlick GMBH                      | Germany                  | 128,150.00                 | €               | Charleston Holding GmbH   | 100.00              |
| Dienstleistungsgesellschaft für soziale Einrichtungen - Nord MBH  | Germany                  | 25,000.00                  | €               | Wohn- und Pflegezentrum Haus Teichblick GmbH                      | 100.00              |
| WOHN- UND PFLEGEZENTRUM HAUS AM BAHNHOF GMBH                      | Germany                  | 51,150.00                  | €               | Charleston Holding GmbH   | 100.00              |
| RSG Rotenburger Servicegesellschaft am Bahnhof MBH                | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| WOHN- UND PFLEGEZENTRUM HAUS OTTERSBERG GMBH                      | Germany                  | 51,150.00                  | €               | Charleston Holding GmbH   | 100.00              |
| OSW Ottersberger Servicegesellschaft Wümmeblick MBH               | Germany                  | 25,000.00                  | €               | Wohn- und Pflegezentrum Haus Ottersberg GmbH                      | 100.00              |
| WOHN- & PFLEGEZENTRUM SEEHOF GMBH                                 | Germany                  | 51,200.00                  | €               | Charleston Holding GmbH   | 100.00              |
| DGS Dienstleistungsgesellschaft Seehof MBH                        | Germany                  | 26,000.00                  | €               | Wohn- & Pflegezentrum Seehof GmbH                                 | 100.00              |
| WOHN- UND PFLEGEZENTRUM HAUS SCHWANEWEDE GMBH                     | Germany                  | 27,500.00                  | €               | Charleston Holding GmbH   | 100.00              |
| PROGUSTO Schwaneweder Servicegesellschaft MBH                     | Germany                  | 25,000.00                  | €               | Wohn- und Pflegezentrum Haus Schwanewede GmbH                     | 100.00              |
| ALTEN- UND PFLEGEZENTRUM ZU BAKUM GMBH                            | Germany                  | 51,129.00                  | €               | Charleston Holding GmbH   | 100.00              |
| APZ ZU BAKUM Servicegesellschaft MBH                              | Germany                  | 25,000.00                  | €               | Alten- und Pflegezentrum zu Bakum GmbH                            | 100.00              |
| CURATUM Beteiligungs- und Verwaltungsgesellschaft MBH             | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| SENIORENDOMIZIL HAUS AM PARK GMBH                                 | Germany                  | 50,000.00                  | €               | Curatum Beteiligungs- und Verwaltungsgesellschaft mbH             | 100.00              |
| VSG VÖRDER Service Gesellschaft MBH                               | Germany                  | 25,000.00                  | €               | Senioren-domizil Haus am Park GmbH                                | 100.00              |
| WOHN- UND PFLEGEZENTRUM BURG AUF FEHMARN GMBH                     | Germany                  | 25,000.00                  | €               | Curatum Beteiligungs- und Verwaltungsgesellschaft mbH             | 100.00              |
| FFH FEHMARNSCHE FLINKE HÄNDE Servicegesellschaft MBH              | Germany                  | 25,000.00                  | €               | Wohn- und Pflegezentrum Burg auf Fehmarn GmbH                     | 100.00              |
| LANDHAUS GLÜCKSTADT WOHN- & PFLEGEZENTRUM GMBH                    | Germany                  | 51,129.00                  | €               | Curatum Beteiligungs- und Verwaltungsgesellschaft mbH             | 100.00              |
| LH GLÜCKSTADT Servicegesellschaft MBH                             | Germany                  | 25,000.00                  | €               | Landhaus Glückstadt Wohn- & Pflegezentrum GmbH                    | 100.00              |
| WOHN- UND PFLEGEZENTRUM HAUS AM GOLDBACH GMBH                     | Germany                  | 50,000.00                  | €               | Curatum Beteiligungs- und Verwaltungsgesellschaft mbH             | 100.00              |
| GBS GOLDBACH Servicegesellschaft MBH                              | Germany                  | 25,000.00                  | €               | Wohn- und Pflegezentrum Haus am Goldbach GmbH                     | 100.00              |
| WOHN- & PFLEGEZENTRUM UP'N KAMP GMBH                              | Germany                  | 26,000.00                  | €               | Curatum Beteiligungs- und Verwaltungsgesellschaft mbH             | 100.00              |
| BSG BÖRDE Servicegesellschaftshcraft MBH                          | Germany                  | 25,565.00                  | €               | Wohn- & Pflegezentrum Up'n Kamp GmbH                              | 100.00              |
| CHARLESTON VOR GMBH   | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| SSB Servicegesellschaft Selsinger Börde MBH                       | Germany                  | 25,000.00                  | €               | Charleston VOR GmbH   | 100.00              |
| CHARLESTON - AMBULANTE DIENSTE GMBH                               | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| SENOVUM GMBH  | Germany                  | 226,000.00                 | €               | Charleston Holding GmbH   | 100.00              |
| WOHN- UND PFLEGEHEIM LESMONA GMBH                                 | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| WPH LESMONA Servicegesellschaft MBH                               | Germany                  | 25,000.00                  | €               | Wohn- und Pflegeheim Lesmona GmbH                                 | 100.00              |
| SENIOREN- UND PFLEGEHAUS "DRENDEL" Betriebs GmbH                  | Germany                  | 30,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| WOHN- UND PFLEGEEINRICHTUNG BAD CAMBERG GMBH - ANNA-MÜLLER-HAUS-  | Germany                  | 100,000.00                 | €               | Charleston Holding GmbH   | 100.00              |
| WOHN- UND PFLEGEZENTRUM HAUS KIKRA GMBH                           | Germany                  | 26,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| MPS CATERING GMBH   | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| BAYERNSTIFT - GESELLSCHAFT FÜR SOZIALE DIENSTE UND GESUNDHEIT MBH | Germany                  | 250,000.00                 | €               | Charleston Holding GmbH   | 100.00              |
| BAYERNSTIFT SERVICE GMBH  | Germany                  | 25,000.00                  | €               | BayernStift - Gesellschaft für Soziale Dienste und Gesundheit mbH | 100.00              |
| SLW ALTENHILFE LIEBFRAUENHAUS GMBH                                | Germany                  | 50,000.00                  | €               | BayernStift - Gesellschaft für Soziale Dienste und Gesundheit mbH | 100.00              |

| <b>Company name</b>                              | <b>Registered office</b> | <b>Share/quota capital</b> | <b>Currency</b> | <b>Held by</b>  | <b>Investment %</b> |
|--|--------------------------|----------------------------|-----------------|---|---------------------|
| BAYERNSTIFT MOBIL GMBH                           | Germany                  | 25,000.00                  | €               | BayernStift - Gesellschaft für Soziale Dienste und Gesundheit mbH | 100.00              |
| DIE FRANKENSCHWESTERN GMBH                       | Germany                  | 25,000.00                  | €               | Bayernstift Mobil GmbH  | 60.00               |
| BRISA MANAGEMENT GMBH                            | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| WOHNPARK DR. MURKEN GMBH                         | Germany                  | 25,000.00                  | €               | Brisa Management GmbH   | 100.00              |
| WOHNPARK KLOSTERGARTEN GMBH                      | Germany                  | 26,000.00                  | €               | Brisa Management GmbH   | 100.00              |
| WOHNPARK SCHRIEWESHOF GMBH                       | Germany                  | 25,000.00                  | €               | Brisa Management GmbH   | 100.00              |
| WOHNPARK LUISENHOF GMBH                          | Germany                  | 25,000.00                  | €               | Brisa Management GmbH   | 100.00              |
| CHRISTOPHORUS SENIORENRESIDENZEN GMBH            | Germany                  | 25,000.00                  | €               | Brisa Management GmbH   | 100.00              |
| CHRISTOPHORUS PFLEGE- UND BETREUUNGSDIENSTE GMBH | Germany                  | 25,000.00                  | €               | Brisa Management GmbH   | 100.00              |
| CHRISTOPHORUS INTENSIVPFLEGEDIENSTE GMBH         | Germany                  | 25,000.00                  | €               | Brisa Management GmbH   | 100.00              |
| WOHN- UND PFLEGEZENTRUM ESSEN GMBH               | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| WOHN- UND PFLEGEZENTRUM MÜLHEIM GMBH             | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| CHARLESTON DIENSTLEISTUNGSGESELLSCHAFT RUHR MBH  | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| WOHN- UND PFLEGEZENTRUM NEUENSTEIN GMBH          | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| SIG GMBH   | Germany                  | 25,000.00                  | €               | Brisa Management GmbH   | 100.00              |
| GSA GP GMBH                                      | Germany                  | 25,000.00                  | €               | Brisa Management GmbH   | 100.00              |
| GSA GMBH & CO. IMMOBILIEN VERWALTUNGS KG         | Germany                  | 5,000.00                   | €               | Brisa Management GmbH   | 100.00              |
| QLT.CARE GMBH                                    | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| WOHN- UND PFLEGEZENTRUM CRAILSHEIM GMBH          | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| WOHN- UND PFLEGEZENTRUM DURLANGEN GMBH           | Germany                  | 25,000.00                  | €               | Charleston Holding GmbH   | 100.00              |
| KOS SERVIZI SOCIETÀ CONSORTILE A R.L.            | Italy                    | 115,000.00                 | €               | KOS CARE S.r.l.   | 81.75               |
|  |                          |                            |                 | KOS S.p.A.  | 6.42                |
|  |                          |                            |                 | ABITARE IL TEMPO S.r.l.   | 4.94                |
|  |                          |                            |                 | SANATRIX GESTIONI S.r.l.  | 3.02                |
|  |                          |                            |                 | OSPEDALE DI SUZZARA S.p.A.  | 2.15                |
|  |                          |                            |                 | FIDIA S.r.l.  | 0.43                |
|  |                          |                            |                 | JESILAB S.r.l.  | 0.43                |
|  |                          |                            |                 | GES.CA.S. VILLA ARMONIA NUOVA S.r.l.                              | 0.43                |
|  |                          |                            |                 | VILLA MARGHERITA S.r.l.   | 0.43                |
|  |                          |                            |                 |   | 100.00              |

| <b>Company name</b>                 | <b>Registered office</b> | <b>Share/quota capital</b> | <b>Currency</b> | <b>Held by</b>                     | <b>investment %</b> |
|-------------------------------------|--------------------------|----------------------------|-----------------|------------------------------------|---------------------|
| <b>SOGEFI GROUP</b>                 |                          |                            |                 |                                    |                     |
| SOGEFI S.p.A. (*)                   | Italy                    | 62,461,355.84              | €               | CIR S.p.A.                         | 55.64               |
| SOGEFI FILTRATION ITALY S.p.A.      | Italy                    | 8,000,000.00               | €               | SOGEFI FILTRATION S.A.             | 99.88               |
| SOGEFI FILTRATION S.A.              | France                   | 120,596,780.00             | €               | SOGEFI S.p.A.                      | 99.99998            |
| SOGEFI FILTRATION Ltd               | UK                       | 5,126,737.00               | GBP             | SOGEFI FILTRATION S.A.             | 100.00              |
| SOGEFI AFTERMARKET S.L.U.           | Spain                    | 3,000.00                   | €               | SOGEFI FILTRATION S.A.             | 100.00              |
| SOGEFI FILTRATION d.o.o.            | Slovenia                 | 10,291,798.00              | €               | SOGEFI FILTRATION S.A.             | 100.00              |
| SOGEFI SUSPENSIONS S.A.             | France                   | 73,868,383.00              | €               | SOGEFI S.p.A.                      | 99.999              |
| FILTER SYSTEMS MAROC S.a.r.l.       | Morocco                  | 215,548,000.00             | MAD             | SOGEFI FILTRATION S.A.             | 100.00              |
| SOGEFI FILTRATION RUSSIA LLC        | Russia                   | 6,800,000.00               | RUB             | SOGEFI FILTRATION S.A.             | 100.00              |
| SOGEFI GESTION S.A.S.               | France                   | 100,000.00                 | €               | SOGEFI S.p.A.                      | 100.00              |
| SOGEFI U.S.A. Inc.                  | United States            | 20,055,000                 | USD             | SOGEFI S.p.A.                      | 100.00              |
| SOGEFI AIR & COOLING S.A.S.         | France                   | 54,938,125.00              | €               | SOGEFI S.p.A.                      | 100.00              |
| SOGEFI FILTRATION ARGENTINA S.A.U.  | Argentina                | 820,510,522.00             | ARS             | SOGEFI FILTRATION S.A.             | 100.00              |
| SHANGHAI SOGEFI AUTO PARTS Co., Ltd | China                    | 13,000,000.00              | USD             | SOGEFI S.p.A.                      | 100.00              |
| SOGEFI (SUZHOU) AUTO PARTS CO., Ltd | China                    | 37,400,000.00              | USD             | SOGEFI S.p.A.                      | 100.00              |
| ALLEVARD SPRINGS Ltd                | UK                       | 4,000,002.00               | GBP             | SOGEFI SUSPENSIONS S.A.            | 100.00              |
| SOGEFI PC SUSPENSIONS GERMANY GmbH  | Germany                  | 50,000.00                  | €               | SOGEFI SUSPENSIONS S.A.            | 100.00              |
| SOGEFI SUSPENSION ARGENTINA S.A.    | Argentina                | 61,356,535.00              | ARS             | SOGEFI SUSPENSIONS S.A.            | 89.999              |
|                                     |                          |                            |                 | SOGEFI SUSPENSIONS BRASIL Ltda     | 9.9918              |
|                                     |                          |                            |                 |                                    | 99.99               |
| IBERICA DE SUSPENSIONES S.L. (ISSA) | Spain                    | 10,529,668.00              | €               | SOGEFI SUSPENSIONS S.A.            | 50.00               |
| SOGEFI SUSPENSION BRASIL Ltda       | Brazil                   | 37,161,683.00              | BRL             | SOGEFI SUSPENSIONS S.A.            | 99.997              |
|                                     |                          |                            |                 | ALLEVARD SPRINGS Ltd               | 0.003               |
|                                     |                          |                            |                 |                                    | 100.00              |
| UNITED SPRINGS Ltd                  | UK                       | 4,500,000.00               | GBP             | SOGEFI SUSPENSIONS S.A.            | 100.00              |
| UNITED SPRINGS B.V.                 | Holland                  | 254,979.00                 | €               | SOGEFI SUSPENSIONS S.A.            | 100.00              |
| UNITED SPRINGS S.A.S.               | France                   | 5,109,000.00               | €               | SOGEFI SUSPENSIONS S.A.            | 100.00              |
| SOGEFI HD SUSPENSIONS GERMANY GmbH  | Germany                  | 50,000.00                  | €               | SOGEFI PC SUSPENSIONS GERMANY GmbH | 100.00              |
| S.ARA COMPOSITE S.A.S.              | France                   | 13,000,000.00              | €               | SOGEFI SUSPENSIONS S.A.            | 96.15               |

(\*) 56.62% net of the treasury shares

| <b>Company name</b>                             | <b>Registered office</b> | <b>Share/quota capital</b> | <b>Currency</b> | <b>Held by</b>                    | <b>investment %</b> |
|---|--------------------------|----------------------------|-----------------|-----------------------------------|---------------------|
| SOGEFI ENGINE SYSTEMS INDIA Pvt Ltd             | India                    | 21,254,640.00              | INR             | SOGEFI FILTRATION S.A.            | 64.29               |
|   |                          |                            |                 | SOGEFI AIR & COOLING S.A.S.       | 35.71               |
|   |                          |                            |                 |                                   | 100.00              |
| SOFEFI ADM SUSPENSIONS Private Limited          | India                    | 432,000,000.00             | INR             | SOGEFI SUSPENSIONS S.A.           | 74.23               |
| SOGEFI AIR & COOLING CANADA CORP.               | Canada                   | 9,393,000.00               | CAD             | SOGEFI AIR & COOLING S.A.S.       | 100.00              |
| SOGEFI AIR & COOLING USA Inc.                   | United States            | 100.00                     | USD             | SOGEFI AIR & COOLING S.A.S.       | 100.00              |
| SOGEFI ENGINE SYSTEMS MEXICO S. de R.L. de C.V. | Mexico                   | 126,246,760.00             | MXN             | SOGEFI AIR & COOLING CANADA CORP. | 99.9999992          |
|   |                          |                            |                 | SOGEFI AIR & COOLING S.A.S.       | 0.0000008           |
|   |                          |                            |                 |                                   | 100.00              |
| S.C. SOGEFI AIR & COOLING S.r.l.                | Romania                  | 7,087,610.00               | RON             | SOGEFI AIR & COOLING S.A.S.       | 100.00              |
| SOGEFI SUSPENSIONS HEAVY DUTY ITALY S.p.A.      | Italy                    | 6,000,000.00               | €               | SOGEFI SUSPENSIONS S.A.           | 99.88               |
| SOGEFI SUSPENSIONS PASSENGER CAR ITALY S.p.A.   | Italy                    | 8,000,000.00               | €               | SOGEFI SUSPENSIONS S.A.           | 99.88               |
| SOGEFI SUSPENSIONS EASTERN EUROPE S.R.L.        | Romania                  | 31,395,890.00              | RON             | SOGEFI SUSPENSIONS S.A.           | 100.00              |



EQUITY INVESTMENTS IN ASSOCIATES  
MEASURED AT EQUITY

(in euro or foreign currency)

| <b>Company name</b>            | <b>Registered office</b> | <b>Share/quota capital</b> | <b>Currency</b> | <b>Held by</b>              | <b>investment %</b> |
|--------------------------------|--------------------------|----------------------------|-----------------|-----------------------------|---------------------|
| <b>CIR GROUP</b>               |                          |                            |                 |                             |                     |
| DEVIL PEAK S.R.L.              | Italy                    | 69,659.00                  | €               | JUPITER MARKET PLACE S.r.l. | 36.16               |
| <b>CIR INTERNATIONAL GROUP</b> |                          |                            |                 |                             |                     |
| KTP GLOBAL FINANCE S.C.A.      | Luxembourg               | 566,573.75                 | €               | CIR INTERNATIONAL S.A.      | 47.55               |
| <b>KOS GROUP</b>               |                          |                            |                 |                             |                     |
| APOKOS REHAB PVT LTD           | India                    | 169,500,000.00             | INR             | KOS S.p.A.                  | 50.00               |

EQUITY INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES  
MEASURED AT COST (\*)

(in euro or foreign currency)

| <b>Company name</b> | <b>Registered<br/>office</b> | <b>Share/quota<br/>capital</b> | <b>Currency</b> | <b>Held by</b> | <b>investment<br/>%</b> |
|---------------------|------------------------------|--------------------------------|-----------------|----------------|-------------------------|
|---------------------|------------------------------|--------------------------------|-----------------|----------------|-------------------------|

**KOS GROUP**

|                     |       |            |   |                         |       |
|---------------------|-------|------------|---|-------------------------|-------|
| OSIMO SALUTE S.P.A. | Italy | 750,000.00 | € | ABITARE IL TEMPO S.r.l. | 25.50 |
|---------------------|-------|------------|---|-------------------------|-------|

**CIR INTERNATIONAL GROUP**

|                                    |            |           |   |                        |       |
|------------------------------------|------------|-----------|---|------------------------|-------|
| KTP GLOBAL FINANCE MANAGEMENT S.A. | Luxembourg | 31,000.00 | € | CIR INTERNATIONAL S.A. | 46.00 |
|------------------------------------|------------|-----------|---|------------------------|-------|

(\*) Immaterial, non-operating equity investments or recently acquired equity investments, if not otherwise indicated

EQUITY INVESTMENTS IN OTHER COMPANIES  
MEASURED AT COST

(in euro or foreign currency)

| <b>Company name</b>           | <b>Registered office</b> | <b>Share/quota capital</b> | <b>Currency</b> | <b>Held by</b>                 | <b>investment %</b> |
|-------------------------------|--------------------------|----------------------------|-----------------|--------------------------------|---------------------|
| <b>CIR GROUP</b>              |                          |                            |                 |                                |                     |
| GEDI GRUPPO EDITORIALE S.P.A. | Italy                    | 76,303,571.85              | €               | CIR S.p.A.                     | 5.00                |
| <b>SOGEFI GROUP</b>           |                          |                            |                 |                                |                     |
| AFICO FILTERS S.A.E.          | Egypt                    | 14,000,000.00              | EGP             | SOGEFI FILTRATION ITALY S.p.A. | 17.77               |
| <b>KOS GROUP</b>              |                          |                            |                 |                                |                     |
| FONDO SPAZIO SANITÀ           | Italy                    | 107,103,000.00             | €               | KOS CARE S.r.l.                | 0.84                |

EQUITY INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND IN OTHER COMPANIES  
NOT INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

(in euro or foreign currency)

| <b>Company name</b>         | <b>Registered<br/>office</b> | <b>Share/quota<br/>capital</b> | <b>Currency</b> | <b>Held by</b>           | <b>investment<br/>%</b> |
|-----------------------------|------------------------------|--------------------------------|-----------------|--------------------------|-------------------------|
| <b>CIR GROUP</b>            |                              |                                |                 |                          |                         |
| FINAL S.A. (in liquidation) | France                       | 2,324,847.00                   | €               | CIGA LUXEMBOURG S.à.r.l. | 47.73                   |

# Report of independent auditors





KPMG S.p.A.  
Revisione e organizzazione contabile  
Via Vittor Pisani, 25  
20124 MILANO MI  
Telefono +39 02 6763.1  
Email [it-fmauditaly@kpmg.it](mailto:it-fmauditaly@kpmg.it)  
PEC [kpmgspa@pec.kpmg.it](mailto:kpmgspa@pec.kpmg.it)

(Translation from the Italian original which remains the definitive version)

## Report on review of condensed interim consolidated financial statements

*To the shareholders of  
CIR S.p.A. – Compagnie Industriali Riunite*

### Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the CIR S.p.A. – Compagnie Industriali Riunite Group, comprising the statement of financial position as at 30 June 2021, the income statement and the statements of comprehensive income, cash flows and changes in equity for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

### Scope of review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.



**CIR S.p.A. – Compagnie Industriali Riunite Group**  
*Independent auditors' report*  
30 June 2021

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the CIR S.p.A. – Compagnie Industriali Riunite Group as at and for the six months ended 30 June 2021 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Milan, 3 August 2021

KPMG S.p.A.

(signed on the original)

Giovanni Rebay  
Director of Audit







**CIR S.P.A.**  
Compagnie Industriali Riunite  
Via Ciovassino, 1 — 20121 Milano  
T. + 39 02 72 27 01  
[info@cirgroup.com](mailto:info@cirgroup.com)  
[cirgroup.com](http://cirgroup.com)