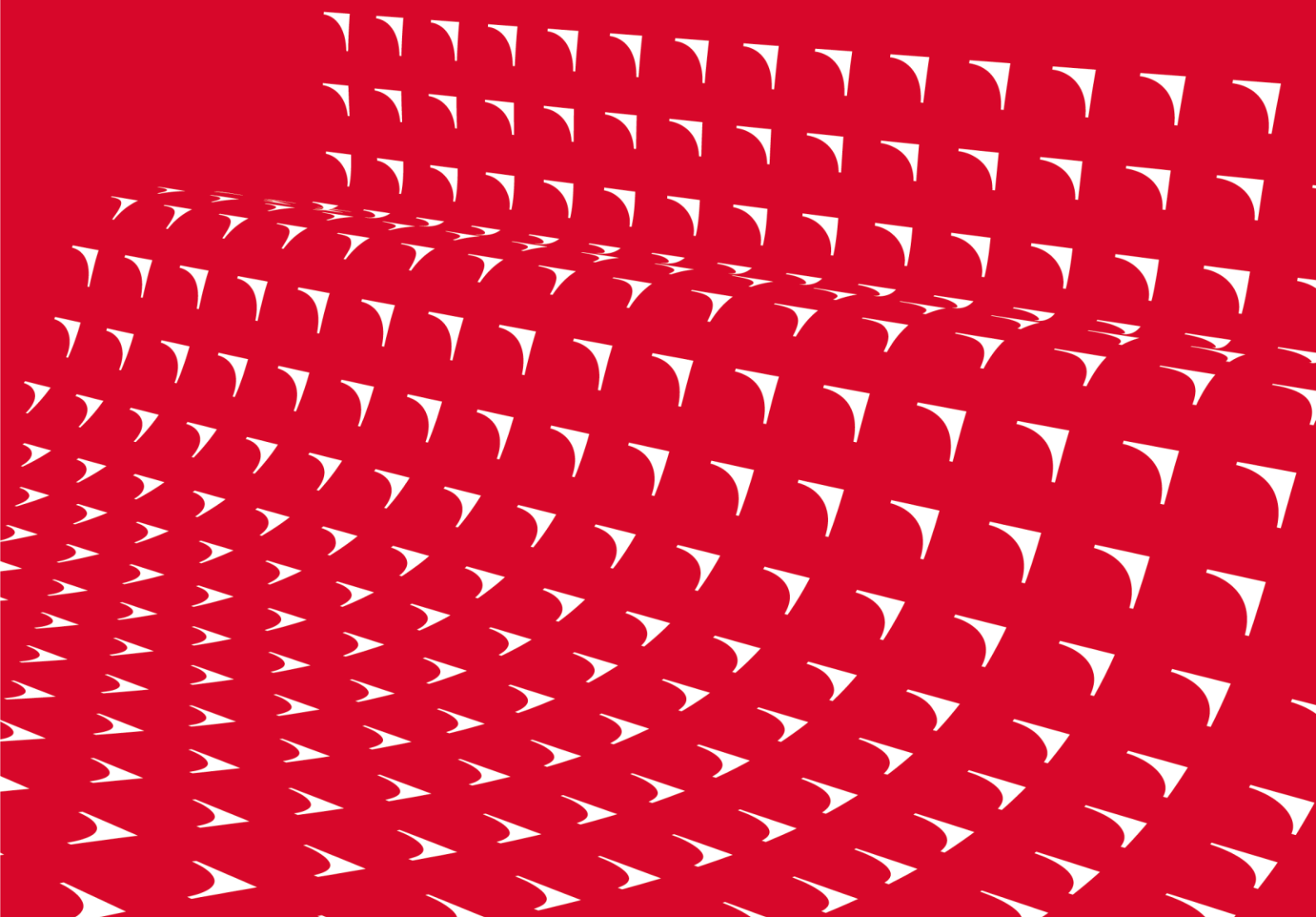




Interim financial report

at 30 June 2022



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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 30 June 2022

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

Chairman	FRANCESCO MANTEGAZZA
Standing Statutory Auditors	MARIA MADDALENA GNUDI GAETANO REBECCHINI
Alternate Statutory Auditors	ANTONELLA DELLATORRE LUIGI MACCHIORLATTI VIGNAT 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, Risk and Sustainability Committee

(3) Lead Independent Director

Report on operations





Report on operations

1. Key figures

In the first half of 2022, the parent and its subsidiaries operated in a complex world, due to: *i)* the effects of the pandemic that has still not been resolved, which affected the performance of the Group's healthcare segment, *ii)* the increase in the costs of raw materials and energy, with very significant impacts on the automotive segment, *iii)* the negative performance of financial markets, which influenced the results of the group's financial investment portfolio, and *iv)* the shock brought about by the conflict between Russia and Ukraine, which has aggravated critical issues that already existed in raw materials, energy, financial markets and the weakness of certain economic segments in Europe.

In this context, the Group's healthcare segment (KOS) continued its process of recovery that began in the second quarter of 2021, after the decline caused by the pandemic; the Group's automotive segment (Sogefi) has been very effective in its handling of the multiple crisis factors that hit the market; while the net financial results were affected by the reversal in market trends, recording losses in all of the main asset classes.

The Group's **consolidated revenue** amounted to € 1,102.5 million, an increase of 10.4% compared with the first half of 2021, with positive dynamics in both of the group's business segments.

The Group's **net result** was close to break even (- € 0.2 million) compared with a profit of € 21.6 million in the first half of 2021; the decrease is due to the lower returns of the financial investment portfolio, with the Group's financial companies (CIR, CIR International and CIR Investimenti) contributing € 10.2 million to the negative consolidated net result versus a positive contribution of € 9.3 million in the first half of 2021.

Consolidated net financial debt before IFRS 16 at 30 June 2022 is equal to € 95.6 million compared with € 85.6 million at 31 December 2021 and € 41.4 million at 30 June 2021:

- The **net debt of the subsidiaries** has fallen to € 408.9 million compared with € 418.0 million at 31 December 2021 and € 446.4 million at 30 June 2021;
- the **net financial position** of the parent (including the subsidiaries CIR Investimenti and CIR International) is still very positive, at € 313.3 million; the decrease compared with 31 December 2021 (€ 332.4 million) and 30 June 2021 (€ 405.0 million) is due to the purchase of treasury shares for € 84.2 million over the last 12 months and to losses incurred by the financial investment portfolio in the current market situation.

Consolidated net financial debt including IFRS 16 payables, at 30 June 2022, amounts to € 969.8 million, including right-of-use assets for € 874.2 million, mainly belonging to KOS (€ 805.3 million), which operates using mainly leased properties.

Equity attributable to the Group at 30 June 2022 comes to € 749.4 million, compared with € 740.4 million at 31 December 2021).

KOS

The Covid-19 pandemic caused a sharp contraction in KOS's activities, triggering a negative trend which started to reverse from the second quarter of 2021. The recovery continued in the first half of 2022, but it has still not reached the pre-pandemic level.

In the first half of 2022, Group **revenue** amounted to € 346.5 million, up by 6.5% compared with the corresponding period of the previous year, thanks in particular to the recovery of the care home segment in Italy (+16.2%) and in Germany (+5.2%).

EBIT came to € 11.5 million; in the first half of 2021 KOS recorded an EBIT of € 20.9 million, which included non-recurring income of € 12.6 million; the recurring operating result therefore posts an



increase, even if pre-covid profitability will only be recovered with the return to full operations and a normal level of activity.

KOS's net result for the period was slightly negative (-€ 2.9 million), which compares with a situation of substantial break-even (€ 0.4 million) in the first half of 2021. If we exclude the non-recurring income in the first half of 2021, there has been an improvement of € 5.8 million.

Free cash flow before IFRS 16 was negative for € 32.7 million, due to the change in working capital (- € 26 million), which should be at least partially reabsorbed during the year, and investments in the development of new structures for € 11.2 million.

Net debt, excluding liabilities deriving from the application of IFRS 16, at the end of June 2022 amounted to € 192.9 million, which is slightly higher than the figure of € 185.5 million at the end of June 2021. Total net debt amounts to € 998.2 million, including liabilities under IFRS 16.

Sogefi

In the first half of 2022, the difficulties in the procurement of raw materials and components continued (which also led to the temporary closure of some factories of the world's leading automobile manufacturers) and the increase in the prices of raw materials and energy, aggravated by the conflict between Russia and Ukraine. World automobile production saw a drop of 1.8% compared with the first half of 2021, with Europe at -7.6%, China and Mercosur in line (at 0.7% and -0.6% respectively), NAFTA and India recovering (+4.7% and +16.4% respectively).

Sogefi's **revenue** is up by +12.3% compared with the first half of 2021, due to the increase in sales prices, correlated with the increase in raw material costs, and the evolution of exchange rates; production and sales volumes were substantially in line with the first half of 2021, a positive performance considering that the market fell by 1.8%.

EBIT amounted to € 40.4 million, compared with € 47.3 million in 2021; the reduction compared with 2021 is due to non-recurring factors: higher restructuring costs (€ 4.1 million compared with € 1.3 million in the first half of 2021) and lower non-operating income (€ 3.9 million compared with € 9.4 million). Excluding non-recurring income, the operating result is in line with that of the first half of 2021.

The Group reported a **profit** of € 20.8 million, in line with that of the first half of 2021 (€ 21.4 million).

Free cash flow was positive for € 41.2 million, compared with € 33.1 million in the first half of 2021, thanks to the positive result for the period and a more favourable change in working capital compared with the first half of 2021, partially due to a greater recourse to factoring.

Net debt (before IFRS 16) has been reduced to € 216.4 million at 30 June 2022, compared with € 258.2 million at 31 December 2021.

The half year was also positive for the **business activity**: the Filtration Division was awarded several contracts for the supply of oil and air filters; the A&C Division concluded important contracts in NAFTA and in Europe for the supply of thermal management products and cooling plates for electric mobility; the Suspension Division signed contracts for components that will be produced in the new plant in Romania and in China, also for electric vehicles.

Financial management

During the first half of 2022, the impact on the markets of the ongoing conflict and the rise in interest rates decided by central banks to counter inflation was negative for all asset categories. **Financial asset management** by the parent and financial subsidiaries therefore turned in a negative net result of € 5.1 million due to fair value adjustments of the assets, with a return on the half year of -1.3%, compared with income of € 12.4 million in the first half of 2021. In particular, the overall yield on "highly liquid" assets (shares, bonds and hedge funds) was -2.5%, while the rest of the portfolio (private equity and non-controlling interests) achieved a positive yield of 3.8%.



The tables on the next page analyse the contribution made to the Group's results by the industrial subsidiaries, the aggregate of the "financial holding companies" and the other non-industrial subsidiaries.

Consolidated income statement by business segment

	1st half 2022						1st half 2021
(in millions of euro)	KOS group (healthcare)	Sogefi group (Automotive components)	Total industrial subsidiaries	CIR and financial holding companies	Other subsidiaries	Total Group condensed interim consolidated financial statements	Total Group condensed interim consolidated financial statements
Revenue	346.5	756.0	1,102.5	--	--	1,102.5	998.9
Costs of production (1)	(287.4)	(653.2)	(940.6)	(5.8)	--	(946.4)	(842.9)
Other operating income & expenses (2)	(3.4)	(3.1)	(6.5)	(0.3)	--	(6.8)	14.6
Amortisation, depreciation & impairment losses	(44.3)	(59.3)	(103.6)	(0.5)	--	(104.1)	(105.5)
Operating profit	11.4	40.4	51.8	(6.6)	--	45.2	65.1
Financial income & expense (3)	(15.3)	(9.1)	(24.4)	2.0	--	(22.4)	(21.6)
Dividends, net of realised and unrealised gains and losses on securities (4)	--	--	--	(7.1)	--	(7.1)	11.5
Fair value gains on equity-accounted investments	0.1	--	0.1	--	--	0.1	--
Income taxes	1.5	(10.3)	(8.8)	1.5	--	(7.3)	(18.4)
Profit (loss) from discontinued operations	--	--	--	--	--	--	(3.5)
Non-controlling interests	0.6	(9.3)	(8.7)	--	--	(8.7)	(11.5)
Profit (loss) for the period	(1.7)	11.7	10.0	(10.2)	--	(0.2)	21.6

- 1) This item is the sum of "changes in inventories", "costs for the purchase of goods", "costs for services" and "personnel costs" in the consolidated income statement. This item does not take into consideration the € (0.3) 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

	30.06.2022						31.12.2021
(in millions of euro)	KOS group (healthcare)	Sogefi group (Automotive components)	Total industrial subsidiaries	CIR and financial holding companies	Other subsidiaries	Total Group condensed interim consolidated financial statements	Total Group condensed interim consolidated financial statements
Non-current assets (1)	1,423.4	687.5	2,110.9	19.7	--	2,130.6	2,102.4
Other net non-current assets and liabilities (2)	(16.8)	(68.3)	(85.1)	82.5	(0.7)	(3.3)	(11.1)
Other liabilities held for sale	--	--	--	--	--	--	--
Net working capital (3)	(65.2)	(88.1)	(153.3)	2.6	0.7	(150.0)	(178.7)
Net invested capital	1,341.4	531.1	1,872.5	104.8	--	1,977.3	1,912.6
Net financial indebtedness (4)	(998.2)	(285.2)	(1,283.4)	313.2	0.4	(969.8)	(929.9)
Total equity	343.2	245.9	589.1	418.0	0.4	1,007.5	982.7
Equity attributable to non-controlling interests	142.5	115.6	258.1	--	--	258.1	242.3
Equity attributable to the owners of the parent	200.7	130.3	331.0	418.0	0.4	749.4	740.4

- 1) This item is the sum of "intangible assets and goodwill", "buildings, plant and machinery", "right-of-use assets", "investment property", "equity-accounted investments" and "other equity investments" in the consolidated statement of financial position.
- 2) This item is the sum of "other assets", "other financial assets" and "deferred tax assets" under non-current assets and of "other liabilities", "deferred tax liabilities", "employee benefit obligations" and "provisions for risks and charges" under non-current liabilities in the consolidated statement of financial position.

- 3) This item is the sum of "inventories", "trade receivables", "other receivables" in current assets and "trade payables", "other payables" 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 2022, **consolidated revenue** was € 1,102.5 million, 10.4% up on 2021 (€ 998.9 million). KOS recorded an increase in revenue of 6.5%, Sogefi of 12.3%. It is worth noting that the group records 75% of its revenue abroad.

(in million of €)	1H2022	%	1H2021 (1)	%	Change amount	%
Healthcare						
KOS group	346.5	31.4	325.5	32.6	21.0	6.5
Automotive components						
Sogefi group	756.0	68.6	673.4	67.4	82.6	12.3
Total consolidated revenue	1,102.5	100.0	998.9	100.0	103.6	10.4
of which: ITALY	278.2	25.2	265.1	26.5	13.1	4.9
OTHER COUNTRIES	824.3	74.8	733.8	73.5	90.5	12.3

- (1) The figures for 2021 have been reclassified following the application of IFRS 5 ("Non-current assets held for sale and discontinued operations") to Sogefi Filtration's business in Argentina.

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

(in million of €)	1H2022	%	1H2021 (1)	%
Revenue	1,102.5	100.0	998.9	100.0
Gross operating profit (2)	149.3	13.5	170.6	17.1
Operating profit	45.2	4.1	65.1	6.5
Net financial expense (3)	(29.4)	(2.7)	(10.1)	(1.0)
Income taxes	(7.3)	(0.6)	(18.4)	(1.8)
Profit (loss) from discontinued operations	--	--	(3.5)	(0.4)
Profit including non-controlling interests	8.5	0.8	33.1	3.3
Profit (loss) attributable to non -controlling interests	(8.7)	(0.8)	(11.5)	(1.1)
Profit (loss) attributable to the owners of the parent	(0.2)	--	21.6	2.2

- (1) The figures for 2021 have been reclassified following the application of IFRS 5 ("Non-current assets held for sale and discontinued operations") to Sogefi's business in Argentina.
- (2) This is the sum of "Operating profit" and "Amortisation, depreciation & impairment losses" in the consolidated 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 investments" and "fair value gains (losses) on financial assets" in the consolidated income statement.

The **consolidated gross operating profit** (EBITDA) for the first half of 2022 amounted to € 149.3 million (13.5% of revenue), compared with € 170.6 million in the corresponding period of 2021 (17.1% of revenue). The decrease in EBITDA is entirely attributable to the lower non-recurring income recorded in the first half of 2022 (- € 12.6 million for KOS and - € 8.3 million for Sogefi). Excluding non-recurring income, consolidated EBITDA would have been much the same as in the first half of 2021.

Consolidated EBIT came to € 45.2 million, compared with € 65.1 million in the first half of 2021, and the reasons are the same as for EBITDA.



Net financial expense came to € 29.4 million (€ -10.1 million in the same period of 2021):

- net losses from the financial investment portfolio of the holding company CIR and subsidiaries dedicated to financial management amounted to € 5.1 million, compared with gains of € 12.4 million in the corresponding period of 2021;
- net interest expense on subsidiaries' liabilities amounted to € 11.3 million and decreased by € 2.1 million compared with the first half of 2021;
- IFRS16 charges amounted to € 11.4 million in the first half of 2022 compared with € 9.3 million in the first half of 2021.

The **consolidated net result** is close to break-even (- € 0.2 million), versus a profit of € 21.6 million in the first half of 2021; the variance substantially reflects the difference in financial income.

The condensed consolidated statement of financial position of the CIR group at 30 June 2022, with comparative figures at 31 December 2021, is as follows.

(in million of €) (1)	30.06.2022	31.12.2021
Non-current assets	2,130.6	2,102.4
Other net non-current assets and liabilities	(3.3)	(11.1)
Assets and liabilities held for sale	--	--
Net working capital	(150.0)	(178.7)
Net invested capital	1,977.3	1,912.6
Net financial indebtedness	(969.8)	(929.9)
Total equity	1,007.5	982.7
Equity attributable to the owners of the parent	749.4	740.4
Equity attributable to non-controlling interests	258.1	242.3

(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 2022 came to € 1,977.3 million, increased on 31 December 2021 (€ 1,912.6 million).

At 30 June 2022, before the application of IFRS16, the consolidated **net debt** amounted to € 95.6 million (compared with € 85.6 million at 31 December 2021), and is broken down as follows:

- a financial surplus on the part of CIR and the financial sub-holding companies (CIR International and CIR Investimenti) of € 313.3 million, down from € 332.4 million at 31 December 2021), due to the purchase of treasury shares for € 4.1 million and the result recorded in the period, negative overall for € 10.2 million, due to fair value losses on the financial portfolio;
- total net indebtedness of the industrial subsidiaries of € 408.9 million, down by approximately € 9 million compared with 31 December 2021 (€ 418.0 million).

On the basis of IFRS 16, lease liabilities for rights of use amounted to € 874.2 million at 30 June 2022, giving rise to a total consolidated net financial indebtedness of € 969.8 million (€ 929.9 million at 31 December 2021).

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



<i>(in millions of €)</i>	<i>1H2022</i>	<i>1H2021</i>
Self-financing	79.9	112.0
Change in working capital and other non-current assets and liabilities	(21.4)	(22.5)
CASH FLOWS GENERATED BY OPERATIONS	58.5	89.6
Capital increases	0.1	0.1
TOTAL SOURCES OF FUNDS	58.6	89.7
APPLICATION OF FUNDS		
Net investment in non-current assets	(58.1)	(17.6)
Consideration paid for business combinations	(4.1)	(1.3)
Net financial position of acquired companies	0.4	(4.0)
Payment of dividends	(2.7)	-
Purchase of treasury shares	(4.1)	-
Other changes	-	(3.4)
TOTAL APPLICATIONS OF FUNDS	(68.6)	(26.3)
CASH FLOWS FROM (USED IN) CONTINUING OPERATIONS	(10.0)	63.4
CASH FLOWS FROM (USED IN) DISCONTINUED OPERATIONS	-	(4.7)
CASH FLOWS FOR THE YEAR	(10.0)	58.6
OPENING NET FINANCIAL INDEBTEDNESS BEFORE IFRS 16	(85.6)	(100.0)
CLOSING NET FINANCIAL INDEBTEDNESS BEFORE IFRS 16	(95.6)	(41.4)
RESIDUAL LIABILITY FOR IFRS 16	(874.2)	(802.3)
CLOSING NET FINANCIAL INDEBTEDNESS	(969.8)	(843.7)

The figures for 2021 have been reclassified following the application of IFRS 5 ("Non-current assets held for sale and discontinued operations") to Sogeti's business in Argentina and for a better presentation.

A **financial deficit** of € 10 million was recorded during the first half of 2022, which includes investments in development for € 14.3 million, dividends distributed for € 2.7 million, purchase of treasury shares for € 4.1 million and an unfavourable cyclical change in working capital for € 21.4 million. In the first half of 2021, there was a financial surplus of € 58.6 million; the change is mainly due to the following effects: lower self-financing by the operating subsidiaries for € 8.8 million and by the holding company for € 23.2 million (which in 2021, in addition to the better result from the management of financial assets, included the collection of a receivable for € 5 million); collections in 2021 of € 33 million deriving from the sale of KOS properties and for € 5.5 million from disposals of the Private Equity portfolio (both reported under "net investments in fixed assets").

Equity attributable to the owners of the parent at 30 June 2022 came to € 749.4 million, compared with € 740.4 million at 31 December 2021.

At 30 June 2022 the CIR group had 17,424 employees, compared with 17,201 at 31 December 2021.



3. Performance of the Parent CIR S.p.A.

The parent CIR S.p.A. closed the first half of 2022 with a profit of € 9.4 million compared with € 1.6 million in 2021. The following is the **income statement of CIR S.p.A.** for the first half of the year, compared with that of the first half of 2021.

<i>(in millions of €)</i>	1H2022	1H2021
Sundry revenue and income	1.0	5.9
Operating costs	(5.2)	(5.5)
Other operating costs, amortisation and depreciation	(1.5)	(2.6)
Net financial income	14.3	3.6
Profit before taxes	8.6	1.4
Income taxes	0.8	0.2
Profit for the period	9.4	1.6

"Sundry revenue and income" includes income from properties owned by the company and intercompany services, which are stable at € 1 million. The first half of 2021 also includes the amount of € 4.9 million of sundry revenue and income related to the release of provisions for risks and charges following the elimination of the potential liabilities for which they had been set aside in previous years.

"Net financial income" includes the dividends from subsidiaries, which in the first half of 2022 amounted to € 16 million (zero in the first half of 2021). They were received from CIR Investimenti S.p.A. and CIR International S.A., whose results in 2021 were very positive, resulting in a good dividend flow in 2022.

Operating costs, other operating expense, amortisation and depreciation decreased from € 8.1 million in the first half of 2021 to € 6.7 million in the first half of 2022.

The statement of financial position of CIR S.p.A. at 30 June 2022, compared with the situation at 31 December 2021, is as follows.

<i>(in millions of €)</i>	30.06.2022	31.12.2021
Non-current assets	601.9	605.0
Other net non-current assets and liabilities	89.0	72.4
Assets held for sale	--	--
Net working capital	3.2	2.5
Net invested capital	694.1	679.9
Net financial position	6.2	14.4
Equity	700.3	694.3

Equity went from € 694.3 million at 31 December 2021 to € 700.3 million at 30 June 2022. The net increase of € 6 million is mainly due to: an increase due to the profit for the period, and a decrease due to the purchase of treasury shares for € 4.1 million.

Distributable reserves went from € 19.9 million at 31 December 2021 to € 16.5 million at 30 June 2022.



4. Performance of the business segments

4.1 Healthcare

The KOS group provides healthcare services, managing a total of 143 facilities (care homes for the elderly and rehabilitation centres) for a total of 13,439 beds, in Italy and Germany. Services are detailed below:

- *Long-term care in Italy*: management of residential care homes for the elderly (56 structures), mainly with the Anni Azzurri brand, and functional and psychiatric rehabilitation centres (36 structures), mainly with the Santo Stefano brands, for rehabilitation, and Neomesia for psychiatry; for a total of 92 facilities and 8,972 beds;
- *Long-term care in Germany*: management of residential care homes for the elderly through Charleston, a subsidiary (50 facilities and 4,344 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 million of €)	01/01-30/06 2022	01/01-30/06 2021	Change amount	%
Revenue	346.5	325.5	21.0	6.5
Profit (loss) for the period	(2.9)	0.4	(3.3)	n.a.

	30/06/2022	31/12/2021	Change
Net financial indebtedness before IFRS 16	(192.9)	(160.2)	(32.7)
Net financial indebtedness after IFRS 16	(998.2)	(935.1)	(63.1)
No. of employees	11,922	11,721	201

KOS's activity was badly hit by the pandemic; after the significant decline that began in the second quarter of 2020 and continued over the following 12 months, the recovery began in the second quarter of 2021, also thanks to the vaccines that made it possible to combat infections. The positive trend continued in the first half of 2022 and almost all of KOS's activities are growing, but full operations have not yet been restored. In fact, the saturation level of the Italian care homes is rapidly progressing, but it is still significantly lower than in the pre-Covid period; rehabilitation already achieved a substantial recovery in 2021, but it continues to be penalised by the successive waves of the pandemic, which have slowed down planned hospital activities.

Revenue for the first half of 2022 amounted to € 346.5 million, an increase of 6.5% compared with the first half of 2021.

In the care home segment in Italy, revenue of € 102.6 million was recorded, up by 16.2% compared with the first half of 2021; the average occupancy rate in the first quarter, on a like-for-like basis, grew by 11 percentage points compared with the first half of 2021, but at the end of June 2022 it remains around 12 percentage points below pre-pandemic levels.

In residential care homes for the elderly in Germany, revenue is up by 5.2% compared with 2021, to € 92.2 million, also thanks to greater public support in terms of subsidies for lack of guests, while the occupancy rate at the end of the period is still about 9 percentage points lower than at the beginning of 2020.



In the functional and psychiatric rehabilitation segment, revenue was in line with the previous year (+1%, € 99.7 million), when there had already been a good recovery compared with 2020; turnover in the first half of 2022, however, was still penalised by temporary drops in activity linked to the various waves of the pandemic that occurred during the period.

Hospital management for Acuti recorded revenue of € 44.8 million, up by 5.2% and above pre-pandemic levels.

Lastly, the Diagnostics and Cancer Cure business, present only in India, recorded revenue of € 9.2 million, down by 6% compared with 2021, which was in line with 2019.

EBITDA amounted to € 56.7 million compared with € 66.1 million in the first six months of 2021; EBITDA in the first half of 2021 included non-recurring items for a total of € 12.6 million, while in 2022 there was no non-recurring income, which means that recurring EBITDA increased from € 53.5 million in the first half of 2021 to € 56.7 million in 2022.

From a management point of view, the group is facing the difficulties of maintaining and finding staff, nurses in particular, which are affecting the entire segment, as well as considerable cost inflation, both for healthcare personnel and for hotel management.

EBIT amounted to € 11.5 million, an increase of € 2.6 million compared with the recurring EBIT of the first half of 2021 (€ 8.3 million) and a decrease of € 9.4 million compared with total EBIT.

The **net loss** for the period amounted to € 2.9 million, compared with a net profit of € 0.4 million in the first half of 2021 (- € 8.7 million without considering non-recurring income).

Free cash flow, before applying IFRS 16, was negative for € 32.7 million, including € 11.5 million of investments in development and negative cyclical change in working capital of € 26 million. Applying IFRS 16, which includes changes in the flows of future lease instalments following renegotiations with an extension of the duration, cash flow is negative for € 63.1 million.

At 30 June 2022, KOS presents a **net financial indebtedness pre-IFRS 16** of € 192.9 million compared with € 160.2 million at 31 December 2021 and € 185.5 million at 30 June 2021.

At 30 June 2022, the KOS Group has committed credit lines in excess of its requirement for € 209 million; The covenants in the loan agreements have been complied with and these parameters are not expected to be violated at the next deadlines.

At 30 June 2022 consolidated equity amounted to € 335.7 million (€ 338.1 million at 31 December 2021).

The KOS group had 11,922 employees at 30 June 2022 compared with 11,721 at 31 December 2021.

4.2 Automotive components

World car production in the first half of 2022 posted a decline of 1.8% compared with the first half of 2021: Europe saw the most critical trend, -7.6% compared with the first half of 2021, in China and Mercosur production for the half year remained in line with the same period of 2021 (at +0.7% and -0.6%, respectively), while a recovery was recorded in NAFTA and India (+4.7% and +16.4%, respectively).

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 million of €)	01/01-30/06 2022	01/01-30/06 2021	Change amount	%
Revenue	756.0	673.4	82.6	12.3
Profit for the period	20.8	21.4	(0.6)	n.a.

	30/06/2022	31/12/2021	Change
Net financial indebtedness before IFRS 16	(216.4)	(258.2)	41.8
Net financial indebtedness after IFRS 16	(285.2)	(327.6)	42.4
No. of employees	5,484	5,462	22

Revenue in the first half of 2022 amounted to € 756.0 million, an increase of 12.3% compared with the same period of 2021.

Production volumes were substantially in line with the first half of 2021 and the group's performance was better than that of the market as a whole (which fell by 1.8% globally and 7.6% in Europe).

Trends in exchange rates, in particular the weakness of the euro and the consequent strengthening of the US and Canadian dollar and the Chinese renminbi, led to an increase in consolidated turnover of 2.9 percentage points. The rest of the increase in revenue reflects the adjustment of selling prices, divided between the different product lines according to the evolution of raw material and component costs.

Turnover, at constant exchange rates, grew in all geographical areas: +5.3% in Europe, +19.5% in North America (+9.2% at constant exchange rates), +48.3% in South America (+49.8% at constant exchange rates), +16.9% in Asia (+8.2% at constant exchange rates).

By business segment, Suspensions recorded revenue up 14.1% (+13.2% at constant exchange rates), with significant growth rates particularly in South America; Filtration reported revenue up 15.3% (+12.0% at constant exchange rates), thanks to the good performance of the After Market in Europe and activities in North America and India; Air and Cooling reported revenue up 6.7% (+1.1% at constant exchange rates), penalised by the performance of the Chinese market and, in particular, by the lockdown in some areas in April and May due to the resurgence of the pandemic.

EBITDA amounted to € 99.8 million, compared with € 108.3 million in the first half of 2021; recurring EBITDA is stable, but some non-recurring factors penalised the result: these included higher restructuring costs (€ 4.1 million compared with € 1.3 million in the first half of 2021) and lower non-operating income (€ 3.9 million compared with € 9.4 million at 30 June 2021).

Operating profit was € 40.4 million compared with € 47.3 million in 2021.

The group reported a **profit** of € 20.8 million, in line with the first half of 2021, € 21.4 million (in the first half of 2021 Sogefi recorded a loss from discontinued operations of € 3.5 million, in connection with the sale of filtration business in Argentina).



Free cash flow was positive for € 41.2 million, compared with € 33.1 million in the first half of 2021, thanks to the positive results and a more favourable change in working capital compared with the first half of 2021, thanks in part to a greater recourse to factoring.

Net financial indebtedness pre-IFRS 16 at 30 June 2022 is equal to € 216.4 million, down compared with the end of 2021 (€ 258.2 million) and in line with 30 June 2021 (€ 261.4 million). Including lease liabilities for right-of-use assets in accordance with IFRS 16, net financial indebtedness was € 285.2 million at 30 June 2022 compared with € 327.6 million at 31 December 2021.

At 30 June 2022, the Sogefi Group has committed lines of credit in excess of the requirement for € 302 million; The covenants in the loan agreements have been respected and these parameters are not expected to be violated at the next deadlines.

At 30 June 2022, excluding non-controlling interests, **equity** came to € 230.3 million compared with € 187.7 million at 31 December 2021. The increase, equal to € 42.6 million, is mainly due to the profit for the period (€ 20.8 million), translation differences and actuarial gains deriving from the valuation of pension funds.

The Sogefi Group had 5,684 employees at 30 June 2022 compared with 5,462 at 31 December 2021.

5. Financial investments

The group manages a diversified portfolio of financial investments which amounted to € 395.4 million at 30 June 2022 (€ 409.9 million at 31 December 2021); it consists of traditional financial assets that are highly liquid, private equity funds and non-strategic equity investments. The investment strategy seeks to manage the risk-return trade-off in a prudent manner.

In the first half of the year, global equity and bond markets turned in one of their worst performances of the last few decades, due to *i)* high initial valuations, *ii)* shocks to the world economy as a result of the Russia-Ukraine conflict and the sanctions that followed, and *iii)* the sharp upward revision of interest rates by central banks in response to growing inflationary pressures.

In this context, the portfolio of financial assets managed by the parent recorded negative net financial income of € 5.1 million, with a return on the half year of -1.3%. In particular, the highly liquid assets, which include bonds, shares, bank deposits and hedge funds, amounting to € 313.9 million at 30 June 2022, recorded a return of -2.5% during the half year, equal to € -8.2 million; the other types of assets, including investments in private equity funds, non-strategic equity investments and non-performing loans, which amounted to € 83.0 million at 30 June 2022, produced a positive return of € 3.1 million (+3.8%).

6. Impact of Covid-19 and of the Russia-Ukraine war on the business

6.1 Impact on the KOS group

The development of the Covid-19 pandemic had important repercussions, both in Italy and in Germany, on the activity of the KOS group, which immediately adopted all the measures envisaged for the safety of operators and patients.

During the first wave of the pandemic, KOS suffered significantly from both a drop in guests at the care homes and from a slowdown in rehabilitation activities following the block on non-urgent hospital activities. Completion of the vaccination programme for guests and operators during 2021 mitigated the impact of subsequent waves on rehabilitation activities and allowed the progressive resumption of admissions to care homes, which had reached a low in the first few months of 2021.

Additional costs were incurred as a result of this healthcare emergency, not least for the supply of personal protective equipment and sanitisation materials and to ensure the safety of working environments; personnel costs in relation to the number of guests also increased, due to the higher



level of assistance required during the pandemic phase and to the increase in salaries. Faced by this deterioration in its economic results, the company implemented various measures to guarantee an economic and financial balance. In January 2022, it also formulated a plan which foresees a recovery in the levels of activity and operational efficiency over the next few years.

The Russia-Ukraine conflict is not having any impact on KOS, except for its effect on energy and food costs.

6.2 Impact on the Sogefi group

In 2022, even though the pandemic continued, the effects on the market in which Sogefi operates were less serious than those seen in previous years, as there were no suspensions of industrial and commercial activities, with the exception of the lockdowns in certain areas of China in April and May. On the other hand, the operational difficulties related to staff absences due to infections or contacts continued, despite Sogefi having maintained all of the precautions for health and safety in the workplace to reduce the risk of contagion: physical distancing, use of individual protection devices and measures to limit the presence of personnel in the workplace, with recourse to remote working.

As regards the impact of the conflict, until March 2022 Sogefi had a commercial activity in Russia and exported to Ukraine and Belarus, with total revenue that was not significant (0.7% of group revenue). These activities were interrupted in March 2022 and the Russian branch is currently being liquidated. As a result, in the first half of 2022 Sogefi recorded impairment losses on the assets held in Russia for € 1.3 million, while the direct impact on revenue and profit margins was minimal. Like the whole of the automotive segment, Sogefi is also suffering the indirect impacts of the war, in particular the further surge in energy and raw material prices, and supply chain difficulties. Lastly, as a combined effect of an as yet unresolved pandemic crisis and the Russian-Ukrainian conflict, with a significant impact on major European customers for which the Russian market was relevant, European demand has been weak.

6.3 Impact on the parent

The impact of the Russia-Ukraine war on the parent was reflected, in particular, on the fair value of financial assets. Stock and bond markets have suffered huge corrections since the end of February 2022, without showing any signs of a trend reversal to date. Even though the investment portfolio of CIR and the financial holding companies was managed according to a conservative strategy, it still suffered a hefty correction in the first quarter of 2022, as explained above.

6.4 Impact on accounting estimates and measurements

With regard to the impacts on estimates and accounting measurements, it should be noted that the measurements in the condensed interim 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, appropriately updated during preparation of the 2022 interim report in the case of Sogefi, which take into account the impacts of Covid-19 and the ongoing conflict in establishing the values of the main items in the financial statements.

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

7. Events after the reporting period

As regards both the parent and its subsidiaries KOS and Sogefi, no significant events have occurred that could have an impact on the economic, equity and financial information being presented here.

8. Outlook

The visibility on the performance of the Group's activities in the coming months remains reduced, in consideration of the persistent uncertainty about the evolution of the pandemic (with a direct

impact on the Healthcare segment), of the Russia-Ukraine conflict, of the raw materials and energy markets (which have an impact mainly on the Automotive segment) and of financial markets.

As regards KOS, thanks to the vaccination plan, the evolution of the pandemic is expected to be less critical in operational terms. Under this hypothesis, the Rehabilitation and Acute services are expected to return to their pre-Covid level of activity during the current year. For the residential care homes in Italy and Germany, on the other hand, the time needed to return to full occupancy is expected to be structurally longer, at least until 2023.

As far as Sogefi is concerned, visibility on the automotive market is reduced due to the uncertainties linked to macroeconomic and health developments, the conflict between Russia and Ukraine, the availability and prices of raw materials, transport logistics and procurement from Asian markets. For 2022, S&P Global (IHS) still maintains a forecast of growth in world car production of 4.7% compared with 2021, with Europe at +10.7%, NAFTA at +12.7%, South America at +6.9% and China more or less flat (+0.4%). As regards raw material prices, in the first six months of 2022 there was a further increase and it is difficult to make forecasts for the second half of the year; the sales prices of Sogefi's products have been adjusted to take account of these increases and, with a further hike in raw material and energy costs following the outbreak of the Russian-Ukrainian conflict, Sogefi's management is committed to seeking fair agreements with all customers, as already happened in the first half of the year, in order to continue business relationships that are sustainable in the long term.

In the absence of facts and circumstances that make the context even more complex than the current one, the operating results of Sogefi and KOS for the entire year should be at least in line with those of the previous year.

As regards the management of the holding company's financial assets, in consideration of the uncertainties associated with the geo-political, macroeconomic and financial situation, the conditions of very high volatility that characterised the first half of the year are expected to remain in the second half. Despite the prudent management profile adopted, it cannot be excluded that further reductions in the value of the financial instruments held may occur.

9. Other information

Treasury shares

At 30 June 2022 the parent owned 189,273,535 treasury shares (14.82% 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: EBITDA is the sum of the items "Operating profit" and "Amortisation, depreciation and write-downs".

At 30 June 2022 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 2021.

For the risks and uncertainties associated with specific cases, please refer to the contents of paragraph 4 "Performance of the business segments" and paragraph 8 "Outlook" of this Report and



paragraph 15 "Risk management" of the notes to the condensed interim consolidated financial statements at 30 June 2022.

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 2022.

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 (FTSE segment) since 1985.

This report for the period 01 January – 30 June 2022 was approved by the Board of Directors on 29 July 2022.

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



Condensed interim consolidated financial statements

Financial statements

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Consolidated financial statements

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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	30.06.2022	31.12.2021
NON-CURRENT ASSETS		2,323,216	2,298,433
INTANGIBLE ASSETS AND GOODWILL	(3.a.)	606,597	607,405
BUILDINGS, PLANT AND MACHINERY	(3.b.)	651,106	645,987
RIGHT-OF-USE ASSETS	(3.c.)	856,495	832,338
INVESTMENT PROPERTY	(3.d.)	13,879	14,231
EQUITY-ACCOUNTED INVESTEEES	(3.e.)	686	622
OTHER EQUITY INVESTMENTS	(3.f.)	1,871	1,871
OTHER ASSETS	(3.g.)	42,815	44,519
OTHER FINANCIAL ASSETS	(3.h.)	81,313	77,759
DEFERRED TAX ASSETS	(3.i.)	68,454	73,701
CURRENT ASSETS		1,102,540	1,030,359
INVENTORIES	(4.a.)	144,076	117,807
TRADE RECEIVABLES	(4.b.)	270,193	215,793
<i>of which with related parties (*)</i>	13	39	
OTHER ASSETS	(4.c.)	71,608	59,872
<i>of which with related parties (*)</i>	13	133	
LOAN ASSETS	(4.d.)	17,521	10,593
SECURITIES	(4.e.)	19,603	19,357
OTHER FINANCIAL ASSETS	(4.f.)	293,283	300,448
CASH AND CASH EQUIVALENTS	(4.g.)	286,256	306,489
ASSETS HELD FOR SALE		--	--
TOTAL ASSETS		3,425,756	3,328,792
LIABILITIES AND EQUITY		30.06.2022	31.12.2021
EQUITY		1,007,476	982,724
SHARE CAPITAL	(5.a.)	638,604	638,604
RESERVES	(5.b.)	91,703	76,600
RETAINED EARNINGS (LOSSES) CARRIED FORWARD	(5.c.)	19,270	7,204
PROFIT FOR THE PERIOD/YEAR		(219)	17,981
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		749,358	740,389
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		258,118	242,335
NON-CURRENT LIABILITIES		1,643,120	1,607,266
BONDS	(6.a.)	158,793	173,235
OTHER LOANS AND BORROWINGS	(6.b.)	470,147	433,718
LEASE LIABILITIES	(6.c.)	818,335	793,231
OTHER LIABILITIES		66,345	66,449
DEFERRED TAX LIABILITIES	(3.i.)	51,163	51,894
EMPLOYEE BENEFIT OBLIGATIONS	(6.d.)	63,742	73,745
PROVISIONS FOR RISKS AND CHARGES	(6.e.)	14,595	14,994
CURRENT LIABILITIES		775,160	738,802
BANK LOANS AND BORROWINGS	(4.g.)	3,710	2,018
BONDS	(7.a.)	25,536	22,618
OTHER LOANS AND BORROWINGS	(7.b.)	38,640	74,142
LEASE LIABILITIES	(7.c.)	71,291	67,849
TRADE PAYABLES	(7.d.)	393,019	320,345
OTHER LIABILITIES	(7.e.)	190,827	195,348
PROVISIONS FOR RISKS AND CHARGES	(7.e.)	52,137	56,482
LIABILITIES HELD FOR SALE		--	--
TOTAL LIABILITIES AND EQUITY		3,425,756	3,328,792

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

2. Income statement

(in thousands of euro)

	Notes	1st half 2022	1st half 2021 (*)
REVENUE	(8)	1,102,514	998,884
CHANGE IN INVENTORIES		11,123	5,552
COSTS FOR THE PURCHASE OF GOODS	(9.a.)	(477,009)	(406,387)
COSTS FOR SERVICES	(9.b.)	(160,950)	(139,202)
PERSONNEL EXPENSES	(9.c.)	(319,194)	(302,565)
OTHER OPERATING INCOME	(9.d.)	23,432	42,910
of which with related parties (**)	90	82	
OTHER OPERATING EXPENSE	(9.e)	(30,597)	(28,568)
AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES		(104,093)	(105,476)
OPERATING PROFIT		45,226	65,148
FINANCIAL INCOME	(10.a.)	4,395	4,740
FINANCIAL EXPENSE	(10.b.)	(26,795)	(26,356)
DIVIDENDS		--	32
GAINS FROM SECURITIES TRADING	(10.c.)	1,783	4,007
LOSSES FROM SECURITIES TRADING	(10.d.)	(196)	(817)
SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTEES	(3.e.)	64	--
NET FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS	(10.e.)	(8,732)	8,280
PROFIT (LOSS) BEFORE TAXES		15,745	55,034
INCOME TAXES	(11)	(7,249)	(18,392)
PROFIT FROM CONTINUING OPERATIONS		8,496	36,642
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	(12)	--	(3,479)
PROFIT FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS		8,496	33,163
- LOSS ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		(8,715)	(11,539)
- PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT		(219)	21,624
BASIC EARNINGS PER SHARE (in euro)	(13)	(0.0002)	0.0173
DILUTED EARNINGS PER SHARE (in euro)	(13)	(0.0002)	0.0172
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (IN EURO)	(13)	0.0078	0.0293
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (IN EURO)	(13)	0.0077	0.0291

(*) Certain 1st half 2021 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 2022	1st half 2021
PROFIT FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	8,496	33,163
OTHER COMPREHENSIVE INCOME		
<i>ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS</i>		
- ACTUARIAL GAINS	11,290	11,171
- TAX EFFECT OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS	(2,291)	(3,524)
SUBTOTAL OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS	8,999	7,647
<i>ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS</i>		
- EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	6,939	2,855
- NET FAIR VALUE GAINS) ON CASH FLOW HEDGES	3,649	877
- OTHER COMPREHENSIVE INCOME (EXPENSE)	--	--
- TAX EFFECT OF ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS	(876)	(210)
SUBTOTAL OF ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS	9,712	3,522
OTHER COMPREHENSIVE INCOME	18,711	11,169
COMPREHENSIVE INCOME	27,207	44,332
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
OWNERS OF THE PARENT	10,368	27,917
NON-CONTROLLING INTERESTS	16,839	16,415

4. Statement of cash flows

(in thousands of euro)

	1st half 2022	1st half 2021
OPERATING ACTIVITIES		
PROFIT FOR THE PERIOD	8,496	33,163
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	--	3,479
ADJUSTMENTS:		
- AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES	104,093	105,476
- NET FAIR VALUE GAINS (LOSSES) ON EQUITY-ACCOUNTED INVESTEEES	(64)	--
- MEASUREMENT OF STOCK OPTION PLANS AND STOCK GRANT	806	824
- CHANGES IN EMPLOYEE BENEFIT OBLIGATIONS, PROV. FOR RISKS & CHARGES	(3,457)	(13,156)
- FAIR VALUE GAINS (LOSSES) ON FINANCIAL ASSETS	8,732	(12,777)
- GAINS ON DISPOSAL OF NON-CURRENT ASSETS	(3,513)	(11,867)
- OTHER NON-MONETARY CHANGES	(866)	2,424
- INCREASE IN NON-CURRENT ASSETS/LIABILITIES	3,570	12,581
- INCREASE IN NET WORKING CAPITAL	(25,120)	(12,188)
CASH FLOWS FROM OPERATING ACTIVITIES	92,677	107,959
of which:		
- interest paid	(9,521)	(11,578)
- income tax paid	(9,787)	(5,510)
INVESTING ACTIVITIES		
CONSIDERATION PAID FOR BUSINESS COMBINATIONS	(4,081)	(1,350)
NET FINANCIAL POSITION OF ACQUIRED COMPANIES	405	--
CHANGE IN OTHER LOANS RECEIVABLE	(6,928)	815
(PURCHASE) SALE OF SECURITIES	(798)	6,479
PURCHASE OF NON-CURRENT ASSETS	(55,882)	(29,489)
CASH FLOWS USED IN INVESTING ACTIVITIES	(67,284)	(23,545)
FINANCING ACTIVITIES		
PROCEEDS FROM CAPITAL INCREASES	--	80
OTHER CHANGES	613	--
DRAWDOWN OF OTHER LOANS AND BORROWINGS	(10,597)	(2,471)
REPAYMENT OF LEASE LIABILITIES	(30,596)	(31,714)
PURCHASE OF TREASURY SHARES OF GROUP COMPANIES	(4,081)	--
DIVIDENDS PAID	(2,657)	(4,015)
CASH FLOWS USED IN FINANCING ACTIVITIES	(47,318)	(38,120)
INCREASE (DECREASE) IN NET CASH & CASH EQUIVALENTS OF CONTINUING OPERATIONS	(21,925)	46,294
OPENING CASH FLOWS/NET CASH & CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	--	(3,800)
INCREASE (DECREASE) IN NET CASH & CASH EQUIVALENTS	(21,925)	42,494
OPENING NET CASH & CASH EQUIVALENTS	304,471	419,985
CLOSING NET CASH & CASH EQUIVALENTS	282,546	462,479

5. Statement of changes in equity

(in thousands of euro)

	Attributable to the owners of the parent										Non-controlling interests	Total
	Share capital issued	Share premium	Legal reserve	Fair value reserve	Translation reserve	Stock option and grant reserve	Other reserves	Retained earnings (losses) carried forward	Profit for the period	Total		
BALANCE AT 31 DECEMBER 2020	638,404	5,044	25,516	(1,258)	(41,763)	1,481	88,726	38,314	16,313	770,977	216,843	987,820
Capital increases	--	--	--	--	--	--	--	--	--	--	80	80
Dividends to shareholders	--	--	--	--	--	--	--	--	--	--	(1,015)	(1,015)
Allocation of the profit of the previous year	--	--	--	--	--	--	--	16,313	(16,313)	--	--	--
Fair value gains (losses) on treasury shares	--	--	--	--	--	--	140	(140)	--	--	--	--
Notional cost of share-based plans	--	--	--	--	--	724	--	--	--	724	--	724
Reclassifications	--	--	--	--	--	(107)	--	107	--	--	--	--
Effects of changes in equity attributable to subsidiaries	--	--	--	(1)	(10)	--	1,819	--	--	--	50	1,858
Comprehensive income for the period	--	--	--	378	--	--	--	--	--	378	289	667
Fair value gains (losses) on cash flow hedges	--	--	--	--	1,586	--	--	--	--	1,586	1,269	2,855
Translation differences	--	--	--	--	--	--	4,329	--	--	4,329	3,318	7,647
Actuarial losses	--	--	--	--	--	--	--	--	21,624	21,624	11,539	33,163
Profit for the period	--	--	--	378	1,586	--	4,329	--	21,624	27,917	16,415	44,332
Comprehensive income (expense) for the period	638,604	5,044	25,516	(881)	(40,187)	2,098	95,014	54,594	21,624	801,426	232,373	1,033,799
Balance at 30 June 2021	638,604	5,044	25,516	(432)	(24,994)	2,711	68,755	7,204	17,981	740,389	242,335	982,724
Capital increases	--	--	--	--	--	--	--	--	--	--	--	--
Dividends to shareholders	--	--	--	--	--	--	--	--	--	--	(2,657)	(2,657)
Allocation of the profit of the previous year	--	--	104	--	--	--	1,981	15,896	(17,981)	--	--	--
Fair value gains (losses) on treasury shares	--	--	--	--	--	--	--	(4,081)	--	(4,081)	--	(4,081)
Notional cost of share-based plans	--	--	--	--	--	671	--	--	--	671	--	671
Reclassifications	--	--	--	--	--	(251)	--	251	--	--	--	--
Effects of changes in equity attributable to subsidiaries	--	--	--	--	9	--	2,002	--	--	2,011	1,601	3,612
Comprehensive income for the period	--	--	--	1,569	--	--	--	--	--	1,569	1,204	2,773
Fair value gains (losses) on cash flow hedges	--	--	--	--	3,928	--	--	--	--	3,928	3,011	6,939
Translation differences	--	--	--	--	--	--	5,090	--	--	5,090	3,909	8,999
Actuarial losses	--	--	--	--	--	--	--	--	(219)	(219)	8,715	8,496
Profit for the period	--	--	--	1,569	3,928	--	5,090	--	(219)	10,368	16,839	27,207
Comprehensive income (expense) for the period	638,604	5,044	25,620	1,137	(21,057)	3,131	77,828	19,270	(219)	749,358	258,118	1,007,476
Balance at 30 June 2022	638,604	5,044	25,620	1,137	(21,057)	3,131	77,828	19,270	(219)	749,358	258,118	1,007,476

Notes to the condensed interim consolidated financial statements

1. Basis of preparation

These condensed interim consolidated financial statements of the CIR Group - Compagnie Industriali Riunite (also the Group) at 30 June 2022, 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 2022/05, 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 stakes are going through a completely unforeseeable and extremely intense crisis, due to the protracted COVID-19 pandemic and the conflict between Russia and Ukraine, with consequences in terms of strong inflationary pressures on raw material and energy costs and weakening 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 2021. 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 2021 were also applied to these consolidated interim consolidated financial statements, with the exception of the new accounting standards in force as of 1 January 2022 for which reference is made to paragraph "Basis of consolidation".

The condensed interim consolidated financial statements at 30 June 2022 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 classification, form, order and nature of the figures have not changed with respect to the consolidated financial statements approved at 31 December 2021.

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 2022 were approved by the Board of Directors on 29 July 2022.

Significant estimates and assumptions

The preparation of these condensed 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 indirect impact of Russia-Ukraine war, 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 2021, the measurements and estimates underlying the impairment test of Sogefi 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. 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 balance sheet, 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 2022		1st half 2021	
	Average exchange rate	30.06.2022	Average exchange rate	30.06.2021
US dollar	1.0940	1.0387	1.2057	1.1884
GB pound	0.8422	0.8582	0.8684	0.8580
Brazilian real	5.5577	5.4229	6.4918	5.9050
Argentine peso	129.8984	129.8984	113.6435	113.6435
Chinese renminbi	7.0827	6.9624	7.7979	7.6742
Indian rupee	83.3333	82.1130	88.4173	88.3240
New Romanian leu	4.9456	4.9464	4.9015	4.9280
Canadian dollar	1.3905	1.3425	1.5040	1.4722
Mexican peso	22.1729	20.9641	24.3191	23.5784
Moroccan dirham	10.6033	10.5420	10.7504	10.5910

1.b. Consolidation scope

The condensed interim consolidated financial statements at 30 June 2022 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.c. Change in the consolidation scope

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

- **Healthcare**

During the period, the purchase of Inntal Pflegeheime GmbH by the German subsidiary Charleston GmbH was finalised for the management of two care homes for a total of 211 beds. The price paid was € 4,081 thousand, the goodwill generated by the operation was € 4,170 thousand.

- **Automotive components**

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

- **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 to the condensed interim consolidated financial statements, as at and for the year ended 31 December 2021.

Standards, amendments and interpretations of IFRS applied from 1 January 2022:

The following standards, amendments and interpretations were applied for the first time by the group with effect from 1 January 2022:

- Annual improvements to IFRS (Cycle 2018–2020) (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41) (published on 14 May 2020). At 30 June 2022, this amendment did not have any impact on the Group's condensed interim consolidated financial statements.
- *Onerous contracts—Cost of fulfilling a contract* (Amendments to IAS 37) (published on 14 May 2020). At 30 June 2022, this amendment did not have any impact on the Group's condensed interim consolidated financial statements.
- *Property, plant and equipment; proceeds before intended use* (Amendments to IAS 16) (published on 14 May 2020). At 30 June 2022, this amendment did not have any impact on the Group's condensed interim consolidated financial statements.
- *Reference to the Conceptual Framework* (Amendments to IFRS 3) (published on 14 May 2020). At 30 June 2022, this amendment did not have any impact on the Group's condensed interim consolidated financial statements.

Accounting standards, amendments and IFRS and IFRIC interpretations endorsed by the European Union but not yet mandatory and not adopted early by the Group at 30 June 2022

The Group has not applied the following new and amended standards, issued but not yet in force:

- Standard IFRS 17 “*Insurance Contracts*” and related amendments (published on 18 May 2017 and on 25 June 2020 respectively). The amendments are effective from 1 January 2023.
- Amendment to IAS 1 “*Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*” and “*Deferral effective date*” (published on 23 January 2020 and on 15 July 2020 respectively). The amendments are effective from 1 January 2023.
- Amendment to IAS 8 “*Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimate*” (published on 12 February 2021). The amendments are effective from 1 January 2023.

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 consolidated financial statements.

- Amendment to IAS 1 “*Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies*” (published on 12 February 2021). The amendments are effective from 1 January 2023.
- Amendment to IAS 12 “*Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*” (published on 7 May 2021). The amendments are effective from 1 January 2023.



- Amendment to IFRS 17 “Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Disclosure” (published on 9 December 2021). The amendments are effective from 1 January 2023.

Statement of financial position

3. Non-current assets

3.a. Intangible assets and Goodwill

	Opening balance			Changes for the period						Closing balance	
	Original cost	Accumulated amortisation	Balance 31.12.2021	Acquisitions	Business combinations and disposals	Exchange gains (losses)	Other changes	Net disposals	Amortisation, depreciation & impairment losses	Original cost	Accumulated amortisation and impairment losses
<i>(in thousands of euro)</i>											
Start-up and capital costs	36	(36)	--	--	--	--	--	--	--	36	(36)
Capitalised development costs											
- purchased	--	--	--	--	--	--	--	--	--	--	--
- produced internally	240,624	(176,154)	64,470	4,791	--	2,112	6,480	(18)	(13,144)	254,310	(189,619)
Industrial patents and intellectual property rights	46,629	(31,080)	15,549	--	--	1	(1)	--	(1,349)	46,586	(32,386)
Concessions, licences, trademarks and similar rights	48,677	(36,451)	12,226	569	--	54	192	--	(2,325)	49,718	(39,002)
Goodwill	540,910	(47,959)	492,951	4,170	--	--	--	--	--	545,080	(47,959)
Assets under construction and payments on account											
- purchased	5,750	--	5,750	596	--	2	(1,512)	--	--	4,836	--
- produced internally	9,638	(2,858)	6,780	4,064	--	170	(5,136)	--	(103)	8,752	(2,977)
Other	22,706	(13,027)	9,679	3	--	41	154	--	(619)	22,928	(13,670)
Total	914,970	(307,565)	607,405	14,193	--	2,380	177	(18)	(17,540)	932,246	(325,649)
											606,597

Intangible assets and goodwill went from € 607,405 thousand at 31 December 2021 to € 606,597 thousand at 30 June 2022.



GOODWILL

(in thousands of euro)	30.06.2022	31.12.2021
Automotive segment (Sogefi group)	128,637	128,637
Healthcare segment (KOS group)	368,484	364,314
Total	497,121	492,951

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 € 492,951 thousand at 31 December 2021 to € 497,121 thousand at 30 June 2022.

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

For the purpose of preparing the consolidated financial statements at 31 December 2021, the impairment test carried out on the goodwill allocated to the Healthcare and Automotive segments ascertained that there are no impairment losses. For the purpose of verifying the potential impairment indicators at 30 June 2022, which if identified would require impairment testing, the performance of the two segments in the first half of 2022 was considered with respect to the forecasts prepared by management of the respective units, approved by the respective Boards of Directors and used in previous impairment tests.

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

In the Automotive Segment, on the other hand, there has been a worsening of the market context compared with what was foreseen in the plan, due in particular to the indirect impacts of the Russia-Ukraine conflict, and in particular: the further surge in energy and raw material prices, supply chain difficulties and a weakening of demand for cars, especially in the European market. It was therefore deemed necessary to carry out an impairment test on the goodwill and assets of the Automotive Segment at 30 June 2022, updating the estimates and relevant parameters with respect to those used at 31 December 2021, as detailed below.

Impairment test method

Pursuant to the impairment test method adopted by Group companies, the recoverability of carrying amounts is verified in accordance with IAS 36 and considering - where applicable to individual cases - the guidelines issued by the OIV.

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 segment 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 six-month 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 equities and bonds on mature financial markets (Source: Fernandez/Duff & Phelps);



- unlevered Beta: determined with reference to the Beta of comparable companies in the segment;
- 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 segment;
- 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 dispose 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 Russia-Ukraine war and by the Covid-19 pandemic and involves a reassessment of the assumptions underlying the test, as detailed below.

Impairment Test of the Automotive Segment (Sogefi group)

In consideration of the impacts of the conflict on the Automotive segment, and in particular on the Suspensions BU, the management of the Sogefi group carried out impairment test at 30 June 2022, in order to verify the resilience of goodwill and assets. These impairment tests were based on the cash flows of the individual operating units, derived from a sensitivity analysis on the 2022-2025 business plan (approved by the Board of Directors on 21 January 2022), carried out by the Sogefi 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 2022, 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 2023 and 2024, assuming that the recovery path of volumes and margins is going to take place over a longer period of time, about one year, than previously foreseen in the 2022-2025 business plan. The plan thus amended considers the effects on activity levels and prospective profitability generated by the ongoing conflict, as well as by the prolongation of the pandemic, which in any case is having gradually decreasing effects on the Sogefi group.

A first level impairment test was carried out for the purposes of the sub-consolidated financial statements of Sogefi, with reference to the Suspension, Filtration and Air & Cooling CGUs; a second level impairment test was then carried out for the purposes of CIR's consolidated financial statements, which took the Sogefi 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, as well as the operations not included in the first level test.

The discount rate (WACC) was updated and set at 8.7% for the first and second level tests on the Sogefi group as a whole.

As regards the calculation of the cost of capital, the impacts of the conflict were taken into account in determining the risk-free rates, using averages based on time horizons following the outbreak of hostilities and using the weighted average of the rates in the countries in which the group operates; the Beta and Leverage were, by contrast, determined with reference to a set of companies



operating in the automotive segment that knowledgeable leading financial analysts consider to be the peers of Sogefi.

For the calculation of the terminal values with the “perpetual annuity” formula, a growth rate of 2.21% was assumed, based on the weighted average of the long-term inflation estimates in the countries where the group operates.

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 € 545,925 thousand, on a carrying amount of € 533,059 thousand. The group also prepared a number of sensitivity analyses, considering the impacts on the recoverable value 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 Operating profit 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 14.7% and a reduction in Operating profit of up to -51% before the headroom get reduced to zero. The test conducted at the first level also showed positive headroom for all CGUs of the Sogefi sub-consolidation. However, the headroom relating to the Suspensions CGU was reduced compared with the past and in some sensitivity scenarios considered it was negative, so the situation will be monitored at the next impairment test.

Summary of the results of impairment testing

The impairment test on the Automotive Segment at 30 June 2022 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 Sogefi 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 balance			Changes for the period						Closing balance			
	Original cost	Accumulated depreciation and impairment losses	Balance 31.12.2021	Acquisitions	Business combinations and disposals		Exchange gains (losses)	Other changes	Net disposals	Depreciation and impairment losses	Original cost	Accumulated depreciation and impairment losses	Balance 30.06.2022
					increases	decreases							
Land	38,864	(444)	38,420	--	--	--	(14)	--	--	--	38,850	(444)	38,406
Buildings used for operating purposes	300,094	(155,736)	144,358	1,223	--	--	582	4,043	(161)	(4,640)	306,276	(160,871)	145,405
Plant and machinery	754,249	(569,420)	184,829	851	--	--	3,685	16,949	(232)	(19,961)	783,131	(597,010)	186,121
Industrial and commercial equipment	361,191	(268,291)	92,900	5,999	141	--	2,373	17,450	(540)	(19,624)	386,145	(287,446)	98,699
Other assets	208,217	(132,160)	76,057	3,645	233	--	34	612	(33)	(6,991)	213,857	(140,300)	73,557
Assets under construction and payments on account	110,165	(742)	109,423	35,729	--	--	1,824	(37,679)	(379)	--	109,668	(750)	108,918
Total	1,772,780	(1,126,793)	645,987	47,447	374	--	8,484	1,375	(1,345)	(51,216)	1,837,927	(1,186,821)	651,106

Buildings, plant and machinery went from € 645,987 thousand at 31 December 2021 to € 651,106 thousand at 30 June 2022.

It should be noted that the balances of "Industrial and commercial equipment" and "Assets under construction and payments on account" at 30 June 2022 include the investments made by the Sogefi group in tooling for € 56,360 thousand and € 41,284 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. Rights of use

	Opening balance				Changes for the period					Closing balance		
	Original cost	Accumulated depreciation and impairment losses	Balance 31.12.2021		Increases	Business combinations and disposals	Exchange gains (losses)	Other changes	Net disposals	Depreciation and impairment losses	Original cost	Accumulated depreciation and impairment losses
(in thousands of euro)												
Buildings used for operating purposes	1,002,479	(178,836)	823,643		42,363	16,395	--	167	(2,791)	(32,951)	1,059,965	(211,442)
Plant and machinery	10,372	(8,465)	1,907		154	--	--	52	--	(276)	10,000	(9,215)
Industrial and commercial equipment	1,784	(1,151)	633		2	--	--	--	--	(114)	1,789	(1,268)
Other assets	12,041	(5,886)	6,155		1,503	--	--	783	(94)	(1,644)	13,049	(6,383)
Total	1,026,676	(194,338)	832,338		44,022	16,395	--	1,712	(2,885)	(34,985)	1,084,803	(228,308)
												856,495

The right-of-use assets amount to € 856,495 thousand at 30 June 2022 and refer to the KOS group for € 791,026 thousand, the Sogefi group for € 65,361 thousand and the Parent CJR S.p.A. for € 108 thousand.

3.d. Investment property

Opening balance			Changes for the period							Closing balance	
(in thousands of euro)	Original cost	Accumulated depreciation and impairment losses	Net balance 31.12.2021	Acquisitions	Business combinations and disposals	Financial expense capitalised	Exchange gains (losses)	Other changes	Net disposals	Depreciation and impairment losses	Net 30.06.2022
					increases	decreases					
Buildings	26,503	(12,272)	14,231	--	--	--	--	--	--	(352)	13,879
Total	26,503	(12,272)	14,231	--	--	--	--	--	--	(352)	13,879

Investment property has gone from € 14,231 thousand at 31 December 2021 to € 13,879 thousand at 30 June 2022 due to depreciation and write-down for the year.

The market value is considerably higher than the carrying amount.

DEPRECIATION RATES

Description	%
Buildings	3



3.e. Equity-accounted investees

(in thousands of euro)	Net 31.12.2021	Increases (Decreases)	Impairment losses	Dividends	Pro-rata share of result		Other changes	Net 30.06.2022
					Loss	Profit		
Apokos Rehab PVT Ltd	622	--	--	--	--	64	--	686
Total	622	--	--	--	--	64	--	686

3.f. Other equity investments

(in thousands of euro)	30.06.2022	31.12.2021
Other	1,871	1,871
Total	1,871	1,871

3.g. Other assets

"Other receivables" at 30 June 2022 had a balance of € 42,815 thousand, compared with € 44,519 thousand at 31 December 2021, and were mainly made up of:

- € 1,057 thousand (€ 1,257 thousand at 31 December 2021) of unsecured and mortgage-backed financial assets held by CIR International S.A. Measurement of these assets led to an impairment loss of € 200 thousand recorded under item 10.e "Net fair value gains (losses) on financial assets";
- € 3,354 thousand relating to guarantee deposits;
- € 13,644 thousand due from the Treasury to the Sogefi group, mainly relating to tax credits for the R&D activities of the French subsidiaries and the non-current portion of the consideration for the sale of Sogefi Filtration do Brasil Ltda and Sogefi Filtration Argentina S.A.U. amounting to € 5,285 thousand;
- € 7,841 thousand relating to the "Pension fund surplus" of Sogefi Filtration Ltd., part of the Sogefi group.

3.h. Other financial assets

"Other financial assets" at 30 June 2022 amounted to € 81,313 thousand (€ 77,759 thousand at 31 December 2021) 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 € 106 thousand recorded under item 10.e "Fair value gains or losses on financial assets".

At 30 June 2022, the residual commitment for investment in private equity funds stood at € 29.6 million (€ 26.9 million at 31 December 2021).

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 over a reasonable time horizon.

The breakdown of "Deferred tax assets and liabilities" by type of temporary difference is as follows:



(in thousands of euro)	30.06.2022		31.12.2021	
	Total temporary differences	Tax effect	Total temporary differences	Tax effect
Deductible temporary differences from:				
- current assets	19,524	4,819	18,608	4,582
- non-current assets	86,693	22,012	85,830	21,850
- current liabilities	34,050	8,959	38,412	9,829
- employee benefit obligations	33,830	8,479	46,526	11,551
- provisions for risks and charges	25,510	6,607	26,721	6,939
- long-term borrowings	--	--	--	--
- financial instruments	98	23	104	25
- tax losses from previous years	72,758	17,555	76,697	18,925
Total deferred tax assets	272,463	68,454	292,898	73,701
Taxable temporary differences from:				
- current assets	24,049	6,116	25,526	6,393
- non-current assets	181,873	41,992	183,104	42,554
- current liabilities	15,307	3,263	15,077	3,283
- employee benefit obligations	(866)	(208)	(1,383)	(336)
- provisions for risks and charges	--	--	--	--
- financial instruments	--	-	--	--
Total deferred tax liabilities	220,363	51,163	222,324	51,894
Net deferred tax assets		17,291		21,807

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:

2022 (in thousands of euro)	Balance at 31.12.2021	Use of deferred taxes from prior periods	Deferred taxes generated in the period	Exchange gains (losses) and other changes	Balance at 30.06.2022
Deferred tax assets:					
- income statement	54,418	(2,857)	1,302	480	53,343
- equity	19,283	(3,168)	--	(1,004)	15,111
Deferred tax liabilities:					
- income statement	(36,153)	1,785	(306)	--	(34,674)
- equity	(15,741)	--	--	(748)	(16,489)
Net deferred taxes	21,807	(4,240)	996	(1,272)	17,291



4. Current assets

4.a. Inventories

Inventories can be broken down as follows:

<i>(in thousands of euro)</i>	30.06.2022	31.12.2021
Raw materials, supplies and consumables	79,072	65,930
Work in progress and semi-finished products	19,571	15,968
Finished products and goods	44,925	35,503
Payments on account	508	406
Total	144,076	117,807

€ 138,172 thousand (€ 111,917 thousand at 31 December 2021) relate to the Sogefi group and € 5,904 thousand (€ 5,890 thousand at 31 December 2021) to the KOS group. 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>	30.06.2022	31.12.2021
Customers	270,193	215,793
Total	270,193	215,793

Trade receivables due from customers refer to the Sogefi group for € 162,491 thousand (€ 135,415 thousand at 31 December 2021) and to the KOS group for € 107,611 thousand (€ 80,315 thousand at 31 December 2021).

Trade receivables 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 2022, provisions for impairment of receivables were made for a total of € 987 thousand compared with € 1,420 thousand in the first half of 2021.

4.c. Other assets

<i>(in thousands of euro)</i>	30.06.2022	31.12.2021
Associates	133	133
Tax assets	35,797	33,526
Other	35,678	26,213
Total	71,608	59,872

The increase is attributable for € 4.4 million to the Sogefi group and for € 5.5 million to the KOS group.

4.d. Loan assets

"Loan assets" pass from € 10,593 thousand at 31 December 2021 to € 17,521 thousand at 30 June 2022. This caption includes € 6,397 thousand (€ 3,957 thousand at 31 December 2021) representing the fair value of the cross currency swaps arranged by the Sogefi group in order to hedge the interest- and exchange-rate risks associated with the private placement of the USD 115



million bond, € 1,944 thousand (€ 1,243 thousand at 31 December 2021) relating to financial instruments issued, in the context of the Sogefi group, by leading Chinese banks as consideration for supplies made by the Chinese subsidiaries, and € 9,005 thousand (€ 5,157 thousand at 31 December 2021) due to the KOS group by factoring companies following the without-recourse sale of receivables.

4.e. Securities

This item consists of the following categories of securities:

<i>(in thousands of euro)</i>	30.06.2022	31.12.2021
Equity investments in other companies	24	--
Investment funds and similar funds	19,579	19,357
Total	19,603	19,357

At 30 June 2022 this item amounts to € 19,603 thousand (€ 19,357 thousand at 31 December 2021) and mainly refers to shares held in investment funds by the subsidiary CIR Investimenti S.p.A. for € 13,653 thousand (€ 15,161 thousand at 31 December 2021) and by the parent CIR S.p.A. for € 5,926 thousand (€ 4,196 thousand at December 31, 2021).

The fair value measurement of "Securities" led to a gain in the income statement of € 222 thousand.

4.f. Other financial assets

This item totals € 293,283 thousand (€ 300,448 thousand at 31 December 2021) and refers for € 63,465 thousand (€ 68,434 thousand at 31 December 2021) 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 loss in the income statement of € 8,717 thousand. During the period, gains for € 1,760 thousand (€ 1,505 thousand in the same period of 2021) were realised and booked to item 10.c. "Gains on securities trading".

This item also includes € 229,818 thousand (€ 232,014 thousand at 31 December 2021) 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 negative for € 1,250 thousand (positive for € 1,086 thousand in the corresponding period of 2021).

The fair value measurement of policies with yields deriving from unit-linked funds has resulted in a loss in the income statement of € 2,110 thousand.

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

"Cash and cash equivalents" went from € 306,489 thousand at 31 December 2021 to € 286,256 thousand at 30 June 2022.

"Bank loans and borrowings" went from € 2,018 thousand at 31 December 2021 to € 3,710 thousand at 30 June 2022.

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

5. Equity

5.a. Share capital

Share capital at 30 June 2022 amounted to € 638,603,657.00, unchanged on 31 December 2021, and consisted of 1,277,207,314 shares without par value.

At 30 June 2022 the parent held 189,273,535 treasury shares (14.82% of the share capital) for an amount of € 97,122 thousand, compared with 179,456,492 treasury shares (14.05% of the share capital) for an amount of € 93,075 thousand at 31 December 2021.

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.

5.b. Reserves

The breakdown of "Reserves" is as follows:

<i>(in thousands of euro)</i>	Share premium	Legal reserve	Fair value reserve	Translation reserve	Stock option and stock grant reserve	Other reserves	Total reserves
Balance at 31 December 2020	5,044	25,516	(1,258)	(41,763)	1,481	88,726	77,746
Retained earnings	--	--	--	--	--	--	--
Fair value gains on treasury shares	--	--	--	--	--	140	140
Notional cost of stock grants credited	--	--	--	--	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
Balance at 30 June 2021	5,044	25,516	(881)	(40,187)	2,098	95,014	86,604
Balance at 31 December 2021	5,044	25,516	(432)	(24,994)	2,711	68,755	76,600
Retained earnings	--	104	--	--	--	1,981	2,085
Fair value gains (losses) on treasury shares	--	--	--	--	--	--	--
Notional cost of stock grants credited	--	--	--	--	671	--	671
Reclassifications	--	--	--	--	(251)	--	(251)
Fair value measurement of cash flow hedges	--	--	1,569	--	--	--	1,569
Effects of changes in equity attributable to subsidiaries	--	--	--	9	--	2,002	2,011
Translation differences	--	--	--	3,928	--	--	3,928
Actuarial gains	--	--	--	--	--	5,090	5,090
Balance at 30 June 2022	5,044	25,620	1,137	(21,057)	3,131	77,828	91,703

The "Fair value reserve", net of tax, was positive for € 1,137 thousand and refers to the measurement of hedges (€ 1,159 thousand relating to the Sogefi group and € 22 thousand relating to the KOS group).



The "Translation reserve" had a negative balance of € 21,057 thousand at 30 June 2022 with the following breakdown:

<i>(in thousands of euro)</i>	<i>31.12.2021</i>	<i>Increases</i>	<i>Decreases</i>	30.06.2022
Sogefi group	(25,897)	3,694	--	(22,203)
KOS group	903	243	--	1,146
Total	(24,994)	3,937	--	(21,057)

The breakdown of "Other reserves" at 30 June 2022 was as follows:

(in thousands of euro)

Revaluation reserve art. 6 Leg. Decree 38/2005	5,193
Statutory reserve	14
Other	72,621
Total	77,828

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

<i>(in thousands of euro)</i>	<i>Number of shares</i>	<i>Amount</i>
Balance at 31 December 2021	179,456,492	93,075
Increases	9,882,328	4,081
Decreases	(65,285)	(34)
Balance at 30 June 2022	189,273,535	97,122

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:

<i>(in thousands of euro)</i>	30.06.2022	<i>31.12.2021</i>
Sogefi S.p.A. bond 2013/2023 in USD	--	14,496
Sogefi S.p.A. bond 2019/2025	59,793	59,739
KOS S.p.A. Private Placement. 2017/2024	64,000	64,000
KOS S.p.A. Private Placement 2017/2025	35,000	35,000
Total	158,793	173,235



6.b. Other loans and borrowings

<i>(in thousands of euro)</i>	30.06.2022	31.12.2021
Collateralised bank loans and borrowings	58,893	58,817
Other bank loans and borrowings	410,873	374,520
Other	381	381
Total	470,147	433,718

The item mainly refers to loans to companies of the KOS group for € 210,336 thousand (€ 214,702 thousand at 31 December 2021) and loans to companies of the Sogefi group for € 259,811 thousand (€ 219,016 thousand at 31 December 2021).

6.c. Lease liabilities

The item, amounting to € 818,335 thousand (€ 793,231 at 31 December 2021), refers to lease liabilities relating to companies in the KOS group, which operate out of mainly leased properties, for € 767,141 thousand, to companies in the Sogefi group for € 51,120 thousand and to the parent CIR S.p.A. for € 74 thousand.

6.d. Employee benefit obligations

The details of this item are as follows:

<i>(in thousands of euro)</i>	30.06.2022	31.12.2021
Post-employment benefits (TFR)	27,940	27,908
Pension funds and similar obligations	35,802	45,837
Total	63,742	73,745

<i>(in thousands of euro)</i>	30.06.2022	31.12.2021
Opening balance	73,745	93,812
Accrual for labour provided during the year	6,645	11,838
Increases for interest	658	1,314
(Actuarial losses	(8,160)	(19,095)
Benefits paid	(3,567)	(9,647)
Exchange gains	(355)	--
Other changes	(5,224)	(4,477)
Closing balance	63,742	73,745

The item mainly refers to companies of the Sogefi group for € 36,898 thousand, to companies of the KOS group for € 24,449 thousand and to the parent CIR S.p.A. for € 2,153 thousand. The decrease in the balance essentially refers to the Sogefi group.



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 restructuring charges</i>	<i>Provision for product warranties</i>	<i>Provision for other risks</i>	<i>Total</i>
Balance at 31 December 2021	1,860	506	12,628	14,994
Accruals of the period	--	360	32	392
Uses/Releases	(57)	--	(799)	(856)
Exchange gains	(38)	60	57	79
Other changes	--	(15)	1	(14)
Balance at 30 June 2022	1,765	911	11,919	14,595

This item consists of loans to Sogefi group companies for € 8,712 thousand and loans to KOS group companies for € 5,234 thousand.

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 is mainly to cover disputes of miscellaneous nature of the various group companies, and includes liabilities to employees and other subjects. It refers principally to companies of the KOS group for € 5,234 thousand and to Sogefi group companies for € 1,245 thousand. The caption includes, within the Sogefi group, an amount of € 4,791 thousand relating to the provision for the restoration of rights of use.

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

<i>(in thousands of euro)</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 2021	10,097	3,033	43,352	56,482
Accruals of the period	1,085	94	2,912	4,091
Uses/Releases	(2,428)	(247)	(5,607)	(8,282)
Exchange gains	--	2	(12)	(10)
Other changes	--	14	(158)	(144)
Balance at 30 June 2022	8,754	2,896	40,487	52,137

This item consists of loans to Sogefi group companies for € 14,241 thousand and loans to KOS group companies for € 37,046 thousand.

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 in particular to the production reorganisation projects involving companies 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. This item consists of

loans to KOS group companies for € 36,288 thousand and loans to Sogefi group companies for € 2,591 thousand.

In particular, the KOS group is a party to various civil proceedings involving medical and surgical practice, which could lead to compensation orders. 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 financial statements for disputes against third parties and staff for an amount equal to € 8,026 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 € 17,149 thousand of employee benefit obligations, mainly for possible contractual renewals.

7. Current liabilities

7.a. Bonds

This item, totalling € 25,536 thousand (€ 22,618 thousand at 31 December 2021), refers for € 7,500 thousand for the current portion of the Sogefi S.p.A. 2019/2025 Bond, € 15,754 thousand for the current portion of the Sogefi S.p.A. 2013/2023 Bond denominated in USD and € 2,282 thousand for the current portion of the private placements issued by KOS S.p.A.

7.b. Other loans and borrowings

<i>(in thousands of euro)</i>	30.06.2022	31.12.2021
Other bank loans and borrowings	34,812	72,041
Other loans and borrowings	3,828	2,101
Total	38,640	74,142

The item mainly refers to loans to companies of the Sogefi group for € 29,155 thousand (€ 64,967 thousand at 31 December 2021) and loans to companies of the KOS group for € 8,887 thousands (€ 9,175 thousand at 31 December 2021).

7.c. Lease liabilities

This caption, € 71,291 thousand (€ 67,849 thousand at 31 December 2021), comprises the right-of-use lease liabilities of companies within the KOS group, € 52,104 thousand, and the Sogefi group, € 19,157 thousand, as well as those of CIR S.p.A., € 30 thousand.



7.d. Trade payables

<i>(in thousands of euro)</i>	30.06.2022	31.12.2021
Suppliers	356,437	288,021
Payments on account	36,582	32,324
Total	393,019	320,345

"Trade payables to suppliers" refer for € 278,060 thousand to the Sogefi group and for € 77,897 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>	30.06.2022	31.12.2021
Due to employees	71,086	66,035
Tax liabilities	32,250	30,988
Social security payables	27,288	28,540
Other	60,203	69,785
Total	190,827	195,348

The item "Due to employees" refers for € 40,918 thousand to the KOS group and for € 29,779 thousand to the Sogefi group.

"Tax liabilities" refer for € 12,501 thousand to the KOS group and for € 17,132 thousand to the Sogefi group.

The item "Social security payables" concerns for € 12,557 thousand the KOS group and for € 14,624 thousand the Sogefi group.

"Other" relates for € 42,902 thousand to the Sogefi group. In particular, the amount of € 30,377 thousand refers to credit notes to be issued to customers for price reductions and discounts granted to customers of the Aftermarket segment upon reaching certain levels of turnover.



Income statement

8. Revenue

Breakdown by business segment

(in millions of euro)	1st half 2022		1st half 2021		Change
	amount	%	amount	%	
Automotive components	756.0	68.6	673.4	67.4	12.3
Healthcare	346.5	31.4	325.5	32.6	6.5
Total consolidated revenue	1,102.5	100.0	998.9	100.0	10.4

Breakdown by geographical segment

(in millions of euro)							
1st half 2022	Total revenue	Italy	Other European countries	North America	South America	Asia	Other countries
Automotive components	756.0	33.1	404.5	164.9	51.3	93.9	8.3
Healthcare	346.5	245.1	92.2	--	--	9.2	--
Total consolidated revenue	1,102.5	278.2	496.7	164.9	51.3	103.1	8.3
Percentages	100.0%	25.2%	45.1%	15.0%	4.6%	9.4%	0.7%

1st half 2021	Total revenue	Italy	Other European countries	North America	South America	Asia	Other countries
Automotive components	673.4	36.9	378.0	138.3	35.4	79.3	5.5
Healthcare	325.5	228.2	87.5	--	--	9.8	--
Total consolidated revenue	998.9	265.1	465.5	138.3	35.4	89.1	5.5
Percentages	100.0%	26.5%	46.6%	13.9%	3.5%	8.9%	0.6%

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 expenses and income

9.a. Costs for the purchase of goods

Costs for the purchase of goods went from € 406,387 thousand in the first half of 2021 to € 477,009 thousand in the corresponding period of 2022.

The increase is mainly attributable to the Sogefi group.

9.b. Costs for services

This item went from € 139,202 thousand in the first half of 2021 to € 160,950 thousand in the first half of 2022, as can be seen from the following breakdown:

<i>(in thousands of euro)</i>	1st half 2022	1st half 2021
Technical and professional consulting	44,668	43,151
Distribution and transport costs	8,407	7,813
Outsourcing	24,127	23,154
Other	83,748	65,084
Total	160,950	139,202

The increase in the item is essentially attributable to the Sogefi group for € 10.9 million and the KOS group for € 11.2 million.

9.c. Personnel expense

Personnel expense amounted to € 319,194 thousand in the first half of 2022 (€ 302,565 thousand in the first half of 2021) and is made up as follows:

<i>(in thousands of euro)</i>	1st half 2022	1st half 2021
Salaries and wages	231,019	221,356
Social security contributions	62,198	61,009
Post-employment benefits	6,059	5,923
Pensions and similar benefits	586	672
Measurement of stock option plans	806	824
Other costs	18,526	12,781
Total	319,194	302,565

The increase in this item is essentially attributable to the KOS group because of the increase in activity compared with the same period in 2021, which benefited, among other things, from COVID subsidies.

The group had an average of 17,374 employees in the first half of 2022 (17,271 in the first half of 2021).



9.d. Other operating income

This item can be broken down as follows:

<i>(in thousands of euro)</i>	1st half 2022	1st half 2021
Grants related to income	15	36
Gains on asset disposals	1,524	14,059
Prior period and other income	21,893	28,815
Total	23,432	42,910

The "gains on asset disposal" in the previous year mainly referred to the sale of some properties within the KOS group.

The "prior period and other income" last year within the Sogefi group included € 3.9 million relating to the recovery of "indirect" taxes paid in previous years by the subsidiaries in Brazil and China and € 1.8 million of insurance reimbursements.

9.e. Other operating expense

This item can be broken down as follows:

<i>(in thousands of euro)</i>	1st half 2022	1st half 2021
Impairment and credit losses	1,417	2,053
Accruals to provisions for risks and charges	1,634	1,834
Indirect taxes	18,601	16,737
Restructuring charges	4,132	1,322
Losses on asset disposals	1,455	1,547
Miscellaneous losses and other costs	3,358	5,075
Total	30,597	28,568

"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>	1st half 2022	1st half 2021
Interest income on bank accounts	1,445	520
Interest income on securities	--	146
Other interest income	1,075	2,333
Interest rate derivatives	241	96
Exchange gains	1,634	1,645
Total	4,395	4,740



10.b. Financial expense

This item includes the following:

<i>(in thousands of euro)</i>	1st half 2022	1st half 2021
Interest expense on bank loans	6,524	6,740
Interest expense on bonds	1,910	4,872
Interest on financial payables for rights of use	11,736	9,955
Other interest	2,572	1,408
Interest rate derivatives	737	421
Other financial expense	3,316	2,960
Total	26,795	26,356

10.c. Gains from securities trading

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

<i>(in thousands of euro)</i>	1st half 2022	1st half 2021
Shares	--	1,502
Other securities and other gains	1,783	2,505
Total	1,783	4,007

"Other securities and other gains" refer to CIR S.p.A. and to the financial holding companies.

"Equities" in the first half of 2021 referred, within the Sogefi group, to the profit deriving from the sale of the subsidiary Shanghai Alleward Springs Co. Ltd.

10.d. Losses from securities trading

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

<i>(in thousands of euro)</i>	1st half 2022	1st half 2021
Other securities and other losses	196	817
Total	196	817

"Other securities and other losses" refer to CIR S.p.A. and to the financial holding companies.

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

The loss of € 8,732 thousand (a € 8,280 thousand gain in the first half of 2021), refers for € 8,638 thousand to the fair value loss in "Securities" and "Other financial assets" recognised under current assets, for € 106 thousand to the fair value gain in "Other financial assets" recognised under non-current assets and for € 200 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>	1st half 2022	1st half 2021
Current taxes	7,133	12,089
Deferred taxes	55	6,213
Income taxes from prior periods	61	90
Total	7,249	18,392

The decrease in the item is essentially attributable to the Sogefi group for € 2.9 million and the KOS group for € 6.7 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

The item for the first half of 2021, amounting to € 3,479 thousand, referred, within the Sogefi group, for € 353 thousand to the subsidiary Sogefi Filtration Spain SAU, for € 204 thousand to the subsidiary Sogefi Filtration do Brasil Ltda and for € 2,922 thousand to the subsidiary Sogefi Filtration Argentina SAU.

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 (loss) from discontinued operations attributable to the ordinary shareholders by the weighted average number of shares outstanding during the period, excluding treasury shares in portfolio. Diluted 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 ordinary shares outstanding during the period, excluding treasury shares in portfolio, adjusted for the dilutive effects of outstanding options.

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



Basic earnings per share

	1st half 2022	1st half 2021
Profit (loss) for the period attributable to the owners of the parent (in thousands of euro)	(219)	21,624
Average number of ordinary shares outstanding	1,094,147,613	1,250,398,942
Basic earnings (loss) per share (euro)	(0.0002)	0.0173
	1st half 2022	1st half 2021
Comprehensive income attributable to the owners of the parent (in thousands of euro)	10,368	27,917
Average number of ordinary shares outstanding	1,094,147,613	1,250,398,942
Basic earnings per share (euro)	0.0095	0.0223
	1st half 2022	1st half 2021
Profit (loss) from continuing operations attributable to the owners of the parent (in thousands of euro)	8,496	36,642
Average number of ordinary shares outstanding	1,094,147,613	1,250,398,942
Basic earnings per share (euro)	0.0078	0.0293
	1st half 2022	1st half 2021
Profit (loss) from discontinued operations attributable to the owners of the parent (in thousands of euro)	--	(3,479)
Average number of ordinary shares outstanding	1,094,147,613	1,250,398,942
Basic earnings (loss) per share (euro)	n.a	(0.0028)

Diluted earnings per share

	1st half 2022	1st half 2021
Profit (loss) for the period attributable to the owners of the parent (in thousands of euro)	(219)	21,624
Average number of ordinary shares in circulation	1,094,147,613	1,250,398,942
Average number of options	4,201,098	6,683,051
Adjusted average number of shares in circulation	1,098,348,711	1,257,081,993
Diluted earnings (loss) per share (in euro)	(0.0002)	0.0172
	1st half 2022	1st half 2021
Comprehensive income attributable to the owners of the parent (in thousands of euro)	10,368	27,917
Average number of ordinary shares outstanding	1,094,147,613	1,250,398,942
Average number of options	4,201,098	6,683,051
Adjusted average number of shares outstanding	1,098,348,711	1,257,081,993
Diluted earnings (loss) per share (in euro)	0.0094	0.0222
	1st half 2022	1st half 2021
Profit from continuing operations attributable to the owners of the parent (in thousands of euro)	8,496	36,642
Average number of ordinary shares outstanding	1,094,147,613	1,250,398,942
Average number of options	4,201,098	6,683,051
Adjusted average number of shares outstanding	1,098,348,711	1,257,081,993

Diluted earnings per share (in euro)	0.0077	0.0291
	1st half 2022	1st half 2021
Profit (loss) from discontinued operations attributable to the owners of the parent (in thousands of euro)	--	(3,479)
Average number of ordinary shares outstanding	1,094,147,613	1,250,398,942
Average number of options	4,201,098	6,683,051
Adjusted average number of shares outstanding	1,098,348,711	1,257,081,993
Diluted earnings (loss) per share (in euro)	n.a	(0.0028)

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 segments, 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 to 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 2022, the Group had the following derivative outstanding accounted for as hedges, expressed at their notional amount:

a) interest rate hedge:

Sogefi group:

- hedging of bank borrowings, with a notional value € 80 million.

KOS group:

- hedging of bank borrowings, with a notional value € 19.1 million.

b) currency hedge:

CIR International S.A.:

- forward sales totalling USD 68.6 million to hedge investments in hedge funds.

Sogefi group:

- forward sale of USD 0.95 million and sale of BRL;
- forward purchase of € 0.15 million and sale of BRL;
- forward purchase of USD 0.6 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 16.4 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 2022, 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 2022.

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 2022, 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 EBITDA do not take into account the impacts of IFRS 16 and refer to "operating" profitability and debt, net of property loans.

At 30 June 2022, 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 CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Category of financial assets and liabilities at 30 June 2022	Classification	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3
NON-CURRENT ASSETS					
OTHER FINANCIAL ASSETS	FVTPL	81,313	--	81,030	283
CURRENT ASSETS					
SECURITIES	FVTPL	19,603	--	19,603	--
OTHER FINANCIAL ASSETS	FVTPL	293,283	--	293,283	--

During the period (error in ITA?), there were no transfers between the various levels of the fair value hierarchy.

In detail, the financial assets classified as level 3 refer to the investment made by CIR S.p.A. in the company October S.A.

16. Guarantees and commitments

At 30 June 2022 the position of guarantees and commitments was the following:

CIR & financial holding companies

Contractual indemnity commitments by the parent CIR S.p.A. in relation to the sale of the GEDI group. For more information, see paragraph 21 "Contingent assets (liabilities)".

Commitments for private equity fund investments by CIR International for € 29.6 million.



Sogefi group

Investment commitments

At 30 June 2022 there are binding commitments for investments relating to the purchase of property, plant and equipment of € 1,872 thousand.

Guarantees given

Details of these guarantees are as follows:

<i>(in thousands of euro)</i>	30.06.2022	31.12.2021
Guarantees given to third parties	1,393	1,346
Other unsecured guarantees given to third parties	3,485	3,301
Secured guarantees given for borrowings shown in the financial statements	19,355	19,363

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., Sogefi (Suzhou) Auto Parts Co., Ltd 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 2022, the Sogefi group held assets belonging to third parties on its premises for € 17,218 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 € 29,044 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 € 28,773 thousand;
- a guarantee in favour of the Municipality of Sanremo as a security deposit for urbanisation works, for € 225 thousand.

At 30 June 2022, other commitments and risks amounted to € 7,390 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 € 64 thousand;
- contractual commitments of around € 3,360 thousand.



17. Information on the business segment

The business segments coincide with the groups of companies that CIR S.p.A. controls: the KOS group for the healthcare segment, the Sogefi group for Automotive components.

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 2022.



19. Net financial position

The net financial position in accordance with Consob communication 6064293 dated 28 July 2006 and communication ESMA 32-382-1138 of 4 March 2021, can be analysed as follows:

<i>(in thousands of euro)</i>	30.06.2022	31.12.2021
A. Cash	286,256	306,489
B. Cash equivalents	293,283	300,448
C. Other current financial assets	37,124	29,950
D. Cash and cash equivalents (A) + (B) + (C)	616,663	636,887
E. Current bank loans and borrowings	29,246	24,636
F. Current portion of non-current bank loans and borrowings	109,931	141,991
G. Current financial position (E) + (F)	139,177	166,627
H. NET CURRENT FINANCIAL INDEBTEDNESS (G) - (D)	(477,486)	(470,260)
I. Non-current bank loans and borrowings	1,288,482	1,226,949
J. Debt instruments	158,793	173,235
K. Trade payables and other non-current liabilities	--	--
L. Non-current financial position (I) + (J) + (K)	1,447,275	1,400,184
M. NET FINANCIAL POSITION (H) + (L)	969,789	929,924

- 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 2022 (CIR)

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

CIR - Stock grant plans at 30 June 2022

	Instruments outstanding at start of the period		Instruments granted during the period		Instruments exercised during the period		Instruments vested during the period		Instruments outstanding at end of the 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 2016	1,033,057	0.5267	-	-	-	-	-	-	-	0.5267	3.83	1,033,057	0.5267
Stock Grant Plan 2017	897,538	0.7144	-	-	-	-	-	-	897,538	0.7144	4.83	897,538	0.7144
Stock Grant Plan 2018	3,085,747	0.4378	-	-	15,877	0.4378	1,567,171	0.4378	1,502,699	0.4378	5.83	1,502,699	0.4378
Stock Grant Plan 2019	3,360,570	0.4557	-	-	31,280	0.4557	-	-	3,329,290	0.4557	6.83	903,259	0.4557
Stock Grant Plan 2020	3,640,311	0.4066	-	-	18,128	0.4066	-	-	3,622,183	0.4066	7.95	209,392	0.4066
Stock Grant Plan 2021	3,565,284	0.4025	-	-	-	-	-	-	3,565,284	0.4025	8.84	-	-
Stock Grant Plan 2021	-	-	4,274,469	0.3512	-	-	-	-	4,274,469	0.3512	9.84	-	-
Total	15,582,507	0.4481	4,274,469	0.3512	65,285	0.4377	1,567,171	0.4378	18,224,520	0.4263	7.80	4,545,945	0.5147



20.b. Employee payment plans at 30 June 2022 (Sogefi group)

The following table shows the total number of rights existing with respect to the plans for the period 2011-2022:

	30 June 2022	31 December 2021
Not exercised/not exercisable at the start of the period	1,578,600	1,482,261
Granted during the period	995,000	897,500
Cancelled during the period	(254,155)	(692,945)
Exercised during the period	(39,555)	(108,216)
Not exercised/not exercisable at the end of the period	2,279,890	1,578,600
Exercisable at the end of the period	29,452	38,509

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 2022 (KOS group)

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

KOS - Stock grant plans at 30 June 2022

	Options in circulation at the start of the period		Options granted during the period		Options exercised during the period		Options expired during the period		Options in circulation at the end of the period		Options exercisable at the end of the period			Expiry of options	
	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	11.00	1,414,583	2.65	31/12/2014	17/05/2033
Stock Option Plan '16	1,206,000	7.50	--	--	--	--	--	--	1,206,000	7.59	11.00	964,800	7.59	17/05/2023	17/05/2033
Total	2,620,583	4.88	--	--	--	--	--	--	2,620,583	4.92	11.00	2,379,383	4.65		



21. Contingent assets/liabilities

Contingent 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 before the Lombardy Regional Tax Commission was held on 10 December 2021. On 9 February 2022, with sentence no. 395/2022, the Lombardy Regional Tax Commission confirmed, also in the referral, the previous judgement in favour of the company passed in 2014. The terms for any (further) appeal by the Revenue Agency to the Supreme Court will expire on 9 September 2022.

The ruling of 9 February 2022 strengthens the conclusion that the company's position is supported by valid reasons. 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 and by the adjournment decision, management believes that at 30 June 2022 the risk of losing the dispute, which involves taxes of around € 3 million, fines for the same amount and estimated interest of around € 2 million, for a total of around € 8 million, is theoretically possible but not probable.

The Sogefi group has therefore not recognised any tax provisions for contingent liabilities at 30 June 2022.

Parent CIR S.p.A.

As is generally known, on 23 April 2020 CIR S.p.A. ("CIR") finalized the sale to Giano Holding S.p.A. ("Giano"), a vehicle at the time wholly owned by EXOR N.V. ("EXOR"), of its investment in GEDI ("GEDI"), equal to 43.78% of the latter's share capital, in execution of the agreement reached on 2 December 2019 (the "Sale"). In execution of this agreement, on 13 July 2020 CIR indirectly reinvested in GEDI by purchasing from EXOR a 5% stake in the share capital of Giano, which in the meantime had become the owner of the entire capital of GEDI. As a result of the merger of Giano by GEDI, CIR now owns a 5.19% stake in the share capital of GEDI.

As part of the Sale, CIR granted the buyer Giano (and as a consequence of the merger with GEDI as the merging company) a specific guarantee, accompanied by a special indemnity, which pertains to the proceedings described below (the "**Proceedings**"). By virtue of this contractual provision, CIR is required to indemnify GEDI for a portion equal to 38.6% of certain liabilities if incurred by GEDI in the future, as a result of the Proceedings. The indemnity obligation is subject to a minimum absolute excess limit set at € 1.3 million and a ceiling of € 13.3 million, as a result of which the economic liability that CIR could face in the event of activation of the guarantee is € 12.0 million (the "**Indemnity Obligation**").

With reference to the Proceedings, on 21 March 2018 GEDI became aware of the existence of criminal proceedings for the alleged crime envisaged by art. 640, paragraph 2, no. 1 against those who at the time of the events held the role of Chief Executive Officer, Central Manager of Human Resources and General Manager of the National Press, as well as for the offence referred to in art. 24 of Legislative Decree 231/2001 versus GEDI itself and its subsidiaries A. Manzoni & C. S.p.A., Elemedia S.p.A., Gedi News Network S.p.A. and Gedi Printing S.p.A. (the "**Companies**"). The investigation conducted by the Rome Public Prosecutor's Office concerned an alleged fraud against INPS in relation to an allegedly irregular access to State redundancy payments (CIGS) by some employees wanting to obtain early retirement as provided for by Law 416/81.

On 20 December 2021, the Companies received notification of a preventive seizure decree, issued on 9 December 2021 by the Investigating Magistrate at the Court of Rome, to confiscate a total sum of € 38.9 million, as the alleged profit obtained by the Companies in correlation with their alleged responsibility pursuant to Legislative Decree 231 of 2001 for the facts under investigation.

To the best of CIR's knowledge, the Proceedings are still in the preliminary investigation phase. At present, therefore, there are no natural and/or legal persons whose indictment has been requested, as the Public Prosecutor has not yet made any decision regarding the outcome of the investigations currently underway. In the event of a possible conclusion of the investigations with the request for indictment of natural and/or legal persons, the documents will be sent to the judge of the preliminary hearing for an assessment whether there are the conditions to initiate a debate and therefore, if this assessment has a positive outcome, for the start of legal proceedings.

If the trial has an adverse outcome, in addition to confiscation of the alleged illicit profit, the Companies could be condemned pursuant to Legislative Decree no. 231 of 2001 also to payment of fines.

In the context of the Proceedings, various different episodes are disputed, the outcome of which could have varied results depending on the situation. Without prejudice to GEDI's awareness of having always acted in compliance with current legislation, CIR, also on the basis of authoritative legal opinions, is of the opinion that at present, both in consideration of the state of the Proceedings and the subject of the same, it is not easy to formulate forecasts on its outcome, having regard both to the prospects of payment of the alleged illegal profit, and to the application of the

finances against the Companies. So, at present it is impossible to determine the degree of risk that CIR is required to indemnify GEDI, pursuant to the Indemnity Obligation, nor is it possible to quantify this risk. On the other hand, it cannot be ruled out that, should the outcome of the Proceedings be adverse, CIR may in the future be called upon to indemnify GEDI up to a maximum of € 12 million.

22. 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

There are no significant events that occurred after 30 June 2022.

RELATED PARTY TRANSACTIONS

On 28 June 2021, the parent updated its Procedure on Related Party Transactions (the "Procedure"), in compliance with the new "Regulation containing provisions on related party transactions" issued with Resolution 17221 of 12 March 2010 provided for by Resolution 21624 of 10 December 2020. This procedure is published on the parent's website www.cirgroup.it in the "Governance" section.

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 such Transactions;
- 4) establishes ways to ensure compliance with the related disclosure requirements.

The procedure envisages, among other things, the functions of the Related Party Transactions Committee, previously established by the Board of Directors. Functions and operating methods of the Related Party Transactions Committee are also governed by its internal regulations.

The parties defined as such by the international accounting standards currently in force have been identified as related parties, which at the reporting date include (i) the ultimate parent of CIR S.p.A., its subsidiaries, also joint ventures, and its associates, (ii) subsidiaries, jointly controlled entities and associates of CIR S.p.A. (whose intercompany relationships are eliminated in the consolidation process) and (iii) the persons who have control, joint control, who have significant influence or are individuals with strategic responsibilities of the parent, as well as their close family members and any companies directly or indirectly controlled by them or subject to joint control or significant influence.

The Transactions currently in place, "not exempt" pursuant to art. 4.1 of the Procedure, are both of Lesser Importance pursuant to the Procedure and concern: i) a donation of € 300,000 to the Fondazione Ing. Rodolfo De Benedetti; ii) the rent of a property owned by the Company to a Related Party (a natural person), with a contract lasting 6+6 years.

We also point out the other Transactions that are "exempt" pursuant to art. 4.1 of the Procedure: i) the rent of a property owned by CIR S.p.A. to a company controlled by a natural person who is a Related Party (exempt as a Transaction of Negligible Amount), ii) contracts with subsidiaries of the CIR Group as counterparties (and as such "exempt"), or intercompany service, rent and financing contracts, and the tax consolidation contract.

The following table gives a summary of related party transactions:



INCOME STATEMENT

(in thousands of euro)

	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	--	--	--	--	90	--	--	--
Total	--	--	--	--	90	--	--	--

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	13	--	--	--	--
Total	13	133	--	--	--



Certification of the condensed interim consolidated financial statements





Certification of the condensed interim consolidated financial statements at 30 June 2022 pursuant to art. 154-bis, para. 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 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 2022, for the period 1 January - 30 June 2022.
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 2022:
 - 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 2022 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, 29 July 2022

(Signed on the original)

Monica Mondardini

Chief Executive Officer

Michele Cavigioli

Executive responsible for the preparation of
the company's financial statements



LIST OF EQUITY INVESTMENTS

AT 30 JUNE 2022

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

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

(in euro or foreign currency)

Company name	Registered office	Share/quota capital	Currency	Held by	Investment %
CIR GROUP					
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
KOS GROUP					
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. CLEARVIEW HEALTHCARE LTD	97.81 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 GESTIONI 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
CHARLESTON HOLDING GMBH	Germany	25,000.00	€	KOS CARE S.r.l.	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
DIENTSTLEISTUNGSGESELLSCHAFT FÜR SOZIALEINRICHTUNGEN MBH	Germany	25,600	€	Charleston Holding GmbH	100.00
WOHN- UND PFLEGEZENTRUM FRIESENHOF 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

Company name	Registered office	Share/quota capital	Currency	Held by	Investment %
WOHN- UND PFLEGEZENTRUM HAUS TEICHBlick GMBH	Germany	128,150.00	€	Charleston Holding GmbH	100.00
Dienstleistungsgesellschaft für sozialeinrichtungen - 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 SERVICEGESELLSHCAFT 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

Company name	Registered office	Share/quota capital	Currency	Held by	Investment %
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
WOHN-PARK DR. MURKEN GMBH	Germany	25,000.00	€	Brisa Management GmbH	100.00
WOHN-PARK KLOSTERGARTEN GMBH	Germany	26,000.00	€	Brisa Management GmbH	100.00
WOHN-PARK SCHRIEWESHOF GMBH	Germany	25,000.00	€	Brisa Management GmbH	100.00
WOHN-PARK 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 CRAILSHEIM GMBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
INNTAL PFLEGEHEIME GMBH	Germany	25,000.00	€	Charleston Holding GmbH	100.00
KOS SERVIZI SOCIETÀ CONSORTILE A R.L.	Italy	138,000.00	€	KOS CARE S.r.l.	84.79
				KOS S.p.A.	5.35
				ABITARE IL TEMPO S.r.l.	4.11
				SANATRIX GESTIONI S.r.l.	2.52
				OSPEDALE DI SUZZARA S.p.A.	1.79
				FIDIA S.r.l.	0.36
				JESILAB S.r.l.	0.36
				GES.CA.S. VILLA ARMONIA NUOVA S.r.l.	0.36
				VILLA MARGHERITA S.r.l.	0.36
					100.00

Company name	Registered office	Share/quota capital	Currency	Held by	investment %
SOGEFI GROUP					
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	Great Britain	5,126,737.00	GBP	SOGEFI FILTRATION S.A.	100.00
SOGEFI AFTERMARKET SPAIN 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 SARL	Morocco	215,548,000.00	MAD	SOGEFI FILTRATION S.A.	100.00
SOGEFI FILTRATION RUSSIA LLC	Russia	10,800,000.00	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.	U.S.A.	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
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	Great Britain	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.	100.00
UNITED SPRINGS Limited	Great Britain	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

(*) 56.57% net of the treasury shares in portfolio

Company name	Registered office	Share/quota capital	Currency	Held by	investment %
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.	U.S.A.	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)

Company name	Registered office	Share/quota capital	Currency	Held by	investment %
CIR GROUP					
DEVIL PEAK S.R.L.	Italy	69,659.00	€	JUPITER MARKET PLACE S.r.l.	36.16
GRUPPO CIR INTERNATIONAL					
KTP GLOBAL FINANCE S.C.A.	Luxembourg	566,573.75	€	CIR INTERNATIONAL S.A.	47.55
KOS GROUP					
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)

Company name	Registered office	Share/quota capital	Currency	Held by	investment %
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)

Company name	Registered office	Share/quota capital	Currency	Held by	investment %
SOGEFI GROUP					
AFICO FILTERS S.A.E.	Egypt	14,000,000.00	EGP	SOGEFI FILTRATION ITALY S.p.A.	17.77
KOS GROUP					
FONDO SPAZIO SANITÀ	Italy	112,043,000.00	€	KOS CARE S.r.l.	0.80

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

(in euro or foreign currency)

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

Report of independent auditors



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(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

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 2022, 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.



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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 2022 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, 4 August 2022

KPMG S.p.A.

(signed on the original)

Giovanni Rebay
Director of Audit



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