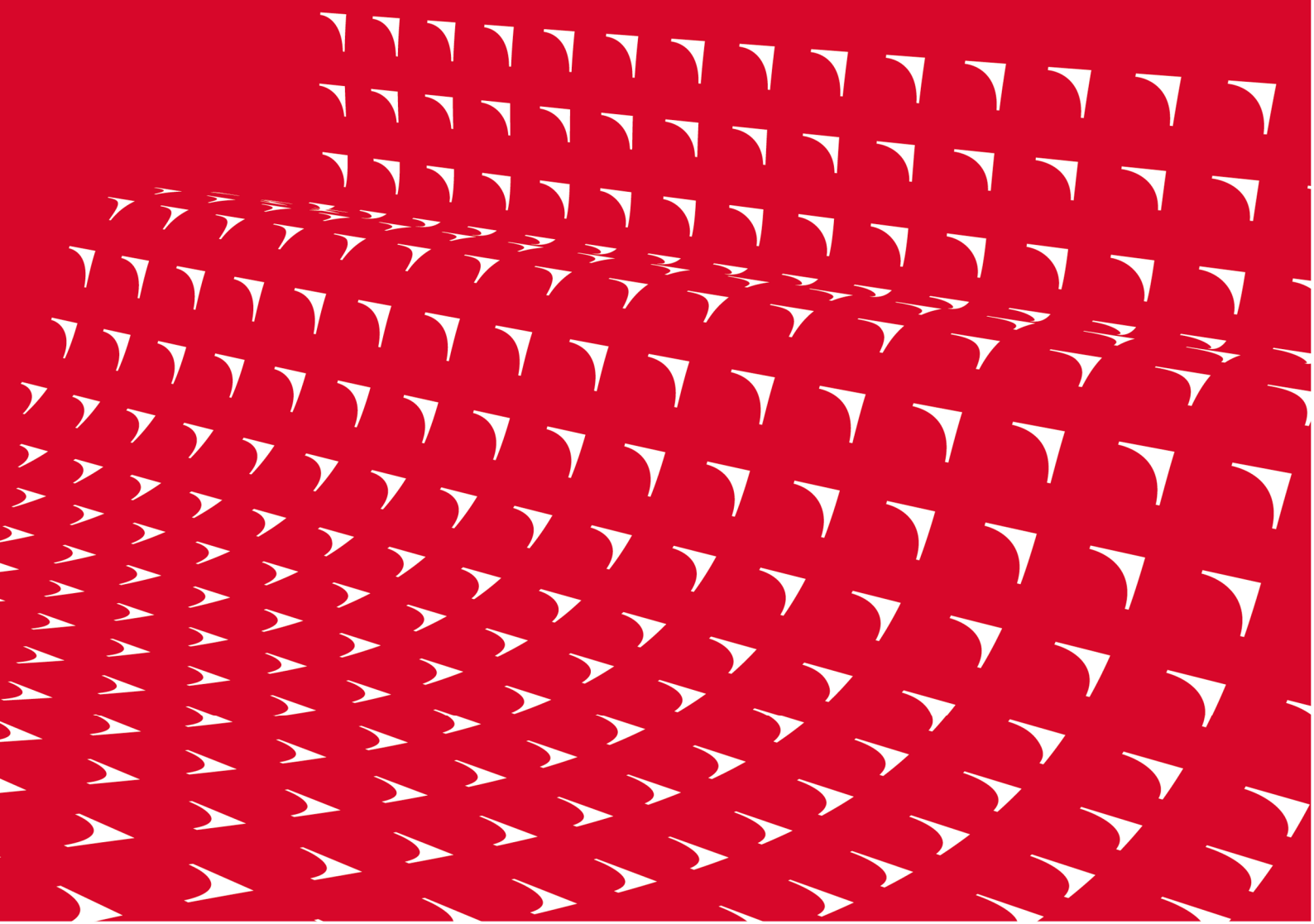




Interim financial report

at 30 June 2023





Contents

3	Corporate bodies
5	Report on operations
7	1. Key figures
11	2. Performance of the Group
14	3. Performance of the business segments
17	4. Impact of the Russia-Ukraine war, Covid-19 and climate change on the business
20	5. Events after the reporting period
20	6. Outlook
21	7. Risk management
26	8. Other information
29	Condensed interim consolidated financial statements
31	Consolidated accounting schedules
37	Notes to the condensed interim consolidated financial statements
81	Certification of the condensed interim consolidated financial statements Certification of the interim financial report at 30 June 2023 pursuant to art. 154-bis, para. 3 and 4, of Decree Law 58/1998
85	List of equity investments at 30 June 30 2023
93	Report of the independent auditors



CIR S.p.A.

Via Ciovassino, 1 – 20121 Milan – **T** + 39 02 722701

Share capital €420,000,000 – R.E.A. (Chamber of Commerce) no. 1950090

Milano Monza Brianza Lodi Company Register / Tax code / VAT no. 01792930016

The company is subject to management control and coordination by F.Ili De Benedetti S.p.A.

Corporate bodies

at 30 June 2023

BOARD OF DIRECTORS

Honorary Chairman CARLO DE BENEDETTI
Honorary Vice Chairman FRANCO DEBENEDETTI

Chairman RODOLFO DE BENEDETTI (*)

Chief Executive Officer and General Manager MONICA MONDARDINI (*)

Directors PHILIPPE BERTHERAT **(1) (3)**
EDOARDO DE BENEDETTI
MARCO DE BENEDETTI
FRANCESCA PASINELLI **(1) (3)**
TOMMASO NIZZI **(2) (3)**
ELISABETTA OLIVERI **(2)**
MARIA SERENA PORCARI **(1) (2) (4)**

Secretary to the Board PIETRO LA PLACA

BOARD OF STATUTORY AUDITORS

Chairman GIOVANNI BARBARA

Standing Statutory Auditors MARIA MADDALENA GNUDI
FRANCESCO MANTEGAZZA

Alternate Statutory Auditors MARCO PARDI
ANTONELLA DELLATORRE
LUIGI MACCHIORLATTI VIGNAT

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 Remuneration Committee

(2) Member of the Control, Risk and Sustainability Committee

(3) Member of the Related Party Transactions Committee

(4) Lead Independent Director

Report on operations



Report on operations

1. Key figures

Even though the general context in the first half of 2023 was still quite complex, the adversities that penalised the Group's activities over the last three years have diminished to a considerable extent: the health emergency caused by the pandemic has come to an end, the tensions regarding the availability and price of raw materials and energy, exacerbated in the first half of the year by the Russia-Ukraine conflict, while still around, are being reduced, at least in part, and financial markets are recovering after their very negative performance in 2022.

On the other hand, the general trend in inflation has led to significant increases in the cost of services and personnel and the rise in interest rates is leading to an increase in financial charges for the subsidiaries, mitigated by the fixed-rate component of loans and a reduction in debt.

During the first half of the year, the Group's healthcare segment (KOS) continued along the path of recovery that began in mid-2021, after the shock caused by the pandemic, with a prospect now of returning to full capacity in 2024.

Having been affected by the market crash in 2020 and by the dynamics relating to raw materials in 2021 and 2022, in the first half of 2023 the Group's automotive segment (Sogefi) benefited from a strong market recovery, especially in Europe. It handled the persistent difficulties relating to production costs, posting another significant improvement in its results, which in the first quarter of 2023 are distinctly higher than the pre-pandemic figures.

The Group's **consolidated revenue** amounted to € 1,223.1 million, an increase of 11.9% compared with the first half of 2022, with positive dynamics in both business segments.

The Group turned in a profit of € 14.0 million versus a loss of € 0.2 million in the first half of 2022; the increase is due to better results by the subsidiaries and financial management.

Consolidated net financial debt before IFRS 16 at 30 June 2023 has fallen to € 32.9 million compared with € 81.8 million at 31 December 2022 and € 95.6 million at 30 June 2022, thanks to a reduction in the net debt of the subsidiaries to € 346.9 million, compared with € 402.2 million at 31 December 2022 and € 408.9 million at 30 June 2022.

The **net financial position** of the Parent (including the subsidiaries CIR Investimenti and CIR International) is very positive, equal to € 314.0 million (€ 313.3 million at 30 June 2022); the slight decrease compared with 31 December 2022, € 320.4 million, is due to the repurchase of treasury shares for € 7.7 million during the period.

Consolidated net financial debt including lease liabilities under IFRS 16 at 30 June 2023 amounts to € 910.9 million, including right-of-use assets for € 878.0 million, mainly belonging to KOS (€ 812.7 million), which operates using mainly leased properties.

Equity attributable to the Group at 30 June 2023 comes to € 747.3 million (€ 743.4 million at 31 December 2022).

KOS

KOS's business was heavily affected by the pandemic, but has been making a steady recovery since mid-2021; in the first half of 2023, the Functional and Psychiatric Rehabilitation segment started operating again at full capacity, while the Residential Care Homes segment in Italy and Germany is still recovering. The first half of 2023 was also penalised by inflation on payroll and procurement costs, the impact of which is being absorbed through progressive tariff adjustments, helped by lower energy costs.

Revenue in the first half of 2023 amounted to € 370.7 million, up by 9.9% compared with the first half of 2022, thanks to the recovery in all segments: Residential Care Homes in Italy (+13.2%) and Germany (+15.8%), where the increase in revenue has been partially driven by significant increases in tariffs, and Functional and Psychiatric Rehabilitation (+6.4%).

EBIT (operating profit) came to € 20.8 million, up by € 10.1 million compared with the first half of 2022 (€ 10.7 million), despite having to do without the significant support guaranteed to social and health workers by the German health system up to July 2022. The increase in the operating profit derives from a higher level of activity and an improvement in operating efficiency, which made it possible to do more than just absorb the increase in costs, especially for personnel.

The group recorded a **profit** of € 0.8 million, compared with a loss of € 2.9 million in the first half of 2022.

Free cash flow before applying IFRS 16 was positive for € 16.4 million; non-recurring income came to € 36.3 million (being the proceeds of selling the Indian Diagnostics and Cancer Cure business and properties in Italy), and a negative operating cash flow of approximately € 20 million, due to the increase in working capital of approximately € 25 million, which should be at least partially reabsorbed during the year.

Net debt, excluding IFRS 16 lease liabilities, at the end of June 2023 amounted to € 161.9 million, compared with € 178.3 million at 31 December 2022 and € 192.9 million at 30 June 2022.

On 28 June 2023, the sale of the Diagnostics and Cancer Cure business in India was completed, thereby completing the strategic refocusing begun in 2020 with the sale of Medipass. The sale price, based on the equity value, was € 18.8 million.

Sogefi

During the first half of 2023, in a context of global growth in automobile production of 11.2% compared with the equivalent period of 2022, with progress in all geographical areas and a strong recovery in Europe, the Sogefi group's consolidated **revenue** amounted to € 852.4 million, turning in double-digit growth compared with the first half of 2022 (+12.8% and +14% at constant exchange rates), which reflects the increase in production volumes (+9.4%) and in selling prices (+4.2%). Higher than market performances have been registered in NAFTA, China and India.

EBIT of € 54.8 million have grown by 35.6%, a margin at this level of 6.4% of sales, compared with 5.3% in the first half of 2022. All lines of business achieved increases in profitability, driven by higher volumes and stable margins, despite inflation's impact on costs.

Profit for the period amounted to € 31.4 million (+51% on the figure of € 20.8 million in the first half of 2022).

Free cash flow was positive for € 45.0 million, including factoring (€ 41.2 million at 30 June 2022).

Net debt (before IFRS 16) at 30 June 2023 was € 185.3 million, compared with € 224.3 million at 31 December 2022.

The trend in the order book was also positive, with 32% of the value of the new contracts destined for hybrid and electric platforms, which should ensure a more positive dynamic in revenue in the future, compared with what is expected for traditional platforms.

Financial management

In the first half of the year, global equity and bond markets rallied after the very negative trend in 2022; bond yields also turned positive again after the series of interest rate hikes by central banks to counter inflation.

Management of the financial assets of the parent and financial subsidiaries recorded positive net financial income of € 0.9 million, with a return on the six-month period of 0.2%, versus a negative figure of € 5.1 million in the first half of 2022. In particular, the total return on readily marketable assets (shares, bonds and hedge funds) was 0.8%, while the rest of the portfolio (private equity funds and minority shareholdings) posted a negative return of 2.2%, partly due to the unfavourable trend in the euro/dollar exchange rate.

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.

Income statement by business segment

	1st half 2023						1st half 2022
(in millions of €)	KOS group (Healthcare)	Sogefi group (Automotive components)	Total industrial subsidiaries	CIR and financial holding companies	Other subsidiaries	Consolidated total for the group	Consolidated total for the group
Revenue	370.7	852.4	1,223.1	--	--	1,223.1	1,093.3
Costs of production (1)	(303.8)	(732.7)	(1,036.5)	(5.3)	--	(1,041.8)	(938.7)
Other operating income & expense (2)	(2.1)	(8.6)	(10.7)	(0.6)	--	(11.3)	(7.3)
Amortisation, depreciation & impairment losses	(44.0)	(56.3)	(100.3)	(0.1)	--	(100.4)	(102.8)
Operating profit (loss)	20.8	54.8	75.6	(6.0)	--	69.6	44.5
Financial income & expense (3)	(16.9)	(11.1)	(28.0)	0.7	--	(27.3)	(22.2)
Dividends, net of realised and unrealised gains and losses on securities (4)	--	--	--	0.2	--	0.2	(7.2)
Fair value gains on equity-accounted investments	--	--	--	--	--	--	0.1
Income taxes	(3.6)	(10.8)	(14.4)	0.9	--	(13.5)	(7.3)
Profit (loss) from discontinued operations	1.2	--	1.2	--	--	1.2	0.6
Non-controlling interests	(1.0)	(15.2)	(16.2)	--	--	(16.2)	(8.7)
Profit (loss) for the period	0.5	17.7	18.2	(4.2)	--	14.0	(0.2)

- 1) This item is the sum of "change in inventories", "costs for the purchase of goods", "costs for services" and "personnel expenses" in the 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 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 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 income statement.

Statement of financial position by business segment

	30.06.2023						31.12.2022
(in millions of euro)	KOS group (Healthcare)	Sogefi group (Automotive components)	Total industrial subsidiaries	CIR and financial holding companies	Other subsidiaries	Consolidated total for the group	Consolidated total for the group
Non-current assets (1)	1,395.8	646.8	2,042.6	8.0	--	2,050.6	2,082.5
Other net non-current assets and liabilities (2)	(14.4)	(53.0)	(67.4)	73.3	(0.7)	5.2	7.0
Other liabilities related to assets held for sale	--	--	--	7.2	--	7.2	23.5
Net working capital (3)	(60.7)	(72.8)	(133.5)	(3.3)	0.7	(136.1)	(158.2)
Net invested capital	1,320.7	521.0	1,841.7	85.2	--	1,926.9	1,954.8
Net financial position (debt) (4)	(974.6)	(250.6)	(1,225.2)	313.9	0.4	(910.9)	(950.6)
Total equity	346.1	270.4	616.5	399.1	0.4	1,016.0	1,004.2
Non-controlling interests	144.0	124.7	268.7	--	--	268.7	260.8
Equity attributable to the owners of the parent	202.1	145.7	347.8	399.1	0.4	747.3	743.4

- 1) This item is the sum of "intangible assets", "property, plant and equipment", "right-of-use assets", "investment property", "equity-accounted investments" and "other equity investments" in the 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 benefits" and "provisions" under non-current liabilities in the statement of financial position.
- 3) This item is the sum of "inventories", "trade receivables", "other assets" in current assets and "trade payables", "other liabilities" and "provisions" in current liabilities in the 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 financial liabilities" and "lease liabilities" under non-current liabilities and of "bank loans and borrowings", "bonds", "other financial liabilities" and "lease liabilities" under current liabilities in the statement of financial position.

2. Performance of the Group

In the first half of 2023, **consolidated revenue** was €1,223.1 million, 11.9% up on 2022 (€1,093.3 million). KOS recorded an increase in revenue of 9.9%, Sogefi of 12.8%. It is worth noting that the group records 75% of its revenue abroad.

(in millions of €)	1H2023	%	1H2022 (1)	%	Change amount	%
Healthcare						
KOS group	370.7	30.3	337.3	30.9	33.4	9.9
Automotive components						
Sogefi group	852.4	69.7	756.0	69.1	96.4	12.8
Total consolidated revenue	1,223.1	100.0	1,093.3	100.0	129.8	11.9
of which: ITALY	300.6	24.6	278.2	25.4	22.4	8.2
OTHER COUNTRIES	922.5	75.4	815.1	74.6	107.4	13.2

- (1) The figures for 2022 have been reclassified following the application of IFRS 5 ("Non-current assets held for sale and discontinued operations").

The following is a condensed **income statement** for the first half of the year with comparative figures for the first half of 2022.

(in millions of €)	1H2023	%	1H2022 (1)	%
Revenue	1,223.1	100.0	1,093.3	100.0
Gross operating profit (2)	170.0	13.9	147.3	13.5
Operating profit	69.6	5.7	44.5	4.1
Net financial income (expense) (3)	(27.1)	(2.2)	(29.3)	(2.7)
Income taxes	(13.5)	(1.1)	(7.3)	(0.6)
Profit (loss) from discontinued operations	1.2	0.1	0.6	--
Profit including non-controlling interests	30.2	2.5	8.5	0.8
Non-controlling interests	(16.2)	(1.3)	(8.7)	(0.8)
Profit attributable to the owners of the parent	14.0	1.2	(0.2)	--

- (1) The figures for 2022 have been reclassified following the application of IFRS 5 ("Non-current assets held for sale and discontinued operations").
- (2) This is the sum of "Operating profit" and "Amortisation, depreciation & impairment losses" in the income statement.
- (3) This is the sum of "financial income", "financial expense", "dividends", "gains from securities trading", "losses from securities trading", "share of profit (loss) of equity-accounted 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 2023 amounted to € 170.0 million (13.9% of revenue), compared with € 147.3 million in the corresponding period of 2022 (13.5% of revenue). The increase in EBITDA is attributable to the increase in turnover and the improvement in margins at both KOS and Sogefi, as explained in greater detail below.

The consolidated **operating profit** (EBIT) was €69.6 million, compared with € 44.5 million in the first half of 2022, following the same trend as EBITDA.

Consolidated **net financial expense** was € 27.1 million (€ 29.3 million in the same period of 2022):

- Net gains from the financial investment portfolio of the holding company CIR and subsidiaries dedicated to financial management amounted to € 0.9 million, compared with a loss of € 5.1 million in the corresponding period of 2022;
- net interest expense on subsidiaries' debt amounted to €16.1 million and increased by € 3.7 million compared with the first half of 2022, due to the increase in interest rates on bank loans;
- IFRS 16 charges amounted to € 11.9 million in the first half of 2023, compared with € 11.7 million in the first half of 2022.

The consolidated profit for the period is € 14.0 million compared with a loss of € 0.2 million in the first half of 2022.

The following is the condensed statement of financial position of the CIR Group at 30 June 2023 with comparative figures at 31 December 2022.

(in millions of €) (1)	30.06.2023	31.12.2022
Non-current assets	2,050.6	2,082.5
Other net non-current assets and liabilities	5.2	7.0
Assets held for sale and liabilities related to assets held for sale	7.2	23.5
Net working capital	(136.1)	(158.2)
Net invested capital	1,926.9	1,954.8
Net debt	(910.9)	(950.6)
Total equity	1,016.0	1,004.2
Equity attributable to the owners of the parent	747.3	743.4
Non-controlling interests	268.7	260.8

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

Consolidated **net invested capital** at 30 June 2023 amounted to € 1,926.9 million, a decrease on the figure at 31 December 2022 (€ 1,954.8 million), also because of the sale of KOS's Indian business.

At 30 June 2023, before the application of IFRS 16, consolidated **net debt** amounted to € 32.9 million (compared with € 81.8 million at 31 December 2022 and € 95.6 million at 30 June 2022) and was structured as follows:

- a financial surplus of CIR and its financial subsidiaries (CIR International and CIR Investimenti) of € 314.0 million, down compared with € 320.4 million at 31 December 2022, due to the repurchase of treasury shares for € 7.7 million, and in line with the figure at 30 June 2022 (€ 313.3 million);
- total net debt of the subsidiaries KOS and Sogefi of € 346.9 million, down by around € 55 million compared with 31 December 2022 (€ 402.2 million) and by around € 62 million compared with 30 June 2022 (€ 408.9 million).

Financial liabilities for rights of use, based on IFRS 16, amount to € 878.0 million at 30 June 2023, giving a total consolidated net debt of € 910.9 million (€ 950.6 million at 31 December 2022).

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

<i>(in millions of euro)</i>	1H2023	1H2022 ⁽¹⁾
Self-financing	92.8	77.8
Change in working capital and other non-current assets and liabilities	(27.5)	(23.4)
CASH FLOW GENERATED BY OPERATIONS	65.3	54.4
Capital increases	0	0.1
TOTAL SOURCES OF FUNDS	65.3	54.5
APPLICATION OF FUNDS		
Net investment in non-current assets	(23.8)	(53.4)
Consideration paid for business combinations	(3.0)	(4.1)
Net financial position of acquired companies	0.0	0.4
Payment of dividends	(0.6)	(2.7)
Repurchase of treasury shares	(7.7)	(4.1)
Other changes		-
TOTAL APPLICATIONS OF FUNDS	(35.1)	(63.9)
CASH FLOWS FROM (USED IN) CONTINUING OPERATIONS	30.2	(9.4)
CASH FLOWS FROM (USED IN) ASSETS HELD FOR SALE	18.8	(0.6)
CASH FLOWS FROM (USED IN) THE PERIOD	48.9	(10.0)
OPENING NET DEBT BEFORE IFRS 16	(81.8)	(85.6)
CLOSING NET DEBT BEFORE IFRS 16	(32.9)	(95.6)
RESIDUAL LIABILITY FOR IFRS 16	(878.0)	(874.2)
CLOSING NET DEBT	(910.9)	(969.8)

(1) The figures for 2022 have been reclassified following the application of IFRS 5 ("Non-current assets held for sale and discontinued operations").

During the first half of 2023, a **financial surplus** of € 48.9 million was recorded, including non-operating cash flows of approximately € 19 million, deriving from: the sale of KOS's Indian subsidiary (+€ 18.8 million) and two properties (+€ 17.5 million), investments in development (-€ 9.1 million) and the repurchase of treasury shares and dividends (-€ 8.3 million). Recurring cash flow was therefore equal to approximately € 30 million and includes the negative effect of the increase in working capital of € 27.5 million, mainly related to the increase in business activity.

Compared with the first half of 2022, which saw a financial deficit of € 10.0 million, and a recurring financial surplus of approximately € 11 million, the positive change in recurring flows is attributable to greater self-financing by the operating subsidiaries for approximately € 3 million (despite the higher cash absorption due to the trend in working capital) and of the Parent for approximately € 16 million (thanks to a better result from management of its financial assets).

Equity attributable to the owners of the parent at 30 June 2023 came to € 747.3 million, compared with € 743.4 million at 31 December 2022.

At 30 June 2023 the CIR group had 17,273 employees, compared with 16,743 at 31 December 2022.

3. Performance of the business segments

3.1 Healthcare

The KOS group provides healthcare services, managing a total of 146 facilities (residential care homes for the elderly and rehabilitation centres) for a total of 13,776 beds, in Italy and Germany. The breakdown of services is as follows:

- *Long-term care in Italy*: management of residential care homes for the elderly (59 facilities and around 6,530 beds), mainly under the Anni Azzurri brand, and functional and psychiatric rehabilitation centres (33 facilities and around 2,430 beds), mainly under the Santo Stefano brand for rehabilitation and Neomesia for psychiatry; for a total of 92 facilities and 8,960 beds;
- *Long-term care in Germany*: management of residential care homes for the elderly through Charleston, a subsidiary (52 facilities and 4,510 beds);
- *Acute*: Casa di Cura Villa dei Pini (a care home in the Marche) and management under concession of the public hospital of Suzzara, for a total of 307 beds.

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

(in millions of €)	01/01-30/06 2023	01/01-30/06 2022	Change amount	%
Revenue	370.7	337.3	33.4	9.9
Profit (loss) for the period	0.8	(2.9)	3.7	n.a.

	30/06/2023	31/12/2022	Change
Net debt before IFRS 16	(161.9)	(178.3)	16.4
Net debt after IFRS 16	(974.6)	(976.4)	1.8
No. of employees	11,784	11,341	443

KOS's business was heavily affected by the pandemic, resulting in a significant decline in turnover from the second quarter of 2020, which continued for the next 12 months; the recovery began in the second quarter of 2021: in the first half of 2023, the Functional and Psychiatric Rehabilitation segment returned to a normal level of activity, while residential care homes for the elderly in Italy and Germany have still not reached pre-pandemic levels of saturation. However, the level of occupancy of the care homes in Italy is progressing rapidly and in many regions it is close to what it was pre-pandemic with a return to normal foreseeable in 2024. In Germany, where Covid's impact on the business arrived later than in Italy and was less pronounced, the recovery is slower, mainly because of the difficulty in finding specialised health personnel.

Revenue for the first half of 2023 amounted to € 370.7 million, an increase of 9.9% compared with the first half of 2022.

In the residential care homes segment in Italy, revenue of € 121.4 million was recorded, up by 13.2% compared with the first half of 2022; the average employment rate for the period, on a like-for-like basis, grew by 8 percentage points compared with the first half of 2022. This is still around 6 percentage points below pre-pandemic levels, mainly because of the delay seen in certain regions, above all in Piedmont.

In Germany, despite the lack of government support in the form of compensation for lack of occupation compared with the first half of 2022, care home revenue grew by 15.8% compared with 2022 to € 106.7 million, partly by raising tariffs (still being implemented) and partly by increasing the level of saturation. The employment rate, on a like-for-like basis, grew by 5 percentage points compared with the first half of 2022. This is still around 5 percentage points below the 2019 figure.

In the Functional and Psychiatric Rehabilitation segment, revenue increased strongly by +6.4% on the previous year to € 101.2 million, now operating at full capacity.

Hospital management for patients in acute conditions recorded revenue of € 42.3 million, in line with pre-pandemic levels. However, it decreased by 5.6% compared with 2022 as there were no longer most of the extraordinary activities that took place during the pandemic.

EBITDA (gross operating profit) amounted to € 65.6 million compared with € 54.8 million in the first six months of 2022, thanks to the increase in activity and the recovery of operational efficiency, and despite the lack of government reimbursements in Germany and the significant rise in costs, especially personnel costs.

EBIT (operating profit) amounted to € 20.8 million, up by €10.1 million on the first half of 2022 (€ 10.7 million) which reflects the increase in EBITDA.

Financial expense has increased by € 1.8 million compared with the first half of 2022, due to the increase in interest rates; higher taxes were also recorded for € 5.0 million, taking into account the positive trend in the results in Italy.

Profit for the period was € 0.8 million, compared with a loss of € 2.9 million in the first half of 2022 and includes a positive contribution of € 1.2 million from the Indian business that was sold during the period. Note that, during 2020, as part of the strategic refocusing of its activities, KOS initiated a process of divestment of the Diagnostics and Cancer Cure business, which resulted in the sale of Medipass Italy and UK in 2020 and the Indian business on 28 June 2023. The sale consideration of the Indian business at equity value was € 18.8 million, with a capital gain of € 1.8 million, reported together with the loss for the period of € 0.6 million under "Profit (loss) from discontinued operations" in accordance with IFRS 5. The Indian holding company ClearView Ltd, which does not have any operating activities, remains within the scope of the KOS group and will be liquidated.

Free cash flow before applying IFRS 16 was positive for € 16.4 million, benefiting from net non-recurring income of € 36.3 million, relating to the sale of the Indian subsidiary and some properties built as part of greenfield projects; the negative trend in operating cash flow is entirely attributable to the unfavourable change in working capital (which entailed a cash absorption of approximately € 25 million), above all the increase in financial assets due to the sharp rise in turnover, combined with some delays in collection, which are currently being resolved.

At 30 June 2023, KOS has **net financial debt before IFRS 16** of € 161.9 million compared with € 178.3 million at 31 December 2022 and € 192.9 million at 30 June 2022. Total net debt, including lease liabilities under IFRS 16, amounts to €974.6 million, compared with € 976.4 million at 31 December 2022.

At 30 June 2023, the KOS Group has committed credit lines in excess of its requirement for € 211 million; covenants in the loan agreements have been respected and these parameters are expected to be met at the next deadlines also.

At 30 June 2023 consolidated equity amounted to € 338.1 million (€ 338.3 million at 31 December 2022).

The Group had 11,784 employees at 30 June 2023 compared with 11,341 at 31 December 2022.

3.2 Automotive components

In the first half of 2023, world production of motor vehicles posted growth of 11.2% compared with the same period of 2022, with progress in all geographical areas. Growth was particularly strong in Europe (+20.2%) and NAFTA (+12.2%) and healthy in Mercosur (+9.7%), India (+6.5%) and China (+7%).

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

(in millions of €)	01/01-30/06 2023	01/01-30/06 2022	Change amount	%
Revenue	852.4	756.0	96.4	12.8
Profit for the period	31.4	20.8	10.6	n.a.

	30/06/2023	31/12/2022	Change
Net debt before IFRS 16	(185.3)	(224.3)	39.0
Net debt after IFRS 16	(250.6)	(294.9)	44.3
No. of employees	5,473	5,384	89

Revenue in the first half of 2023 amounted to € 852.4 million, an increase of 12.8% at current exchange rates and of 14% at constant exchange rates compared with the same period of 2022.

The performance was positive in all geographical areas: +14.0% in Europe, +15.8% in North America (+17.2% at constant exchange rates), +5.6% in South America (+3.9% at constant exchange rates, net of Argentine inflation), +10.3% in India (+17.7% at constant exchange rates) and +2.3% in China (+8.2% at constant exchange rates). In particular, Sogefi outperformed the market in NAFTA, India and China.

All business segments recorded a positive trend in revenue: +15.4% (+15.7% at constant exchange rates) for Suspension, +11.0% (+12.4% at constant exchange rates) for Filtration, +12.2% (+14.4% at constant exchange rates) for Air and Cooling.

EBITDA (gross operating profit), equal to € 111.1 million, increased by 11% compared with the first half of 2022 (€ 99.8 million). The contribution margin increased by 12.9% compared with the first half of 2022, thanks to the increase in volumes and a margin (contribution margin/turnover) stable at 28.1% compared with 2022, despite the extra costs linked to energy prices and inflation in general, while the incidence of fixed costs on revenue decreased to 14.3%, from 14.9% in the first half of 2022. Other expenses, which mainly include exchange differences, contributed negatively to EBITDA by € 3.8 million compared with the positive contribution of € 3.9 million in the first half of 2022.

EBIT (operating profit) amounted to € 54.8 million, up by 36% compared with € 40.4 million in the first half of 2022. As a percentage of sales, it has gone from 5.3% in the first half of 2022 to 6.4% in the first half of 2023.

The group has reported a profit of € 31.4 million, a significant increase compared with € 20.8 million in the first half of 2022, despite the increase in financial expense of approximately €2 million compared with the first half of 2022 due to the rise in interest rates on its floating rate loans.

Free cash flow was positive for € 45.0 million (€ 41.2 million in the first half of 2022), including a greater use of factoring, taking into account the increase in revenue.

Net financial debt before IFRS16 at 30 June 2023 is equal to € 185.3 million compared with € 224.3 million at 31 December 2022 and € 216.4 million at 30 June 2022. Including lease liabilities in

accordance with IFRS 16, net debt was € 250.6 million at 30 June 2023 compared with € 294.9 million at 31 December 2022 and € 285.2 million at 30 June 2022.

At 30 June 2023, the Sogefi Group has committed credit lines in excess of its requirement for € 284 million; The covenants of outstanding loan agreements have been respected and they are expected to be met at the next deadlines as well.

At 30 June 2023, excluding non-controlling interests, **equity** came to € 258 million compared with € 230.7 million at 31 December 2022. The increase reflects the profit for the period, the (negative) translation differences, the fair value adjustment of cash flow hedges and other changes.

The Sogefi Group had 5,473 employees at 30 June 2023 compared with 5,484 at the end of June 2022 and at 31 December 2022.

3.3 Financial investment management

The group (CIR S.p.A., CIR International and CIR Investimenti) manages a diversified portfolio of financial investments which amounted to € 381.6 million at 30 June 2023 (€ 394.1 million at 31 December 2022); it consists of traditional financial assets that are readily marketable, 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 rallied after a very negative performance in 2022; in particular, bond yields turned positive again after the series of interest rate hikes by central banks to counter inflation.

In this context, the portfolio of financial assets managed by the parent recorded positive net financial income of € 0.9 million, with a return on the half year of 0.2%. In particular, readily marketable assets, which at 30 June 2023 amounted to € 313.9 million, recorded an average return of 0.8% during the half year, thanks to the 1.2% return in the bond segment, 3.3% by hedge funds and a negative return for the small equity component; the remaining assets, including investments in private equity funds, non-strategic equity investments and non-performing loans, which amounted to € 67.7 million at 30 June 2023, recorded a negative return of 2.2% during the half-year, partly because of the unfavourable trend in the euro/dollar exchange rate.

4. Impact of the Russia-Ukraine war, Covid-19 and climate change on the business

With reference to the **macroeconomic context**, the economies of the main geographical areas in which the CIR group operates have been growing, even if slower than last year. The first half of 2023 was also characterised by persistently high levels of inflation, despite the reversal of the strong upward trend that began in 2022, particularly in raw materials and energy; lastly, there was a further increase in both short-term rates, implemented by central banks to contain inflation, and long-term rates.

In general, for all of the group's activities, inflation led to increases in production and operating costs, above all personnel expenses and certain supplies. The impact of these increases is carefully monitored and countered through appropriate adjustments to efficiency, product prices and service tariffs. Nonetheless, in some businesses, particularly in the healthcare segment, the results for the first half were hit by inflation's impact on personnel expenses, which has not yet been reabsorbed through higher tariffs.

The rise in interest rates has led to an increase in financial expense for the industrial subsidiaries, albeit mitigated by the high proportion of fixed-rate loans and the reduction in net debt.

As regards the impacts of the **Russia-Ukraine conflict**, which erupted in the first quarter of 2022, as already mentioned with reference to the 2022 results, the Group's activities did not suffer any direct effects worthy of mention. The indirect impacts (availability and prices of raw materials and energy, consequent inflationary pressures, performance of financial markets), on the other hand, were significant, as discussed previously, as well as below.

As regards the effects of the **Covid-19 pandemic**, which were very significant for the Group's healthcare activities, they are currently being phased out entirely.

Lastly, with reference to the increased significance and relevance of medium-term risks deriving from **climate change**, the Group companies have incorporated into their risk management systems an analysis of the potential impact of these factors on their own assets and business model, and have incorporated into their respective business plans the impacts of climate change and the policies and regulations implemented at local and international level to deal with it.

The specific impacts of these factors on the companies belonging to the CIR Group are explained below.

4.1 Impact on the KOS group

From 2020, **Covid-19** had important repercussions on the group's activity as it operates in the healthcare segment. With the spread of the pandemic, KOS saw a drop in guests at its care homes and a slowdown in rehabilitation due to the block on non-urgent hospital activities. Completion of the vaccination programme for guests and operators in 2021 mitigated the impact of the subsequent waves on rehabilitation activities and allowed a progressive recovery in the number of people staying at care homes: by the end of June 2023 they were at almost back to normal in most of the Italian regions where the group has a presence, and in any case, they were also progressing in the other areas, including Germany. In the first half of 2023, the negative impact on operating efficiency and extra operating costs recorded during the pandemic was also substantially reduced.

The **macroeconomic trends** currently underway, high inflation in particular, have led to an increase in personnel expenses for the KOS group, with particular reference to qualified healthcare resources, as well as an increase in energy costs compared with the first half of the previous year, even if it is improving compared with the second half of 2022. The company implemented various measures to mitigate the economic and financial impact. In January 2023, it formulated a plan which foresees a further progressive recovery in the levels of activity, operational efficiency and profitability over the next few years.

The impact of the rise in interest rates, on the other hand, was limited, thanks to the high proportion of fixed-rate loans.

The KOS group also carried out an analysis of physical risks related to **climate change**, identifying an overall low level of risk per site in the majority of the facilities, with the exception of 8 sites (10 in the most adverse scenario) for which an average level of risk was identified overall, mainly linked to extreme phenomena such as thermal and water stress, i.e. the risk of heat waves, frost or flooding. These risk profiles do not require urgent interventions and do not suggest any need to recognise impairment losses on non-current assets, but they could lead to the onset of operating costs that are currently considered immaterial. The need to bear higher costs and investments for energy efficiency was also considered and these were incorporated into the company's business plans, while no significant transition risks to the business model have been identified.

4.2 Impact on the Sogefi group

With reference to the **macroeconomic context**, in the first half of 2023 the economies of the main geographical areas in which Sogefi operates had a positive evolution and world automobile production increased by 11.2%, with considerable progress in all geographical areas. The impact

on the business was positive with double-digit growth in group sales. After the hefty increase that began in 2021, from the second half of 2022 energy and raw material prices are in decline, even if still high and volatile. Against this situation, the group carefully monitors production costs and maintains a constant dialogue with suppliers and customers to safeguard its margins. High inflation has led to a greater increase in personnel expenses than in previous years and the rise in interest rates has affected financial expense, though the impact has been mitigated by the number of fixed-rate loans.

The direct impact of the **Russia-Ukraine conflict** has been immaterial. In fact, Sogefi had a commercial activity in Russia and exported to Ukraine and Belarus, but overall turnover was not significant (0.7% of Group revenue in 2021). These activities were interrupted in March 2022 and the Russian branch is currently being liquidated. As a result, in 2022 Sogefi recorded impairment losses in relation to the assets held in Russia for a total of € 0.8 million with an insignificant loss of revenue; no further impacts are expected in 2023. On the other hand, like the whole of the automotive segment, Sogefi has been suffering the indirect impacts of the war, in particular the increase in energy and raw material prices, and supply chain difficulties, critical issues that saw a partial mitigation towards the end of 2022 and the first few months of 2023.

As regards the **pandemic**, the easing of the health emergency made it possible to reduce its effects on the business during 2023; in fact, there were no suspensions of industrial and commercial activities.

In 2022, the Sogefi group also carried out an analysis of physical risks related to **climate change**, identifying an overall low level of risk in the majority of the group's locations, with the exception of 7 sites out of a total of 35, for which an average level of risk was identified overall, mainly linked to extreme phenomena such as thermal and water stress, i.e. the risk of heat waves or frost. These risk profiles do not require urgent interventions by the Sogefi group and do not suggest any need to recognise impairment losses on non-current assets, but they could lead to the onset of operating costs that are currently considered immaterial.

Operating as it does in the Automotive segment, Sogefi is also affected by the transition of the business from the production and supply of components for internal combustion engines to electric motors. The evolution of the product range made necessary by this transition mainly affects the Filtration division, whose current range is intended essentially for combustion engines. The Air and Cooling division, starting with its own know-how and technology, has long since developed new products for electric platforms, already obtaining its first contracts. Lastly, the Suspensions division is only marginally affected by the technological transition taking place in engines. For some time now, the Company has been taking into account the impacts deriving from the transition, directing its investments accordingly.

4.3 Impact on the parent

In the first half of 2023, the ongoing rise in both short- and long-term interest rates led to positive returns on bond markets, even if lower than expected, while equity markets recovered after the very negative performance in 2022.

The investment portfolio of CIR and its financial subsidiaries, which is managed according to a prudent strategy and concentrated in bonds, recorded a positive performance, but again lower than expected.

For the parent, operating as a financial and investment holding company, significant risks to the business model specifically related to climate change have not been identified, whether of a physical or long-term nature, apart from those already identified at the subsidiaries.

4.4 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, which take into account the short-term impacts of the ongoing conflict and of Covid-19, as well as the long-term impacts of climate change, based on discount rates that are consistent with the macro-economic and financial situation.

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

5. 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.

6. Outlook

The visibility of the Group's activities in the coming months is still limited due to uncertainties about the macroeconomic situation and how it is likely to evolve, in a context of persistently high inflation and interest rates that are still on the rise.

As far as **KOS** is concerned, in a context where the healthcare and operational issues caused by the pandemic are being resolved, the Rehabilitation and Acute Care segments are already expected to return to pre-Covid levels during the current year; for the residential care homes in Italy and Germany, the ongoing recovery in their levels of saturation is expected to bring them back to normal between the end of 2023 and the beginning of 2024. Due to the ongoing inflation dynamic, with a particular impact on the cost of healthcare personnel, for a full recovery of margins, an adjustment of the tariff structures will be necessary, both in Italy and in Germany. The company, with the help of the trade associations, is currently discussing this matter with the institutions concerned. Providing there are no facts or circumstances that make the situation more complex than it is at present, the operating results of KOS for the coming year should be considerably better than those of the past year.

As regards the trend in the automotive market in which Sogefi operates, visibility is still low due to the uncertainties about how the macroeconomic situation will evolve. For 2023, S&P Global (IHS) expects world auto production to grow by 5.3% versus 2022, with Europe at +11.8%, NAFTA at +8.2%, India at +7.2 % and South America and China essentially stable. As regards raw materials and energy, in the first few months of 2023 the trend in prices has been downward, but they remain high and extremely volatile.

If there are no factors that cause a deterioration in the macroeconomic scenario compared with the current one, the Sogefi Group expects mid-single digit revenue growth for 2023, in line with forecasts for the automotive market, and operating profitability, excluding non-recurring charges, that is higher than in 2022.

As regards the management of financial assets, despite a better performance on the part of financial markets in the first half of the year, given the uncertainties related to the macroeconomic and financial context, it is expected that conditions of high volatility will persist in the second half of the year. So, despite the prudent management profile that has been adopted, a reduction in the value of the financial instruments held cannot be excluded.

7. Risk management

In a context characterized by market instability and a rapid evolution of business dynamics and regulations, careful and effective identification and management of risks and opportunities is essential i) to support an informed decision-making process consistent with the strategic objectives and ii) to ensure corporate sustainability and the creation of value in the medium to long term.

In this regard, in line with the provisions of the Corporate Governance Code for listed companies, promoted by Borsa Italiana S.p.A, ABI, Ania, Assogestioni, Assonime and Confindustria, which the parent has adopted, and with national and international best practices recognised on the market, CIR, as part of the Internal Control and Risk Management System ("ICRMS"), starting from 2012 with continuous updates (most recently during 2022), has adopted and implemented a structured and formalised process of "ERM - Enterprise Risk Management", designed for: i) the identification, assessment, management and systematic monitoring of the main risks that could compromise the achievement of the Group's strategic and business objectives, and ii) the definition of adequate information flows within the parent and from the subsidiaries of the group. CIR has also set up the Risk Manager ("RM") function, with the task of ensuring correct execution of the process.

The ERM framework has been subject to continuous updating with a view to greater "customisation" and its evolution and improvement, while maintaining continuity with the activities carried on in the past. In particular, on 11 March 2022, the Board of Directors updated the "Guidelines of the Internal Control and Risk Management System", which outline the governance of the risk management system (identifying the persons involved and their roles and responsibilities), and define the operating model, including the analysis and reporting activities to be carried out on a regular basis and the related support tools and methodologies.

The ERM process is organised within the CIR group on several levels: the control set up at the level of CIR S.p.A., the parent, is tasked with: i) ensuring that the process functions properly with a focus on the parent and its financial holding subsidiaries, CIR Investimenti S.p.A. and CIR International S.A., and ii) implementing the results of the analyses carried out as part of the analogous processes set up at the subsidiaries, Sogefi S.p.A. and KOS S.p.A.

The Board of Directors of CIR S.p.A. has specifically identified the following persons or bodies who are involved in the process:

- a. the Board of Directors, which performs a role of guidance and assessment of the adequacy of the system;
- b. the Director in charge of the Internal Control and Risk Management System, identified in the person of the Chief Executive Officer, responsible for implementing and maintaining an effective risk management process;
- c. the Control, Risk and Sustainability Committee ("CRSC"), established as part of the administrative body, with the task of supporting the assessments and decisions of the Board of Directors relating to the ICRMS, based on the reports of the various control functions and bodies, as well as the management and the approval of the periodic reports of a financial and non-financial nature;
- d. the Head of Internal Audit, who is in charge of verifying that the ICRMS functions properly, is adequate and consistent with the guidelines defined by the Board of Directors;
- e. the Risk Management function, which has the task of supporting the Director in charge of the ICRMS in identifying risks, defining possible impacts and drawing up mitigation measures;
- f. the Manager in charge of financial reporting, who is charged with carrying out the duties required by the legislation and by the financial reporting control system;
- g. the Supervisory Body pursuant to art. 6, paragraph 1.b) of Legislative Decree 231/2001, structured in relation to the company's size, segment, complexity and risk profile;
- h. the Board of Statutory Auditors, which supervises, among other things, the effectiveness of the ICRMS;

- i. the “risk owners” and, more generally, the members of management, in their role of responsibility, each within the scope of their competence and within the terms established by the corporate organisation, for the identification, management and monitoring of the risks inherent in the area of corporate operations supervised by them.

For a more complete examination of the parent’s ICRMS, please refer to paragraph 9 of the Report on Corporate Governance and Ownership Structures for the year 2022, made available to the market within the terms established by the applicable legislation.

The identification of risks and their assessment allow the Board of Directors to acquire greater awareness of the scenarios that could compromise the achievement of their objectives. They also make it possible to evaluate which actions to adopt and with which priority to prevent, mitigate or manage major exposures, taking into account the risk appetite.

The ERM framework is designed to analyse and evaluate, at least once a year, a large portfolio of risks, varied by nature and type, including all of the risks associated with sustainability issues. The types of risks potentially applicable to the Group's business model are represented in the so-called Risk Model, and grouped into four main risk categories:

- **Strategic Risks**, relating to the external and business context or to strategic decisions, which can significantly influence the Group's performance and/or the achievement of its strategic objectives.
- **Financial Risks**, linked in general to the performance of the financial markets, and in particular to exchange rates, interest rates and share prices, as well as credit/counterparty risk and the availability of liquid resources, which could affect the results and the sustainability of the Group's plans.
- **Legal and Compliance Risks**, relating to non-compliance with applicable laws and regulations, and/or internal Codes, Policies and Procedures, which could lead to legal disputes, financial losses and potentially negative effects on the Group's reputation.
- **Operational Risks**, which can influence the effectiveness/efficiency of business processes, compromising the creation of value.

Within these risk categories, the main risk factors to which the parent and the Group's subsidiaries are potentially exposed are analysed and represented below. To effectively measure and manage the risks that have been identified, an assessment is made based on two main variables: the probability of occurrence of the risk event (probability) and the potential impact (financial/reputational/ operational/other) in the case of occurrence. The measures taken to mitigate each type of risk are included in this assessment. Top priority risks are managed, for the purpose of their mitigation, by means of ad hoc action plans and their evolution is periodically monitored.

The results of the ERM process are also used by Internal Audit for the preparation of its annual Audit Plan, which therefore takes on a risk-based connotation in line with best practices, directing activities and resources towards those areas considered most critical and/or at risk. For further details on the characteristics and functioning of the Internal Control and Risk Management System, please refer to the Annual Corporate Governance Report, which can be found on the group’s website.

In light of the assessments carried out during 2022, the most significant risks were identified in relation to the parent’s own activities, as a financial and investment holding company. The risk assessments carried out by the operating subsidiaries in relation to their respective activities in the Healthcare (KOS) and Automotive segments (Sogefi) have also been included.

7.1 Risks inherent in the Parent and financial holding companies

Strategic risks

The main strategic risk for the parent is a possible decline in the value of its controlling interests (in KOS and Sogefi), which could be negatively impacted, as explained below for each subsidiary, by adverse exogenous factors such as: an unfavourable trend in the respective segments (Healthcare and Automotive) in terms of market demand and/or increased competition; a reduction in public funding (for KOS); regulation; increases in the prices of raw materials and energy; relationships with customers and suppliers; technological evolution, also linked to climate change.

In order to mitigate the impact of these risks, CIR S.p.A. has laid down procedures to ensure effective monitoring of the subsidiaries' operations, in order to promptly identify the onset of any risk factors and monitor the implementation of appropriate countermeasures.

Financial risks

The value of the investment portfolio held by CIR S.p.A. and by the financial holding companies (CIR Investimenti S.p.A. and CIR International S.A.) could be affected by a negative performance by financial markets (market risk, credit/counterparty risk and unfavourable evolution of interest and exchange rates). Another risk is a possible lack of liquidity to meet financial commitments.

The main mitigating factor is the adoption of a prudent investment policy, with criteria for monitoring and limiting the Value at Risk (VaR), ensuring a high level of diversification and liquidity of the financial assets held.

Legal and compliance risks

The main risks in this area are the management of taxation, administrative-accounting processes, compliance with regulations (e.g. regarding Health, Safety at Work, Privacy, ESG) and the management of privileged information.

To mitigate these risks, the parent has adopted specific procedures in each area, with the identification of responsibilities, controls and processes.

Operational risks

The main operational risks identified by the parent concern possible damage to its property, plant and equipment or investment property and/or indemnities to third parties deriving from the parent's activity (mitigated through the stipulation of appropriate insurance coverage), dependence on key figures (mitigated by the adoption of a Succession Plan) and IT security.

7.2 Risks inherent in the KOS group

Strategic risks

The main strategic risks identified by the KOS group are those relating to the global context, dependence on the public sector and the evolution of the regulatory environment.

As regards the **global context**, there is a risk of an unfavourable evolution of the Covid-19 pandemic, or more generally of the establishment of situations of serious disturbance to the functioning of the health system, such as what occurred in 2020 and 2021 with the spread of the virus. On that occasion, the operations of KOS were severely compromised due to the restrictions on patients' access to the facilities, the lower number of admissions from the hospital sector, the increase in costs to deal with the emergency and, to a certain extent, difficulties in recruiting health personnel. These critical issues eased during 2022 but have not yet been completely resolved; a new wave of infection would carry the risk of further negative impacts.

The most significant risks relating to the macroeconomic context for KOS are of a financial nature and are explained in greater detail below, they are linked to inflationary dynamics, with particular reference to personnel and energy costs, and to the rise in interest rates. In this context, the possible impacts of a resurgence in the Russia-Ukraine conflict are exclusively indirect (as the group does not operate in either or those countries), mainly linked to another rise in energy costs.

As for **dependence on the public sector**, 65% of the KOS Group's revenue in 2022 have public bodies as counterparties, such as Municipalities and Regions in Italy and state pension funds in Germany. It follows that any decrease in the spending capacity of these public bodies and the potential inability of KOS group companies to diversify their sources of revenue could have a negative impact on the group's results and financial position.

As regards the **risks associated with the legislative and regulatory framework**, KOS group companies are subject to: *i)* national regulations on accreditation for the activities in which the Group operates and *ii)* the policies for allocating spending budgets by public health management bodies. It cannot be excluded that changes to these regulations and policies could have a significant impact on the group's economic situation.

As far as climate change is concerned, no risks of a strategic nature have been identified, i.e. risks that might have an impact on the KOS business model; risks of an operational nature, on the other hand, have been taken into consideration and are discussed below.

Operational risks

In the operational field, KOS has identified as significant: *i)* the risks associated with litigation, deriving from claims for compensation for civil liability, for events occurring in the context of the core business (e.g. clinical errors, patients falling, accidents, etc.), against which a structured monitoring and management system is in place, along with effective insurance coverage; *ii)* the risks associated with the operation of healthcare systems and facilities, such as equipment failures, failure to comply with the applicable legislation with consequent revocation of permits and licences, service interruptions due to lack of staff, etc., risks that are deemed to be monitored through an appropriate system of operational planning and management that is organised centrally and against which insurance coverage is stipulated, where possible.

Intensification of the physical risks associated with climate change is also an element that could affect the Group's activities. Rapid deterioration of the climate affects the frequency of so-called acute phenomena (such as storms, floods, fires, heat waves, etc.). In 2022, KOS carried out an analysis of the physical risks associated with climate change for its healthcare facilities. This analysis was carried out for each location, considering both acute and chronic risks, based on four main aspects (temperature, wind, water and solid mass) and two different scenarios (optimistic and pessimistic). The results of this analysis, which was performed with the support of specialised consultants, show that 94% of KOS locations are "Low" risk; 6% (8) were assessed as "Medium" risk; no location has been assessed as "High" risk, and none of the KOS facilities need to be relocated or require structural adaptation to cope with climate risk. The four specific risks considered significant are the chronic risk of thermal stress, the acute risk of cold spells, the acute risk of heatwaves and the chronic risk of water stress, which will be managed as operational risks.

Financial risks

The main financial risks identified by KOS concern: *i)* credit risk, due to the concentration on a few public sector counterparties, mitigated by their high creditworthiness, diversification over a large number of other counterparties and the exposure to highly fragmented private customers; *ii)* fluctuations in energy prices, a phenomenon that materialised strongly during 2021 and 2022, on average with a significant impact on KOS's results, which only weakened towards the end of the year; *iii)* interest rate risk, which influences the cost of loans. However, it is not considered particularly significant as it is well monitored and managed through appropriate hedging policies.

Legal and compliance risks

The companies of the KOS Group are subject to national regulations regarding: (i) accreditation and methods of carrying on healthcare activities; (ii) environmental protection (storage of special waste, use and management of hazardous substances); (iii) construction; (iv) fire prevention; (v) safety in the workplace. The risks of non-compliance with these regulations are monitored through the supervision of the relevant central functions and are subject to control activities by the Internal Audit function. Further risks, overseen by the internal control function, concern the possible violation of corporate ethical principles, such as compliance with Group policies and procedures and respect for anti-corruption regulations.

7.3 Risks inherent in the Sogefi group

Strategic risks

The main strategic risks identified by the Sogefi group are those relating to the global and market context and the transition risks linked to climate change.

As regards the **global context**, there is a risk of an unfavourable evolution in the trend of demand for motor vehicles, as an indirect effect of the Russia-Ukraine conflict, which for the rest, as explained previously, has not had a significant direct impact; moreover, the production and logistical risks associated with the Covid-19 pandemic, even if no longer comparable with those that existed in 2020 and, in any case, of a relatively modest impact for Sogefi, still cannot be considered completely reabsorbed. The macroeconomic context and, in particular, the rise in inflation and interest rates, also involve risks of a deterioration in the group's economic results and risks of an operational and financial nature which are discussed below.

Particularly relevant to Sogefi are the **transition risks** linked to the regulations introduced for the mitigation of climate change, such as the EU Green Deal, which imposes the zeroing of net greenhouse gas emissions by 2050 and a deadline for the production of internal combustion engines in Europe by 2035. The impact for Sogefi is twofold: i) on its industrial processes; ii) on its range of products, which will have to move increasingly towards electric vehicles. Regulations and laws are evolving and pushing towards rapid decarbonisation, which implies operational changes in all sectors to reduce the intensity of emissions, with consequent impacts on the use of fossil fuels and electricity costs. Transition risks consist of: i) compliance risks, i.e. associated with Sogefi's ability to comply with the target for the reduction and subsequent zeroing of its emissions (considered unlikely, given the emission reduction plan implemented by the company); ii) Risks relating to the company's technological innovation, i.e. that the company loses competitiveness, that it incurs extra development costs or that competitors introduce new products that turn out to be disruptive; these factors have been considered and managed for some time in the product development plan dedicated to e-mobility, so the risks of delayed product innovation or a poor ability to develop new products are considered unlikely.

Operational risks

The main operational risks identified by Sogefi concern: i) the management of human resources (in particular occupational health and safety, attraction, retention and professional development of talent, labour cost inflation), risks that are deemed significant and therefore appropriately monitored and controlled; ii) product reliability (in terms of quality and safety), an issue that is also considered relevant but well monitored; iii) a possible interruption of the supply chain, a risk considered unlikely but potentially high impact and therefore carefully monitored through appropriate procurement policies; iv) the possible modification or cancellation of projects by customers, which is considered fairly likely but not particularly significant, also thanks to the mitigation and monitoring policies adopted; v) IT risks (IT security, breakdowns or service interruptions), deemed potentially significant, but well monitored; lastly (vi) the risk of production being interrupted, and (vii) contract management risks (in terms of commitments of a technical

and financial nature), both of which are considered reasonably significant and therefore well monitored.

Intensification of the physical risks associated with climate change is also an element that could affect the Group's activities. Rapid deterioration of the climate affects the frequency of so-called acute phenomena (such as storms, floods, fires, heat waves, etc.). In 2022, Sogefi carried out an analysis of the physical risks associated with climate change for its production sites. This analysis was carried out for each site, considering both acute and chronic risks, based on four main aspects (temperature, wind, water and solid mass) and two different scenarios (optimistic and pessimistic). The results of these analyses, which were performed with the support of specialised consultants, show that 80% of Sogefi sites are "Low" risk; 20% (7) of the Sogefi sites were assessed as "Medium" risk; no site has been assessed as "High" risk, and none of the Sogefi factories has to be relocated or requires structural adaptation. The four specific risks considered significant are the chronic risk of thermal stress, the acute risk of cold spells, the acute risk of heatwaves and the chronic risk of water stress, which will be managed as operational production risks.

Financial risks

The main financial risks identified by Sogefi concern: i) fluctuations in the commodity prices (raw materials and energy), a phenomenon that materialised strongly during 2021 and 2022 and which only weakened towards the end of the year. It is managed through an intensified activity of optimisation of production costs (also resorting to new supply sources) and the adjustment of sales prices to changes in raw material prices; ii) currency risk, both in translation (deriving from the fact that, despite preparing its financial statements in Euro, Sogefi has controlling interests in companies with functional currencies other than the Euro), and in transactions (deriving from the fact that the Group carries out frequent purchases and sales, both direct and indirect, in currencies other than the functional currency). However, it is deemed insignificant, also because it is well monitored and managed through appropriate hedging policies.

Legal and compliance risks

The main risks in this area identified by Sogefi concern the violation of ethical principles, in particular: i) compliance with Group policies and procedures; ii) respect for anti-corruption regulations; iii) responsible sourcing. The Internal Audit function regularly checks the effective implementation of Group policies and procedures, as well as high-level controls. Thanks to the consolidated internal control system that is in place, the risks relating to the violation of ethical principles are considered insignificant.

8. Other information

Treasury shares

At 30 June 2023 the parent owned 43,795,150 treasury shares (3.955% of the share capital).

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

Definition of performance indicators

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

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

At 30 June 2023 there are no non-recurring charges as defined by Consob in its communication DEM/6064293 of 28 July 2006.

Principal 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 2022. For the risks and uncertainties associated with specific cases, please refer to the contents of paragraph "Performance of the business segments" and paragraph "Outlook" of this Report and paragraph "Risk management" of the Notes to the condensed interim consolidated financial statements at 30 June 2023.

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 2023.

Other

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

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

This report for the period 01 January–30 June 2023 was approved by the Board of Directors on 31 July 2023.

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



Condensed interim consolidated financial statements

Consolidated accounting schedules

Notes to the condensed interim
consolidated financial statements





Consolidated accounting schedules

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

1. Statement of financial position

(in thousands of euro)

ASSETS	Notes	30.06.2023	31.12.2022
NON-CURRENT ASSETS		2,286,190	2,274,387
INTANGIBLE ASSETS AND GOODWILL	(3.a.)	587,529	591,775
PROPERTY, PLANT AND MACHINERY	(3.b.)	608,276	640,470
RIGHT-OF-USE ASSETS	(3.c.)	849,808	845,241
INVESTMENT PROPERTY	(3.d.)	2,495	2,554
EQUITY-ACCOUNTED INVESTMENTS	(3.e.)	631	631
OTHER EQUITY INVESTMENTS	(3.f.)	1,872	1,871
OTHER ASSETS	(3.g.)	38,374	37,662
OTHER FINANCIAL ASSETS, INCLUDING DERIVATIVES	(3.h.)	125,320	80,760
DEFERRED TAX ASSETS	(3.i.)	71,885	73,423
CURRENT ASSETS		1,068,027	995,598
INVENTORIES	(4.a.)	146,176	135,247
TRADE RECEIVABLES	(4.b.)	306,582	248,147
OTHER ASSETS	(4.c.)	78,772	68,638
LOAN ASSETS	(4.d.)	14,636	13,164
SECURITIES	(4.e.)	63,833	69,483
OTHER FINANCIAL ASSETS, INCLUDING DERIVATIVES	(4.f.)	224,995	241,243
CASH AND CASH EQUIVALENTS	(4.g.)	233,033	219,676
ASSETS HELD FOR SALE	(4.h.)	17,676	36,082
TOTAL ASSETS		3,371,893	3,306,067
LIABILITIES		30.06.2023	31.12.2022
EQUITY		1,016,004	1,004,177
SHARE CAPITAL	(5.a.)	420,000	420,000
RESERVES	(5.b.)	306,864	306,555
RETAINED EARNINGS	(5.c.)	6,507	17,061
PROFIT (LOSS) FOR THE PERIOD		13,947	(257)
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT		747,318	743,359
EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		268,686	260,818
NON-CURRENT LIABILITIES		1,535,292	1,534,320
BONDS	(6.a.)	151,337	151,304
OTHER FINANCIAL LIABILITIES	(6.b.)	393,015	391,636
LEASE LIABILITIES	(6.c.)	819,612	815,061
OTHER LIABILITIES		61,912	65,600
DEFERRED TAX LIABILITIES	(3.i.)	46,342	48,326
EMPLOYEE BENEFITS	(6.d.)	51,169	51,581
PROVISIONS	(6.e.)	11,905	10,812
CURRENT LIABILITIES		810,097	754,960
BANK LOANS AND BORROWINGS	(4.g.)	1,609	1,981
BONDS	(7.a.)	9,782	23,551
OTHER FINANCIAL LIABILITIES	(7.b.)	60,132	51,532
LEASE LIABILITIES	(7.c.)	70,891	67,639
TRADE PAYABLES	(7.d.)	398,832	352,104
OTHER LIABILITIES	(7.e.)	220,303	206,526
PROVISIONS	(6.e.)	48,548	51,627
LIABILITIES RELATED TO ASSETS HELD FOR THE SALE	(4.h.)	10,500	12,610
TOTAL LIABILITIES AND EQUITY		3,371,893	3,306,067

2. Income statement

(in thousands of euro)

	Notes	1st half 2023	1st half 2022 (*)
REVENUE	(8)	1,223,142	1,093,317
CHANGE IN INVENTORIES		8,714	11,123
COSTS FOR THE PURCHASE OF GOODS	(9.a.)	(525,907)	(475,784)
COSTS FOR SERVICES	(9.b.)	(173,504)	(155,850)
PERSONNEL EXPENSES	(9.c.)	(351,058)	(318,188)
OTHER OPERATING INCOME	(9.d.)	19,622	23,407
OTHER OPERATING COSTS	(9.e.)	(30,966)	(30,752)
AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES		(100,410)	(102,803)
OPERATING PROFIT		69,633	44,470
FINANCIAL INCOME	(10.a.)	7,438	4,341
FINANCIAL EXPENSE	(10.b.)	(34,717)	(26,542)
DIVIDENDS		27	--
GAINS FROM SECURITIES TRADING	(10.c.)	872	1,783
LOSSES FROM SECURITIES TRADING	(10.d.)	(382)	(196)
SHARE OF PROFIT (LOSS) OF EQUITY-ACCOUNTED INVESTEES	(3.e.)	--	64
NET FAIR VALUE LOSSES ON FINANCIAL ASSETS	(10.e.)	(359)	(8,732)
PROFIT BEFORE TAXES		42,512	15,188
INCOME TAXES	(11)	(13,533)	(7,259)
PROFIT FROM CONTINUING OPERATIONS		28,979	7,929
PROFIT FROM DISCONTINUED OPERATIONS	(12)	1,161	567
PROFIT FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS		30,140	8,496
- PROFIT (LOSS) ATTRIBUTABLE TO NON-CONTROLLING INTERESTS		(16,193)	(8,715)
- PROFIT (LOSS) ATTRIBUTABLE TO THE OWNERS OF THE PARENT		13,947	(219)
BASIC EARNINGS PER SHARE (in euro)	(13)	0.0130	(0.0002)
DILUTED EARNINGS PER SHARE (in euro)	(13)	0.0129	(0.0002)
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (IN EURO)	(13)	0.0270	0.0072
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (IN EURO)	(13)	0.0269	0.0072

(*) Certain 1st half 2022 figures relating to "Assets held for sale", have been reclassified to "Profit (loss) from discontinued operations" following the application of IFRS 5 "Non-current assets held for sale and discontinued operations".



3. Statement of other comprehensive income

(in thousands of euro)

	1st half 2023	1st half 2022
PROFIT FOR THE PERIOD INCLUDING NON-CONTROLLING INTERESTS	30,140	8,496
OTHER COMPREHENSIVE INCOME		
<i>ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS</i>		
- NET ACTUARIAL GAINS	798	11,290
- TAX EFFECT OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS	(163)	(2,291)
SUBTOTAL OF ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS	635	8,999
<i>ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS</i>		
- EXCHANGE DIFFERENCES ON TRANSLATION OF FOREIGN OPERATIONS	(8,483)	6,939
- NET FAIR VALUE GAINS (LOSSES) ON CASH FLOW HEDGES	(424)	3,649
- OTHER COMPREHENSIVE INCOME	--	--
- TAX EFFECT OF ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS	101	(876)
SUBTOTAL OF ITEMS THAT MAY SUBSEQUENTLY BE RECLASSIFIED TO PROFIT OR LOSS	(8,806)	9,712
OTHER COMPREHENSIVE INCOME (EXPENSE)	(8,171)	18,711
COMPREHENSIVE INCOME OF THE PERIOD	21,969	27,207
COMPREHENSIVE INCOME OF THE PERIOD ATTRIBUTABLE TO:		
OWNERS OF THE PARENT	9,312	10,368
NON-CONTROLLING INTERESTS	12,657	16,839

4. Statement of cash flows

(in thousands of euro)

	1st half 2023	1st half 2022(*)
OPERATING ACTIVITIES		
PROFIT FOR THE PERIOD	30,140	8,496
PROFIT FROM DISCONTINUED OPERATIONS	(1,161)	(567)
ADJUSTMENTS:		
- AMORTISATION, DEPRECIATION & IMPAIRMENT LOSSES	100,410	102,803
- NET FAIR VALUE GAINS ON EQUITY-ACCOUNTED INVESTEEES	--	(64)
- MEASUREMENT OF STOCK OPTION AND STOCK GRANT PLANS	913	806
- CHANGES IN EMPLOYEE BENEFIT OBLIGATIONS, PROV. FOR RISKS & CHARGES	(1,600)	(3,465)
- FAIR VALUE LOSSES ON FINANCIAL ASSETS	359	8,732
- GAINS ON DISPOSAL OF NON-CURRENT ASSETS	(547)	(3,513)
- OTHER NON-MONETARY CHANGES	(1,582)	(866)
- INCREASE (DECREASE) IN NON-CURRENT ASSETS/LIABILITIES	(5,967)	3,845
- (INCREASE) DECREASE IN NET WORKING CAPITAL	(24,994)	(23,304)
CASH FLOWS FROM OPERATING ACTIVITIES	95,971	92,903
of which:		
- interest received (paid)	(12,369)	(9,521)
- income tax paid	(6,814)	(9,787)
INVESTING ACTIVITIES		
CONSIDERATION PAID FOR BUSINESS COMBINATIONS	(1,300)	(4,081)
NET FINANCIAL POSITION OF ACQUIRED COMPANIES	1,131	405
CHANGE IN OTHER FINANCIAL ASSETS AND LOAN ASSETS	(51,934)	(6,928)
(PURCHASE) SALE OF SECURITIES	24,535	(798)
SALE OF NON-CURRENT ASSETS	5,277	--
PURCHASE OF NON-CURRENT ASSETS	(30,660)	(54,993)
CASH FLOWS USED IN INVESTING ACTIVITIES	(52,951)	(66,395)
FINANCING ACTIVITIES		
PROCEEDS FROM CAPITAL INCREASES	--	--
OTHER CHANGES	--	186
OPENING/(CLOSING) OF OTHER LOANS AND BORROWINGS	(4,154)	(10,672)
REPAYMENT OF LEASE LIABILITIES	(33,767)	(30,596)
PURCHASE OF TREASURY SHARES OF GROUP COMPANIES	(7,738)	(4,081)
DIVIDENDS PAID	(508)	(2,657)
CASH FLOWS USED IN FINANCING ACTIVITIES	(46,167)	(47,820)
DECREASE IN NET CASH & CASH EQUIVALENTS OF CONTINUING OPERATIONS	(3,147)	(21,312)
OPENING CASH FLOWS/NET CASH & CASH EQUIVALENTS FROM DISCONTINUED OPERATIONS	16,876	(613)
INCREASE (DECREASE) IN NET CASH & CASH EQUIVALENTS	13,729	(21,925)
OPENING NET CASH & CASH EQUIVALENTS	217,695	304,471
CLOSING NET CASH & CASH EQUIVALENTS	231,424	282,546

(*) Certain 1st half 2022 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".

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	Profit (loss) for the period/year	Total		
BALANCE AT 31 DECEMBER 2021	638,604	5,044	25,516	(432)	(24,994)	2,711	68,755	7,204	17,981	740,389	242,335	982,724
Increases (reductions) in capital	--	--	--	--	--	--	--	--	--	--	--	--
Dividends to Shareholders	--	--	--	--	--	--	--	--	--	--	(2,657)	(2,657)
Allocation of the profit of the previous year	--	--	104	--	--	--	1,981	15,896	(17,981)	--	--	--
Fair value losses on treasury shares	--	--	--	--	--	--	--	(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	--	--	--	1,601	3,612
<i>Other comprehensive income for the period</i>	--	--	--	1,569	--	--	--	--	--	--	1,204	2,773
Fair value gains on cash flow hedges	--	--	--	--	3,928	--	--	--	--	--	3,011	6,939
Translation differences	--	--	--	--	--	--	5,090	--	--	--	3,909	8,999
Actuarial gains	--	--	--	--	--	--	--	--	--	--	8,715	8,496
Profit for the period	--	--	--	--	--	--	--	--	(219)	(219)	16,839	27,207
<i>Total other comprehensive income for the period</i>	--	--	--	1,569	3,928	--	5,090	--	(219)	(219)	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		
BALANCE AT 31 DECEMBER 2022	420,000	5,044	25,621	2,244	(28,590)	3,730	298,506	17,061	(257)	743,359	260,818	1,004,177
Increases (reductions) in capital	--	--	--	--	--	--	--	--	--	--	--	--
Dividends to Shareholders	--	--	--	--	--	--	--	--	--	--	(6,808)	(6,808)
Allocation of the loss of the previous year	--	--	152	--	--	--	2,893	(3,302)	257	--	--	--
Fair value losses on treasury shares	--	--	--	--	--	--	--	(7,738)	--	(7,738)	--	--
Notional cost of share-based plans	--	--	--	--	--	642	--	--	--	642	--	--
Reclassifications	--	--	--	--	--	(538)	52	486	--	--	--	--
Effects of changes in equity attributable to subsidiaries	--	--	--	(3)	33	--	1,713	--	--	--	2,019	3,762
<i>Other comprehensive income for the period</i>	--	--	--	(182)	--	--	--	--	--	--	(141)	(323)
Fair value gains on cash flow hedges	--	--	--	--	(4,812)	--	--	--	--	--	(3,671)	(8,483)
Translation differences	--	--	--	--	--	--	359	--	--	--	276	635
Actuarial gains	--	--	--	--	--	--	--	--	--	--	16,193	30,140
Profit for the period	--	--	--	--	--	--	--	--	13,947	13,947	12,657	21,969
<i>Total other comprehensive income for the period</i>	--	--	--	(182)	(4,812)	--	359	--	13,947	13,947	268,686	1,016,004
BALANCE AT 30 JUNE 2023	420,000	5,044	25,773	2,059	(33,369)	3,834	303,523	6,507	13,947	747,318		

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 (the "Group") at 30 June 2023 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union, as well as all the measures issued in implementation of art. 30 of Legislative Decree 2023/05, on a going-concern basis. This takes into account the fact that, on the basis of the most recent forecasts prepared by management, over a minimum time horizon of 12 months the companies of the Group have sufficient liquidity to meet their commitments and expect to comply with any covenants in their loan agreements.

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 as at and for the year ended 31 December 2022. Even though they do not include all of the information required for complete disclosure, specific explanatory 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 methods, adopted in preparing the consolidated financial statements at 31 December 2022 were also applied to these condensed interim consolidated financial statements, with the exception of the new accounting standards in force as of 1 January 2023 for which reference is made to the section entitled "Basis of consolidation".

The condensed interim consolidated financial statements at 30 June 2023 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 other comprehensive income shows the income and expense items that are in suspense 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 during the reporting period and during the same period of the previous year.

It should be noted that the figures for the first half of 2022 have been restated for the application of IFRS 5 ("Non-current assets held for sale and discontinued operations"), within the KOS group, with reference to the Indian subsidiary ClearMedi HealthCare Ltd, following completion of the sale in June 2023 of 100% of the shares of the companies mentioned above.

It should be noted that the classification, form, order and nature of the items in the financial statements have not changed compared with the approved consolidated financial statements at 31 December 2022 with the exception of the reclassification, within the Sogefi group, from "Loan assets" of current assets, for an amount of € 5,376 thousand, and from "Securities" of current assets, for an amount of € 3,169 thousand, to "Other financial assets, including derivatives" of non-current assets, for an amount of € 8,545 thousand.

This reclassification refers to investments in dollar-linked bonds with the aim of mitigating the effects of devaluation of the local currency and to the fair value of the exchange rate and interest rate hedges (cross currency swaps and interest rate swaps).

The financial statements of each of the companies within the consolidation scope are prepared in the currency of the main geographical area in which it operates ("functional currency"). For the purposes of the consolidated financial statements, the assets and liabilities of foreign companies that use functional currencies other than the euro are translated 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 other comprehensive income and shown in the statement of changes in equity in the "Translation reserve". Exchange gains and losses on monetary amounts receivable or payable 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 2023 were approved by the Board of Directors on 31 July 2023.

Information on IFRS 5

KOS group

In June 2023, the KOS group completed the transfer of 100% of the shares of the Indian subsidiary ClearMedi HealthCare Ltd (the "discontinued operations"), against a sale agreement signed in December 2022 for the transfer of 100% of the company's shares.

In this regard, the consolidated financial statements at 30 June 2023 show the following:

- in the income statement and the statement of other comprehensive income for the first half of 2023 and, for comparative purposes for the first half of 2022, the items of revenue and income, costs and charges, the capital gain recorded on the sale, less costs to sell, relating to discontinued operations have been reclassified to *"Profit (loss) from discontinued operations"*;
- in the statement of cash flows for the first half of 2023 and for comparative purposes for the first half of 2022, the individual flows generated by the activities that constitute the discontinued operations have been reclassified to *"Cash flow generated by assets held for sale"* excluding from the cash flow generated by continuing operations the effects of the flows of the two subsidiaries.

The income statement and the statement of other comprehensive income of the two subsidiaries that have been sold are shown in detail below.

INCOME STATEMENT

(in thousands of euro)

	1st half 2023	1st half 2022
REVENUE	7,638	9,197
OPERATING PROFIT	145	892
NET FINANCIAL EXPENSE	(734)	(199)
INCOME TAXES	7	10
NET PROFIT (LOSS) FOR THE PERIOD	(582)	703
COSTS INCURRED IN THE SALE, NET OF THE TAX EFFECT	(111)	(136)
PROVISION FOR GUARANTEE RISKS	(1,000)	--
CAPITAL GAIN ON DISPOSAL	2,854	--
PROFIT FROM DISCONTINUED OPERATIONS	1,161	567

STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of euro)

	1st half 2023	1st half 2022
NET PROFIT (LOSS) FOR THE PERIOD	(582)	703
OTHER COMPREHENSIVE INCOME (EXPENSE)	(18)	22
COMPREHENSIVE INCOME (EXPENSE)	(600)	725

STATEMENT OF CASH FLOWS

(in thousands of euro)

	30/06/2022
CASH FLOWS USED IN OPERATING ACTIVITIES	(226)
CASH FLOWS USED IN INVESTING ACTIVITIES	(889)
CASH FLOWS FROM FINANCING ACTIVITIES	502
DECREASE IN NET CASH AND CASH EQUIVALENTS	(613)
NET CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	721
NET CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	108

Significant estimates and assumptions

The preparation of these condensed interim consolidated financial statements and the Notes thereto in accordance with IFRS requires management to make estimates and assumptions which affect the carrying amounts of the assets and liabilities shown therein, 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 year in which the amendment is made, if the amendment only affects that period, or in subsequent periods if the amendment affects both the current and future periods.

However, considering the impacts of the current macroeconomic and financial situation and the war between Russia and Ukraine, these estimates have a high degree of uncertainty, which could affect the measurement and the estimate of the carrying amounts of assets and liabilities, which are being affected by increased volatility.

The items in the condensed interim consolidated 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 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 statement of financial position, while the income statement is translated at average exchange rates for the period. Any exchange gains or losses arising on translation of 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 2023		1st half 2022	
	Average exchange rate	30.06.2023	Average exchange rate	30.06.2022
US dollar	1.0811	1.0866	1.0940	1.0387
GB pound	0.8766	0.8583	0.8422	0.8582
Brazilian real	5.4834	5.2788	5.5577	5.4229
Argentine peso	278.5022	278.5022	129.8984	129.8984
Chinese renminbi	7.4895	7.8983	7.0827	6.9624
Indian rupee	88.8889	89.2065	83.3333	82.1130
New Romanian leu	4.9339	4.9635	4.9456	4.9464
Canadian dollar	1.4569	1.4415	1.3905	1.3425
Mexican peso	19.6541	18.5614	22.1729	20.9641
Moroccan dirham	11.0241	10.7560	10.6033	10.5420

1.b. Consolidation scope

The condensed interim consolidated financial statements at 30 June 2023 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 held for sale and liabilities related to assets 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*

The sale of the entire share capital of the Indian subsidiary ClearMedi HealthCare Ltd was finalised during the period.

- *Automotive components*

In March 2023, the subsidiary Sogefi Air & Cooling SAS acquired 51% of the share capital of the French company ATN Molds & Parts SAS.

- *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 consolidated financial statements as at and for the year ended 31 December 2022.

Standards, amendments and interpretations of IFRS applied from 1 January 2023:

The following standards, amendments and interpretations were applied for the first time by the group with effect from 1 January 2023:

- Standard IFRS 17 *“Insurance Contracts”* and related amendments (published on 18 May 2017 and on 25 June 2020 respectively). At 30 December 2023, this amendment did not have any impact on the Group's consolidated financial statements.
- Amendment to IAS 1 *“Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies”* (issued on 12 February 2021). At 30 December 2023, this amendment did not have any impact on the Group's consolidated financial statements.
- Amendment to IAS 8 *“Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimate”* (published on 12 February 2021). At 30 December 2023, this amendment did not have any impact on the Group's consolidated financial statements.
- Amendment to IAS 12 *“Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction”* (published on 7 May 2021). At 30 December 2023, this amendment did not have any impact on the Group's consolidated financial statements.
- Amendment to IFRS 17 *“Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Disclosure”* (published on 9 December 2021). At 30 December 2023, this amendment did not have any impact on the Group's 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 2023

At the reference date of this financial report there are no accounting standards, new and amended, issued, but not yet in force.

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:

- Amendments to IAS 12: *"Income taxes: International Tax Reform – Pillar Two Model Rules"* (issued on 23 May 2023). The changes apply from 1 January 2023.
- Amendment to IAS 1: *"Presentation of Financial Statements: Classification of liabilities as current or non-current"*, *"Classification of Liabilities as Current or Non-current - Deferral of Effective Date"* and *"Non-current Liabilities with Covenants"* (issued on 23 January 2020, 15 July 2020 and 31 October 2022 respectively). The amendments are effective from 1 January 2024.
- Amendment to IFRS 16 *"Leases: Lease Liability in a Sale and Leaseback"* (issued on 22 September 2022). The amendments are effective from 1 January 2024.
- Amendment to IAS 7: *"Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements"* (issued on 25 May 2023). The amendments are effective from 1 January 2024.

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 and impairment losses	Balance 31.12.2022	Acquisitions	Business combinations and disposals	Exchange gains (losses)	Other changes	Net disposals	Amortisation and impairment losses	Original cost	Accumulated amortisation and impairment losses
(in thousands of euro)											
Start-up and capital costs	36	(36)	--	--	--	--	--	--	--	36	(36)
Capitalised development costs											
- purchased	--	--	--	--	--	--	--	--	--	--	--
- produced internally	246,746	(188,450)	58,296	4,349	--	(743)	6,444	--	(10,759)	249,505	(191,918)
Industrial patents and intellectual property rights	46,521	(33,571)	12,950	--	--	--	3	--	(1,070)	46,612	(34,729)
Concessions, licences, trademarks and similar rights	50,632	(40,779)	9,853	222	--	(63)	411	(12)	(1,193)	50,896	(41,678)
Goodwill	545,080	(53,000)	492,080	1,842	--	--	3	--	--	546,922	(52,997)
Assets under development and payments on account											
- purchased	6,591	--	6,591	605	--	5	(3,606)	(12)	--	3,583	--
- produced internally	7,928	(2,978)	4,950	3,024	--	(147)	(3,038)	--	(22)	7,735	(2,968)
Other	21,334	(14,279)	7,055	22	--	19	83	--	(613)	21,467	(14,901)
Total	924,868	(333,093)	591,775	10,064	--	(929)	300	(24)	(13,657)	926,756	(339,227)
											587,529

Intangible assets and goodwill went from € 591,775 thousand at 31 December 2022 to € 587,529 thousand at 30 June 2023.

GOODWILL

<i>(in thousands of euro)</i>	30.06.2023	31.12.2022
Automotive segment (Sogefi group)	125,438	123,596
Healthcare segment (KOS group)	368,487	368,484
Total	493,925	492,080

The above table shows the allocation of goodwill by 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 € 492,080 thousand at 31 December 2022 to € 493,925 thousand at 30 June 2023.

The change in the Sogefi segment is attributable to the acquisition made in the first half of the year.

The impairment tests carried out on the goodwill allocated to the Healthcare Segment for the purposes of the consolidated financial statements at 31 December 2022 ascertained that there were no impairment losses, whereas in the Automotive segment the test carried out at the first level showed a negative coverage for the Car Suspensions CGU of € 5,046 thousand. The goodwill associated with the CGU was therefore impaired by the same amount and also reflected in the consolidated financial statements of the CIR Group.

During the period ended 30 June 2023, an analysis was carried out of the indicators of possible impairment, both internal and external.

Among the external indicators, the trend in market capitalisation of the group's listed companies was considered, also in relation to their equity.

The average market capitalisation of both CIR S.p.A. and Sogefi S.p.A. during the period was lower than their equity at the end of the period, a situation already observed in the past and as such already considered when looking for indicators of impairment. The market value of Sogefi S.p.A. has been conditioned in recent years by the low market multiples of the automotive segment, particularly suppliers of components for combustion engines; Sogefi's market multiple has historically been even lower than the sector averages, due to the limited size of the company compared with its competitors, the small size of the free float and the limited liquidity of the stock. Therefore, the fact that Sogefi's market capitalisation was for long periods lower than its equity was not considered in itself an indicator of significant impairment, as confirmed by the large amounts of coverage found in the past during impairment tests, both on the investment in Sogefi at the level of the separate financial statements of CIR S.p.A. and on the Automotive CGU at the level of the consolidated financial statements. The market capitalisation of CIR S.p.A. is also lower than its equity, as it has been in the past. In this case, in addition to the low liquidity of the stock and the limited size of the free float, the reasons are also to be found in the discount normally applied to holding companies such as CIR. Over time it has fluctuated according to analysts' estimates in a range between 25% and 50%. So the fact that CIR's market capitalisation is for long periods lower than its equity was not considered in itself an indicator of significant impairment, as confirmed by the large amounts of coverage found in the past when carrying out impairment tests.

Segment trends for Automotive and Healthcare, and of the CGUs that compose them, were considered as internal indicators of possible impairment in the first half of 2023 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.

Taking into account that the economic performance of the Automotive Segment and of all the CGUs that make it up was in line with or higher than these forecasts, the trend in market rates at 30 June 2023, the differentials between the value in use and the carrying amounts of the CGUs at 31 December 2022, the results of the impairment tests carried out with reference to the consolidated financial statements at 31 December 2022, to which reference is made, can

reasonably be confirmed also for the condensed interim consolidated financial statements at 30 June 2023.

In the Healthcare Segment, all CGUs performed in line with or better than forecast, with the exception of the Nursing Homes Germany CGU. Its first half results in 2023 showed a performance that was below expectations, mainly due to higher than expected wage increases, not yet offset by tariff adjustments. The KOS Group believes that this variance is of a temporary nature, confirming the expectations of a convergence towards the figures of the business plan in the years 2024-2026. While not encountering any trigger events, the KOS Group has developed a sensitivity, assuming a postponement of the results with respect to the plan, and did not find any potential impairment of the goodwill associated with the CGU, also in consideration of the fact that the amount of coverage at 31 December 2022 was very positive.

The results of the impairment tests carried out with reference to the consolidated financial statements at 31 December 2022, to which reference is made, can reasonably be confirmed, also for the condensed interim consolidated financial statements at 30 June 2023.

Impairment test method

Pursuant to the impairment test method adopted by Group companies for the financial statements at 31 December 2022, the recoverability of the carrying amounts is verified in accordance with IAS 36, also considering the guidelines issued by the OIV where applicable to the individual cases.

For each CGU, the net carrying amount, including goodwill, is compared with the estimated recoverable value, 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 ten-year average of the rates of return on ten-year debt securities of the countries in which the group companies operate;
- market equity risk premium: measured as a long-term historical yield differential between equities and bonds on mature financial markets (Source: Fernandez/Duff & Phelps);
- 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).
- Unlevered Beta: determined with reference to the Beta of comparable companies in the sector;
- the structure of the financial sources used for weighting the cost of capital was determined on the basis of an average market debt ratio (D/D+E), taken from a sample of comparable companies in the sector;

The fair value less costs to sell of an asset or group of assets (e.g. a CGU) is best expressed in the price established by a "binding sale agreement in an arm's length transaction", net of any direct costs to sell. 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: (i) the current price traded on an active market; (ii) prices for similar transactions executed previously; (iii) the estimated price based on information obtained by the company.

The method of impairment testing is approved annually by the parent's Board of Directors at a meeting held prior to the one that approves the results of the impairment test.

3.b. Property, plant and machinery

Opening balance			Changes for the period						Closing balance			
(in thousands of euro)	Accumulated depreciation and impairment losses		Business combinations and disposals		Exchange gains (losses)	Net disposals		Depreciation and impairment losses	Original cost	Accumulated depreciation and impairment losses 30.06.2023		
	Original cost	Balance 31.12.2022	Acquisitions	increases	decreases	Other changes	cost					
Land	37,163	(444)	--	--	--	31	--	(1,784)	--	35,410	(444)	34,966
Industrial buildings	293,959	(152,769)	262	--	--	(349)	1,195	(115)	(4,410)	292,790	(155,017)	137,773
Plant and machinery	789,884	(598,047)	2,155	--	--	(2,069)	23,715	(575)	(20,535)	803,864	(609,336)	194,528
Industrial and commercial equipment	360,543	(269,073)	3,284	--	--	(785)	13,400	(33)	(17,989)	369,042	(279,695)	89,347
Other assets	216,165	(141,909)	4,052	--	--	(433)	1,971	(12)	(6,690)	220,492	(147,348)	73,144
Assets under construction and payments on account	105,746	(748)	31,108	--	--	(1,240)	(38,121)	(18,160)	(67)	79,331	(813)	78,518
Total	1,803,460	(1,162,990)	40,861	--	--	(4,845)	2,160	(20,679)	(49,691)	1,800,929	(1,192,653)	608,276

Buildings, plant and machinery went from € 640,470 thousand at 31 December 2022 to € 608,276 thousand at 30 June 2023.

Net divestments essentially refer to the KOS group.

It should be noted that the balances of "Industrial and commercial equipment" and "Assets under construction and payments on account" at 30 June 2023 include the investments made by the Sogefi group in tooling for € 59,936 thousand and € 34,897 thousand respectively.

DEPRECIATION RATES

Description	%
Industrial buildings	3%
Plant and machinery	10-25%
Other assets:	
- Electronic office equipment	20%
- Furniture and fittings	12%
- Motor vehicles	25%

3.c. Right-of-use assets

(in thousands of euro)	Opening balance		Changes for the period						Closing balance		
	Original cost	Accumulated depreciation and impairment losses	Increases	Business combinations and disposals	Exchange gains (losses)	Other changes	Net disposals	Depreciation and impairment losses	Original cost	Accumulated depreciation and impairment losses	Balance 30.06.2023
Industrial buildings	1,081,121	(243,573)	40,559	--	--	613	(1,558)	(34,951)	1,117,885	(276,045)	841,840
Plant and machinery	9,797	(9,380)	1	--	--	1	(34)	(207)	9,591	(9,416)	175
Industrial and commercial equipment	1,926	(1,346)	39	--	--	20	(4)	(86)	1,959	(1,409)	550
Other assets	13,503	(6,807)	2,341	--	--	120	(435)	(1,759)	14,373	(7,130)	7,243
Total	1,106,347	(261,106)	42,940	--	(93)	754	(2,031)	(37,003)	1,143,808	(294,000)	849,808

Right-of-use assets amount to € 849,808 thousand at 30 June 2023 and refer for € 789,701 thousand to the KOS group, € 60,029 thousand to the Sogefi group and € 78 thousand to the parent CIR S.p.A.

3.d. Investment property

Opening balance		Changes for the period						Closing balance	
(in thousands of euro)		Business combinations and disposals		Capitalised financial expense	Exchange gains (losses)	Other changes	Net disposals	Depreciation and impairment losses	Accumulated depreciation and impairment losses
		Acquisitions	increases decreases						
	Original cost								Balance 30.06.2023
Buildings	5,831	--	--	--	--	--	--	(59)	2,495
Total	5,831	--	--	--	--	--	--	(59)	2,495

Investment property went from € 2,554 thousand at 31 December 2022 to € 2,495 thousand at 30 June 2023 due to depreciation and impairment losses during the period.

The market value is considerably higher than the carrying amount.

DEPRECIATION RATES

Description	%
Buildings	3



3.e. Equity-accounted investments

(in thousands of euro)	Balance 31.12.2022	Increases (Decreases)	Write-downs	Dividends	Pro-rata share of result		Other changes	Balance 30.06.2023
					Loss	Profit		
Apokos Rehab PVT Ltd	631	--	--	--	--		--	631
Total	631	--	--	--	--		--	631

3.f. Other equity investments

(in thousands of euro)	30.06.2023	31.12.2022
Other	1,872	1,871
Total	1,872	1,871

3.g. Other assets

"Other assets" at 30 June 2023 had a balance of € 38,374 thousand, compared with € 37,662 thousand at 31 December 2022, and were mainly made up of:

- € 867 thousand (€ 1,007 thousand at 31 December 2022) of unsecured and mortgage-backed financial assets held by CIR International S.A.;
- € 3,549 thousand relating to guarantee deposits;
- € 13,775 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 € 4,229 thousand;
- € 6,235 thousand relating to the "Pension fund surplus" of Sogefi Filtration Ltd., part of the Sogefi group.

3.h. Other financial assets, including derivatives

"Other financial assets, including derivatives" at 30 June 2023 amount to a total of € 125,320 thousand (€ 80,760 thousand at 31 December 2022) and refer for € 66,313 thousand (€ 72,215 thousand at December 31, 2022) to investments in funds of "private equity" and in minority shareholdings held by CIR S.p.A. and the financial holding companies. The fair value measurement of these investments led to negative adjustments in the income statement for €1,100 thousand recorded under item 10.e "Fair value gains or losses on financial assets".

This item includes the KOS group's investments of liquidity for € 50,384 thousand in time deposits with major credit institutions with agreed maturities within 18 months.

The item also includes investments by the Sogefi group: € 3,775 thousand (€ 2,953 thousand at 31 December 2022) by the Argentine subsidiary Sogefi Suspensions Argentina S.A. in dollar-linked bonds with the aim of mitigating the effects of the local currency's devaluation and € 4,848 thousand (€ 5,592 thousand at December 31, 2022) relating to the fair value of interest rate swap hedging contracts.

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)	30.06.2023		31.12.2022	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Deductible temporary differences from:				
- impairment losses on current assets	19,636	4,856	16,684	4,129
- impairment losses on non-current assets	73,433	18,656	68,122	17,385
- reversal of impairment losses on current liabilities	(816)	10,691	51,835	11,715
- reversal of impairment losses on employee benefit obligations	30,235	7,542	33,829	8,446
- reversal of impairment losses on provisions for risks and charges	24,078	6,027	25,815	6,454
- impairment gains on long-term borrowings	--	--	--	--
- impairment losses on financial instruments	39	9	50	12
- tax losses from previous years	101,087	24,104	103,327	25,282
Total deferred tax assets	247,692	71,885	299,662	73,423
Taxable temporary differences from:				
- reversal of impairment losses on current assets	28,370	7,196	29,061	7,326
- reversal of impairment losses on non-current assets	158,203	35,858	158,685	36,109
- impairment losses on current liabilities	14,490	3,188	20,509	4,681
- measurement on employee benefit	426	100	881	210
- impairment losses on provisions for risks and charges	--	--	--	--
- impairment gains on financial instruments	--	--	--	--
Total deferred tax liabilities	201,489	46,342	209,136	48,326
Net deferred tax assets		25,543		25,097

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	Balance at 31.12.2022	Use of deferred taxes from prior periods	Deferred taxes generated during the period	Exchange differences and other changes	Balance at 30.06.2023
(in thousands of euro)					
Deferred tax assets:					
- income statement	58,869	(3,464)	2,169	--	57,574
- equity	14,554	(59)	--	(184)	14,311
Deferred tax liabilities:					
- income statement	(32,285)	1,815	(242)	--	(30,712)
- equity	(16,041)	3	--	408	(15,630)
Net deferred taxes	25,097	(1,705)	1,927	224	25,543



4. Current assets

4.a. Inventories

Inventories can be broken down as follows:

<i>(in thousands of euro)</i>	30.06.2023	31.12.2022
Raw materials, supplies and consumables	76,771	77,722
Work in progress and semi-finished products	21,215	18,978
Finished products and goods	47,716	38,252
Payments on account	474	295
Total	146,176	135,247

This item relates for € 140,711 thousand (€ 129,725 thousand at 31 December 2022) to the Sogefi group and for € 5,465 thousand (€ 5,522 thousand at 31 December 2022) to the KOS group.

Inventories are shown net of impairment losses to take into account any obsolescence of finished products, goods and ancillary materials. The provision for inventory write-down at 30 June 2023 amounts to € 12,638 thousand (€ 12,632 thousand at 31 December 2022).

4.b. Trade receivables

<i>(in thousands of euro)</i>	30.06.2023	31.12.2022
Due from customers	306,582	248,147
Total	306,582	248,147

This item relates for € 196,062 thousand (€ 160,045 thousand at 31 December 2022) to the Sogefi group and for € 110,453 thousand (€ 88,062 thousand at 31 December 2022) to the KOS group.

"Due from customers" are interest-free and have an average maturity in line with market conditions.

Trade receivables are shown net of impairment losses of € 28,388 thousand that take credit risk into account.

4.c. Other assets

<i>(in thousands of euro)</i>	30.06.2023	31.12.2022
Due from associates	133	133
Tax assets	38,015	36,851
Sundry other assets	40,624	31,654
Total	78,772	68,638

The increase in this item refers for € 5,385 thousand to the Sogefi group and for € 4,492 thousand to the KOS group.

4.d. Loan assets

"Loan assets" increased from € 13,164 thousand at 31 December 2022 to € 14,636 thousand at 30 June 2023. They include € 2,729 thousand (€ 3,127 thousand at 31 December 2022) relating to financial instruments issued, within the Sogefi group, by leading Chinese banks, at the request of some customers, as consideration for supplies carried out by the Chinese subsidiaries, € 9,350 thousand (€ 6,228 thousand at 31 December 2022) of amounts due to the KOS group from factoring companies for assignments without recourse.

The item also includes, within the KOS group, € 1,917 thousand due from the buyer for the sale of the investment in ClearMedi Healthcare Ltd. This amount was collected in the first few days of July.

4.e. Securities

This item consists of the following categories of securities:

<i>(in thousands of euro)</i>	30.06.2023	31.12.2022
Equity investments in other companies	34	42
Bonds	46,645	45,923
Investment funds and similar funds	17,154	23,518
Total	63,833	69,483

At 30 June 2023 the item totalled € 63,833 thousand (€ 69,483 thousand at 31 December 2022) and refers to bonds held by the subsidiary CIR Investimenti S.p.A. for € 46,645 thousand (€ 45,923 thousand at 31 December 2022), units held in investment funds by the subsidiary CIR Investimenti S.p.A. for € 9,794 thousand (€ 13,871 thousand at 31 December 2022) and by the parent CIR S.p.A. for € 7,360 thousand (€ 9,647 thousand at 31 December 2022) and by shares held by the subsidiary CIR International S.A.

The fair value measurement of "Securities" led to a negative adjustment in the income statement of € 1,821 thousand.

4.f. Other financial assets, including derivatives

This item totals € 224,995 thousand (€ 241,243 thousand at 31 December 2022) and refers for € 61,060 thousand (€ 58,849 thousand at 31 December 2022) 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 positive adjustment in the income statement of € 2,275 thousand. During the period, gains for € 259 thousand (€ 1,760 thousand in the same period of 2022) were realised and booked to item 10.c. "Gains from securities trading".

This item includes € 153,844 thousand (€ 182,394 thousand at 31 December 2022) for whole-life insurance and capitalisation policies arranged with leading insurance companies by CIR Investimenti S.p.A., with yields linked to separate managed insurance funds and, in some cases, to unit-linked funds. The net yield during the period was positive for € 1,923 thousand (negative for € 1,250 thousand in the corresponding period of 2022).

The fair value measurement of policies with yields deriving from unit-linked funds has resulted in a positive adjustment in the income statement of € 287 thousand.

The item also includes the KOS group's investments of liquidity for € 10,091 thousand in time deposits with major credit institutions with agreed deadlines within 12 months.



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

"Cash and cash equivalents" went from € 219,676 thousand at 31 December 2022 to € 233,033 thousand at 30 June 2023.

"Bank loans and borrowings" went from € 1,981 thousand at 31 December 2022 to € 1,609 thousand at 30 June 2023.

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

4.h. Assets held for sale and liabilities related to assets held for sale

The net balance of these two items amounts to € 7,176 thousand at 30 June 2023 and is made up of:

- for € 5,976 thousand, assets and liabilities, held by the parent CIR S.p.A., relating to a non-industrial property complex, located in Milan in Via dell'Orso 8 and Via Ciovassino 1/A, in relation to which, on 22 December 2022, the Company reached a preliminary binding sale agreement, subject to certain conditions precedent, with Merope S.r.l., a property investment and development company, for a total of € 38.0 million, of which € 5.0 million paid on 22 December 2022 as a deposit, and the rest to be paid on closing the deal;
- for € 6,700 thousand, the amount due to the parent CIR S.p.A. from the purchaser of another non-industrial property located in Rome, following the notarial deed of sale stipulated on 28 June 2023. The effects of this deed are conditional upon the expiration of the term for the exercise of the pre-emption right by the Ministry of Cultural Heritage and Cultural Activities, which has sixty days to exercise this right. If the right is not exercised, the effects of the deed will be retroactive to 28 June 2023. It should be noted that the purchaser has already paid € 6,700 thousand into an escrow account and that regardless of whether the Ministry for Cultural Heritage and Cultural Activities exercises its option right, the parent will not retain ownership of the property in any case, as there are no further conditions that suspend or terminate the deed;
- for € -5,500 thousand, the liability set aside in relation to a specific guarantee issued by the parent CIR S.p.A. to the purchaser as part of the sale of GEDI. For more details, see note 21. "Contingent assets/liabilities".

The item at 31 December 2022 was equal to € 23,472 thousand and included, in addition to the amount of € 5,976 thousand described in the first point above, € 17,496 thousand relating to the assets and liabilities of the Indian subsidiaries of the KOS group, classified as "Assets held for sale" and sold in June 2023.

Equity

5.a. Share capital

The share capital at 30 June 2023 amounted to € 420,000,000, the same as at 31 December 2022, and consisted of 1,107,207,314 shares with no par value.

At 30 June 2023 the parent held 43,585,450 treasury shares (3.937% of the share capital) for an amount of € 20,191 thousand, compared with 24,480,800 treasury shares (2.211% of the share capital) for an amount of € 12,500 thousand at 31 December 2022.

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:

(in thousands of euro)	Share premium	Legal reserve	Fair value reserve	Translation reserve	Stock option and stock grant reserve	Other reserves	Total reserves
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
Balance at 31 December 2022	5,044	25,621	2,244	(28,590)	3,730	298,506	306,555
Retained earnings	--	152	--	--	--	2,893	3,045
Fair value gains (losses) on treasury shares	--	--	--	--	--	--	--
Notional cost of stock grants credited	--	--	--	--	642	--	642
Reclassifications	--	--	--	--	(538)	52	(486)
Fair value measurement of cash flow hedges	--	--	(182)	--	--	--	(182)
Effects of changes in equity attributable to subsidiaries	--	--	(3)	33	--	1,713	1,743
Translation differences	--	--	--	(4,812)	--	--	(4,812)
Actuarial gains	--	--	--	--	--	359	359
Balance at 30 June 2023	5,044	25,773	2,059	(33,369)	3,834	303,523	306,864

The "Fair value reserve", net of tax, was positive for € 2,059 thousand and refers to the measurement of hedges (€ 2,071 thousand positive relating to the Sogefi group less € 12 thousand negative relating to the KOS group).

The "Translation reserve" had a negative balance of € 33,369 thousand at 30 June 2023 with the following breakdown:

(in thousands of euro)	31.12.2022	Increases	Decreases	30.06.2023
Sogefi group	(29,051)	--	(4,318)	(33,369)
KOS group	461	--	(461)	--
Total	(28,590)	--	(4,779)	(33,369)



The breakdown of "Other reserves" at 30 June 2023 was as follows:

(in thousands of euro)

Share capital reduction reserve	218,604
Revaluation reserve art. 6 Leg. Decree 38/2005	8,138
Statutory reserve	185
Other	76,596
Total	303,523

It should be recalled that the Shareholders' Meeting of 28 April 2023 granted the Board of Directors a new authorisation, valid for a period of 18 months, to repurchase a maximum number of 220,000,000 treasury shares, and in any case no more than 20% of the total number of shares constituting the share capital, at a unit price which must not deviate by more than 15%, up or down, from the reference price recorded by the parent's shares during the Stock Exchange session preceding each individual purchase.

The movement of treasury shares during the period was as follows:

(in thousands of euro)

	Number of shares	Amount
Balance at 31 December 2022	24,480,800	12,500
Increases	19,207,545	7,738
Decreases	(102,895)	(47)
Balance at 30 June 2023	43,585,450	20,191

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 "Bonds" is as follows:

(in thousands of euro)

	30.06.2023	31.12.2022
Sogefi S.p.A. bonds 2019/2025	52,337	52,304
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	151,337	151,304

6.b. Other financial liabilities

(in thousands of euro)

	30.06.2023	31.12.2022
Collateralised bank loans and borrowings	77,007	83,923
Other bank loans and borrowings	314,240	307,477
Other liabilities	1,768	236
Total	393,015	391,636

This item consists of loans to companies of the KOS group for € 177,180 thousand and loans to companies of the Sogefi group for € 215,835 thousand.

6.c. Lease liabilities

The item amounting to € 819,612 thousand (€815,061 thousand at 31 December 2022) refers for € 767,746 thousand to financial liabilities for the right of use relating to companies of the KOS group, which operates using mainly leased properties, for € 51,821 thousand to companies of the Sogefi group and for € 45 thousand to the parent CIR S.p.A.

6.d. Employee benefits

The details of this item are as follows:

<i>(in thousands of euro)</i>	30.06.2023	31.12.2022
Post-employment benefits (TFR)	23,760	23,305
Pension funds and similar obligations	27,409	28,276
Total	51,169	51,581
<i>(in thousands of euro)</i>	30.06.2023	31.12.2022
Opening balance	51,581	73,745
Accrual for labour provided during the year	7,437	15,192
Increases for interest	800	1,320
Actuarial gains	(1,016)	(9,286)
Benefits paid	(2,825)	(15,697)
Exchange gains (losses)	192	(483)
Other changes	(5,000)	(13,210)
Closing balance	51,169	51,581

The item mainly refers to companies of the Sogefi group for € 27,880 thousand, to companies of the KOS group for € 20,684 thousand and to the parent CIR S.p.A. for € 2,340 thousand.

6.e. Provisions

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 2022	436	50	10,326	10,812
Accruals of the period	86	--	1,410	1,496
Uses/Releases	--	(50)	(440)	(490)
Exchange gains (losses)	13	--	(115)	(102)
Other changes	(400)	--	589	189
Balance at 30 June 2023	135	--	11,770	11,905

This item consists of loans to Sogefi group companies for € 4,899 thousand and loans to KOS group companies for € 6,357 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 other risks" was set aside mainly for disputes of various kinds involving various Group companies and includes liabilities to employees and other subjects. It refers principally to companies of the KOS group for € 6,357 thousand and to companies of the Sogefi group for € 4,764 thousand.

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 2022	3,124	3,769	44,734	51,627
Accruals of the period	--	328	4,312	4,640
Uses/Releases	(1,204)	--	(6,866)	(8,070)
Exchange gains	65	11	13	89
Other changes	259	1	2	262
Balance at 30 June 2023	2,244	4,109	42,195	48,548

This item consists of loans to Sogefi group companies for € 9,535 thousand and loans to KOS group companies for € 38,163 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. It refers principally to companies of the KOS group for € 38,163 thousand and to companies of the Sogefi group for € 3,182 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 a complex process, which involves consultants essentially in the legal and medical field and subjective judgements by the management of the group company. Against the assessments made, there are provisions in the financial statements for disputes against third parties and staff for an amount equal to € 8,181 thousand.

In this regard, it should be noted that the doctors operating at KOS group structures have insurance policies in place to cover - at least in part - the risks associated with claims for compensation made by patients or their relatives for damages incurred 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 € 15,742 thousand of employee benefit obligations, mainly for possible contractual renewals.

7. Current liabilities

7.a. Bonds

The item of € 9,782 thousand (€ 23,551 thousand at 31 December 2022) refers for € 7,500 thousand to the current portion of the Sogefi S.p.A. 2019/2025 bond issue and for € 2,282 thousand to the current portion of the Private Placements issued by KOS S.p.A.

Note that at 31 December 2022 this item included € 15,385 thousand relating to the current portion of the Sogefi S.p.A. 2013/2023 bond issue in USD, which was repaid in May.

7.b. Other financial liabilities

<i>(in thousands of euro)</i>	30.06.2023	31.12.2022
Collateralised bank loans and borrowings	--	5,000
Other bank loans and borrowings	56,090	43,954
Other loans and borrowings	4,042	2,578
Total	60,132	51,532

This item refers to loans to Sogefi group companies for € 59,860 thousand and loans to KOS group companies for € 272 thousand.

7.c. Lease liabilities

The item amounting to € 70,891 thousand (€ 67,639 thousand at 31 December 2022) refers for € 57,420 thousand to lease liabilities of companies of the KOS group, which operates using mainly leased properties, for € 13,441 thousand to companies of the Sogefi group and for € 30 thousand to the parent CIR S.p.A.

7.d. Trade payables

<i>(in thousands of euro)</i>	30.06.2023	31.12.2022
Due to suppliers	358,922	314,530
Payments on account	39,910	37,574
Total	398,832	352,104

The item "Due to suppliers" relates for € 292,301 thousand (€ 239,194 thousand at 31 December 2022) to the Sogefi group and for € 66,153 thousand (€ 74,841 thousand at 31 December 2022) 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>	30.06.2023	31.12.2022
Due to employees	80,397	66,694
Tax liabilities	32,420	27,032
Social security liabilities	28,887	28,270
Sundry other liabilities	78,599	84,530
Total	220,303	206,526

The item “Due to employees” refers for € 47,253 thousand to the KOS group and for € 32,760 thousand to the Sogefi group.

“Tax liabilities” refer for € 12,548 thousand to the KOS group and for € 17,037 thousand to the Sogefi group.

The item “Social security liabilities” concerns the KOS group for € 13,935 thousand and the Sogefi group for € 14,850 thousand.

The item “Sundry other liabilities” relates for € 55,677 thousand to the Sogefi group. In particular, it includes an amount of € 34,824 thousand relating to credit notes to be issued to customers for price reductions and discounts granted to customers in the Aftermarket segment upon reaching certain turnover levels and an amount of € 6,300 thousand relating to dividends pertaining to third parties, approved by the subsidiary Iberica de Suspensiones S.L. but not yet paid as of 30 June 2023.

Income statement

8. Revenue

Breakdown by business segment

(in millions of euro)	1st half 2023		1st half 2022(*)		Change
	amount	%	amount	%	
Automotive components	852.4	69.7	756.0	69.1	12.8
Healthcare	370.7	30.3	337.3	30.9	9.9
Total consolidated revenue	1,223.1	100.0	1,093.3	100.0	11.9

Breakdown by geographical segment

(in millions of euro)							
1st half 2023	Total revenue	Italy	Other European countries	North America	South America	Asia	Other countries
Automotive components	852.4	36.6	456.5	201.1	22.8	102.7	32.7
Healthcare	370.7	264.0	106.7	--	--	--	--
Total consolidated revenue	1,223.1	300.6	563.2	201.1	22.8	102.7	32.7
Percentages	100.0%	24.6	46.0	16.4	1.9	8.4	2.7

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	337.3	245.1	92.2	--	--	--	--
Total consolidated revenue	1,093.3	278.2	496.7	164.9	51.3	93.9	8.3
Percentages	100.0%	25.4%	45.4%	15.1%	4.7%	8.6%	0.8%

(*) Note that during the month of June 2023, KOS completed the process of divestment of the Diagnostics and Cancer Cure business in India, so its figures have been reclassified according to IFRS 5 to "Profit (Loss) from discontinued operations".

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 income and costs

9.a. Costs for the purchase of goods

Costs for the purchase of goods increased from € 475,784 thousand in the first half of 2022 to € 525,907 thousand in the corresponding period of 2023.

The increase is mainly attributable to the Sogefi group.

9.b. Costs for services

This item went from € 155,850 thousand in the first half of 2022 to € 173,504 thousand in the first half of 2023, as can be seen from the following breakdown:

<i>(in thousands of euro)</i>	1st half 2023	1st half 2022
Technical and professional consulting	46,631	43,102
Distribution and transport costs	8,885	8,407
Outsourcing	30,347	24,127
Other	87,641	80,214
Total	173,504	155,850

The increase in this item is attributable to the Sogefi group for € 11,741 thousand and to the KOS group for € 6,129 thousand.

9.c. Personnel expenses

Personnel expenses amounted to € 351,058 thousand in the first half of 2023 (€ 318,188 thousand in the first half of 2022) and are made up as follows:

<i>(in thousands of euro)</i>	1st half 2023	1st half 2022
Salaries and wages	255,028	230,069
Social security contributions	66,047	62,142
Post-employment benefits	6,370	6,059
Pensions and similar benefits	1,067	586
Measurement of stock option plans	913	806
Other costs	21,633	18,526
Total	351,058	318,188

The increase in this item is attributable for € 18,635 thousand to the KOS group and for € 14,327 thousand to the Sogefi group.

The group had an average of 16,995 employees in the first half of 2023 (17,374 in the first half of 2022).



9.d. Other operating income

This item can be broken down as follows:

<i>(in thousands of euro)</i>	<i>1st half 2023</i>	<i>1st half 2022</i>
Grants related to income	22	15
Gains on asset disposals	215	1,524
Prior period and other income	19,385	21,868
Total	19,622	23,407

Last year's "Prior period and other income" included € 3,878 thousands of net exchange gains pertaining to the Sogefi group.

9.e. Other operating costs

This item can be broken down as follows:

<i>(in thousands of euro)</i>	<i>1st half 2023</i>	<i>1st half 2022</i>
Impairment and credit losses	247	1,596
Accruals to provisions for risks and charges	1,634	1,634
Indirect taxes	18,168	18,592
Restructuring charges	2,974	4,132
Losses on asset disposals	144	1,455
Prior period and other losses	7,799	3,343
Total	30,966	30,752

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

10. Financial income and expense

10.a. Financial income

This item includes the following:

<i>(in thousands of euro)</i>	<i>1st half 2023</i>	<i>1st half 2022</i>
Interest income on bank accounts	2,000	1,435
Interest income on securities	399	--
Other interest income	3,706	1,075
Interest rate derivatives	1,327	241
Exchange gains	6	1,590
Total	7,438	4,341



10.b. Financial expense

This item includes the following:

<i>(in thousands of euro)</i>	<i>1st half 2023</i>	<i>1st half 2022</i>
Interest expense on bank loans	11,792	6,426
Interest expense on bonds	1,268	1,910
Interest on lease liabilities	11,894	11,618
Other interest	4,809	2,557
Interest rate derivatives	421	737
Exchange losses	1,318	--
Other financial expense	3,215	3,294
Total	34,717	26,542

10.c. Gains from securities trading

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

<i>(in thousands of euro)</i>	<i>1st half 2023</i>	<i>1st half 2022</i>
Other securities and other gains	872	1,783
Total	872	1,783

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

10.d. Losses from securities trading

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

<i>(in thousands of euro)</i>	<i>1st half 2023</i>	<i>1st half 2022</i>
Other securities and other losses	382	196
Total	382	196

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

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

The net loss of € 359 thousand (versus a net loss of € 8,732 thousand in the first half of 2022) refers for € 741 thousand to the fair value gain on "Securities" and "Other financial assets, including derivatives" classified as current assets, and for € 1,100 thousand to the fair value loss on "Other financial assets, including derivatives" classified as non-current assets.



11. Income taxes

Income taxes can be broken down as follows:

<i>(in thousands of euro)</i>	<i>1st half 2023</i>	<i>1st half 2022</i>
Current taxes	13,276	7,133
Deferred taxes	314	65
Income taxes from prior periods	(57)	61
Total	13,533	7,259

The increase in this item is essentially attributable to the Sogefi group for € 0.6 million and the KOS group for € 5.1 million.

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

12. Profit (loss) from discontinued operations

The item, a profit for € 1,161 thousand in the first half of 2023 (€ 567 thousand in the first half of 2022), includes a profit of € 1,161 thousand relating to the sale by the KOS group of ClearMedi Healthcare Ltd. This amount in turn includes the capital gain from the sale (€ 2,854 thousand), the loss for the first five months of the company (€ 582 thousand), the costs associated with the disposal (€ 111 thousand) and a provision (€ 1,000 thousand) for the guarantees provided to the purchaser relating to any risks, mainly of a fiscal nature.

The item also includes a profit of € 5,500 thousand, net of tax effects, relating to the capital gain on the sale of a property carried out by the parent CIR S.p.A. (for more details, see item 4.h "Assets held for sale and Liabilities related to assets held for sale"); and a loss of €5,500 thousand for the allocation of a provision for risks, relating to a specific guarantee issued by the parent CIR S.p.A. to the purchaser as part of the sale of GEDI (for more details, see note 21. "Contingent assets/liabilities").

13. Earnings per share

Basic earnings (loss) per share is calculated by dividing the profit (loss) for the period, the profit (loss) from continuing operating activities 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 (loss) for the period, the profit (loss) from continuing operating activities and the profit (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 2023	1st half 2022
Profit (loss) for the period attributable to the owners of the parent (in thousands of euro)	13,947	(219)
Average number of ordinary shares outstanding	1,073,150,904	1,094,147,613
Basic earnings per share (euro)	0.0130	(0.0002)
	1st half 2023	1st half 2022
Other comprehensive income attributable to the owners of the parent (in thousands of euro)	9,312	10,368
Average number of ordinary shares outstanding	1,073,150,904	1,094,147,613
Basic earnings per share (euro)	0.0087	0.0095
	1st half 2023	1st half 2022
Profit from continuing operations attributable to the Shareholders (in thousands of euro)	28,979	7,929
Average number of ordinary shares outstanding	1,073,150,904	1,094,147,613
Basic earnings per share (euro)	0.0270	0.0072
	1st half 2023	1st half 2022
Profit from discontinued operations attributable to the Shareholders (in thousands of euro)	1,161	567
Average number of ordinary shares outstanding	1,073,150,904	1,094,147,613
Basic earnings per share (euro)	0.0011	0.0005

Diluted earnings per share

	1st half 2023	1st half 2022
Profit (loss) for the period attributable to the owners of the parent (in thousands of euro)	13,947	(219)
Average number of ordinary shares outstanding	1,073,150,904	1,094,147,613
Average number of options	5,637,862	4,201,098
Adjusted average number of shares outstanding	1,078,788,766	1,098,348,711
Diluted earnings per share (in euro)	0.0129	(0.0002)
	1st half 2023	1st half 2022
Other comprehensive income attributable to the owners of the parent (in thousands of euro)	9,312	10,368
Average number of ordinary shares outstanding	1,073,150,904	1,094,147,613
Average number of options	5,637,862	4,201,098
Adjusted average number of shares outstanding	1,078,788,766	1,098,348,711
Diluted earnings per share (in euro)	0.0086	0.0094
	1st half 2023	1st half 2022
Profit from continuing operations attributable to the owners of the parent (in thousands of euro)	28,979	7,929
Average number of ordinary shares outstanding	1,073,150,904	1,094,147,613
Average number of options	5,637,862	4,201,098
Adjusted average number of shares outstanding	1,078,788,766	1,098,348,711
Diluted earnings per share (in euro)	0.0269	0.0072

	1st half 2023	1st half 2022
Profit from discontinued operations attributable to the owners of the parent (in thousands of euro)	1,161	567
Average number of ordinary shares outstanding	1,073,150,904	1,094,147,613
Average number of options	5,637,862	4,201,098
Adjusted average number of shares outstanding	1,078,788,766	1,098,348,711
Diluted earnings per share (in euro)	0.0011	0.0005

14. Dividends paid

The parent did not distribute any dividends during the first half of 2023.

15. Risk management

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

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

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

15.a. Market risk

Currency risk

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

With regard to the currency 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 resources 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 trade 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 trade 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 trade 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 trade 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 entered into to hedge the risk of 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 to 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 booked 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 booked to 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 2023, the Group had the following derivatives accounted for as hedges, expressed at their notional value:

a) *interest rate hedge:*

Sogefi group:

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

KOS group:

- hedging of bank borrowings with a notional value of €8.8 million.

b) *exchange rate hedge:*

CIR International S.A.:

- forward sales for a total of USD 65.3 million to cover investments in hedge funds.

Sogefi group:

- forward sale of USD 1.4 million and purchase of BRL;
- forward purchase of € 0.15 million and sale of BRL;
- forward purchase of USD 0.4 million and sale of ARS;

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 finance 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 2023, 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 2023.

Sogefi group

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



- 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 2023, these covenants were all met.

KOS group

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

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

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

At 30 June 2023, these covenants were all met.

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 on 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 mutual funds, hedge funds and private equity funds, fair value is determined on the basis of the NAV communicated by the fund administrators at the reporting date. Where such information is not available at the reporting date, the last official communication is used, though it must not be more than three months old at the reporting date and, if necessary, validated against more recent information made available to investors by the fund administrators. With reference to Class 1 insurance policies with capitalisation, these instruments cannot be classified as fair value level 1, as they are not listed and the price cannot be inferred from public info providers. It should also be considered that, given the impossibility for the investor/insured party to sell these instruments to third parties, there are no transactions that can identify the instrument as “liquid”.

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

The following table gives a breakdown of financial assets and liabilities measured at fair value with an indication of whether the fair value is determined, in whole or in part, directly by reference to price quotations published in an active market ("Level 1") or estimated using prices derived from market quotations for similar assets or using valuation techniques for which all significant factors are derived from observable market data ("Level 2") or from valuation techniques based mainly on input not observable on the market, which therefore involve estimates and assumptions being made by management ("Level 3").

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES SHOWN IN THE FINANCIAL STATEMENTS

Category of financial assets and liabilities at 30 June 2023	Classification	Carrying amount	Fair value Level 1	Fair value Level 2	Fair value Level 3
NON-CURRENT ASSETS					
OTHER FINANCIAL ASSETS	FVTPL	71,161	--	70,927	234
CURRENT ASSETS					
SECURITIES	FVTPL	63,833	46,679	17,154	--
OTHER FINANCIAL ASSETS	FVTPL	214,904	--	214,904	--

During the period, 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 2023 the situation of guarantees and commitments was as follows:

CIR and 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 investments in private equity funds by CIR International for € 19,035 thousand (€ 25,806 thousand at 31 December 2022).

Sogefi group

Investment commitments

At 30 June 2023 there are binding commitments for investments relating to the purchase of property, plant and equipment of € 393 thousand.

Guarantees given

Details of these guarantees are as follows:

(in thousands of euro)	30.06.2023	31.12.2022
Guarantees given to third parties	1,332	1,591
Other unsecured guarantees given to third parties	3,743	3,743
Secured guarantees given for borrowings shown in the financial statements	18,917	19,202

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 have granted to the lenders secured guarantees over their property, plant and equipment and trade receivables for the loans obtained from them.

Other risks

At 30 June 2023 the Sogefi group held assets belonging to third parties on its premises for € 2,387 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 € 27,848 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 € 27,577 thousand;
- a guarantee in favour of the Municipality of Sanremo as a security deposit for urbanisation works, for € 225 thousand.

At 30 June 2023, other commitments and risks amounted to €4,958 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 € 756 thousand;
- contractual commitments of around € 236 thousand.

17. Segment disclosures

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 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 have any investments in joint ventures at 30 June 2023.

19. Net financial position

The net financial position in accordance with Consob communication 6064293 dated 28 July 2006 and communication ESMA32-382-1138 of 4 March 2021, can be analysed as follows:

<i>(in thousands of euro)</i>	30.06.2023	31.12.2022
A. Cash	233,033	219,676
B. Cash equivalents	224,995	241,243
C. Other current financial assets	78,469	82,647
D. Cash and cash equivalents (A) + (B) + (C)	536,497	543,566
E. Current financial indebtedness	11,391	25,532
F. Current portion of non-current financial indebtedness	131,023	119,171
G. Current financial indebtedness (E) + (F)	142,414	144,703
H. NET CURRENT FINANCIAL POSITION (G) - (D)	(394,083)	(398,863)
I. Non-current financial indebtedness	1,212,627	1,206,697
J. Debt instruments	151,337	151,304
K. Trade payables and other non-current liabilities	--	--
L. Non-current financial indebtedness (I) + (J) + (K)	1,363,964	1,358,001
M. NET FINANCIAL INDEBTEDNESS (H) + (L)	969,881	959,138
Other non-current financial assets	(59,007)	(8,545)
NET FINANCIAL INDEBTEDNESS (as per the "Net financial position" shown in the tables in the Report on Operations)	910,874	950,593

- A) item 4.g "Cash and cash equivalents;
 B) item 4.f "Other financial assets, including derivatives";
 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 financial liabilities" and item 7.c "Lease liabilities";
 I) item 6.b "Other financial liabilities" 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 2023 (CIR)

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

CIR - Stock Grant Plans at 30 June 2023

	Instruments outstanding at the start of the period		Instruments granted during the period		Instruments exercised during the period		Instruments vested during the period		Instruments outstanding at the 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	-	-	-	-	-	-	1,033,057	0.5267	2.83	1,033,057	0.5267
Stock Grant Plan 2017	897,538	0.7144	-	-	-	-	-	-	897,538	0.7144	3.83	897,538	0.7144
Stock Grant Plan 2018	1,453,451	0.4378	-	-	-	-	-	-	1,453,451	0.4378	4.83	1,453,451	0.4378
Stock Grant Plan 2019	3,176,726	0.4557	-	-	69,870	0.4557	1,764,386	0.4557	1,342,470	0.4557	5.84	1,342,470	0.4557
Stock Grant Plan 2020	3,585,927	0.4066	-	-	27,192	0.4066	-	-	3,558,735	0.4066	6.95	1,056,022	0.4066
Stock Grant Plan 2021	3,565,284	0.4025	-	-	5,833	0.4025	-	-	3,559,451	0.4025	7.84	142,720	0.4025
Stock Grant Plan 2022	4,274,469	0.3512	-	-	-	-	-	-	4,274,469	0.3512	8.84	-	-
Stock Grant Plan 2023	-	-	4,584,544	0.3292	-	-	-	-	4,584,544	0.3292	9.84	-	-
Total	17,986,452	0.4261	4,584,544	0.3292	102,895	0.4397	1,764,386	0.4557	20,703,715	0.402	7.57	5,925,258	0.4928

20.b. Employee payment plans at 30 June 2023 (Sogefi group)

The following table shows the total number of rights existing with respect to the stock grant plans for the period 2012-2022:

	30 June 2023	31 December 2022
Not exercised/not exercisable at the start of the period	2,200,191	1,578,600
Granted during the period	--	995,000
Cancelled during the period	(138,696)	(305,260)
Exercised during the period	(135,487)	(68,149)
Not exercised/not exercisable at the end of the period	1,926,008	2,200,191
Exercisable at the end of the period	39,047	26,832

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 2023 (KOS group)

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

KOS - Stock Option Plans at 30 June 2023

	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	--	--	--	--	10,000	2.65	1,404,583	2.65	9.9	1,404,583	2.65	31/12/2014	17/05/2033
Stock Option Plan '16	1,206,000	7.79	--	--	--	--	15,000	7.79	1,191,000	8.08	9.9	1,191,000	8.08	17/05/2023	17/05/2033
Total	2,620,583	5.02	--	--	--	--	25,000	6.73	2,595,583	5.14	9.9	2,595,383	5.14		

21. Contingent assets/liabilities

Contingent liabilities

Certain group companies have legal disputes pending, against which their Boards have set aside risk provisions for amounts that are considered appropriate, taking into account the opinion of their consultants regarding the likelihood that significant 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 ruling 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 dispute, 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. merged into 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 rulings before the Milan Regional Tax Commission. On 21 March 2014, the Milan Regional Tax Commission filed the ruling 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 ruling 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 ruling no. 395/2022, the Regional Tax Commission confirmed, also in the referral, the previous ruling in favour of the company passed in 2014.

The Tax Authorities have filed an appeal, which was notified on 9 September 2022. The company presented its counter-appeal within 40 days of notification of the appeal.

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 rulings of first and second instance and by the adjournment decision, management believes that at 30 June 2023 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.

In light of the recent Budget Law 2023 (no. 197, of 29 December 2022), the company and its consultants reckon that it should be possible to settle the matter by paying 15% of the higher amount of tax; deeming it probable that the dispute will be resolved with such a payment, at 31 December 2022 the company has set aside approximately €470 million of additional taxes.

Parent CIR S.p.A.

On April 23, 2020, CIR S.p.A. completed the sale to Giano Holding SpA, a vehicle wholly owned by EXOR NV at the time, of its investment in GEDI, equal to 43.78% of the latter's share capital. 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 into GEDI, CIR now owns a 5.19% stake in the share capital of GEDI.

As part of the sale, CIR granted the purchaser Giano Holding S.p.A. (and as a result of the merger into GEDI as the acquirer) a specific guarantee, accompanied by a "special indemnity", in relation to criminal proceedings, of which GEDI was made known on 21 March 2018, for the hypothesis of a crime envisaged by art. 640, paragraph 2, no. 1 against the persons who at the time covered the role of Chief Executive Officer, Central Director of Human Resources and General Director of the National Press, as well as for the crime pursuant to art. 24 of Legislative Decree 231/2001 against 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 no. 416/81. In the context of the Proceedings, various different episodes are disputed, the outcome of which could have varied results depending on the situation.

By virtue of the "special indemnity" provision mentioned above, CIR is required to indemnify GEDI for a portion corresponding to 38.6% of any liabilities incurred by GEDI as a result of the proceedings, for a maximum amount of € 12 million. Based on the analysis of GEDI information, during the first half of 2023, a provision for risks of € 5.5 million was set aside, with a balancing entry in the income statement under the item "profit/loss from discontinued operations". Since the information provided by GEDI is subject to change depending on the evolution of the proceedings, it cannot be excluded that the amount may vary in the future, up to the ceiling 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 PERIOD

No significant events have taken place after 30 June 2023.

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 of identifying the parent's related parties;
- 2) establishes principles for identifying related party transactions ("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 Financial Reporting 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) the subsidiaries, jointly controlled entities and associates of CIR S.p.A. (whose relationships are eliminated in the consolidation process) (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) the donation of €300,000 to the Fondazione Ing. Rodolfo De Benedetti; ii) the rent of a property owned by the parent 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 transactions with related parties:

INCOME STATEMENT

(in thousands of euro)

	Revenue	Costs for the purchase of goods	Costs for services	Other operating costs	Other operating income	Financial income	Financial expense	Dividends
Parents	--	--	--	--	--	--	--	--
Subsidiaries	--	--	--	--	--	--	--	--
Associates	--	--	--	--	--	--	--	--
Joint ventures	--	--	--	--	--	--	--	--
Other related parties	--	--	--	--	42	--	--	--
Total	--	--	--	--	42	--	--	--

STATEMENT OF FINANCIAL POSITION

	Current assets		Current liabilities		
	Trade receivables	Other assets	Other financial liabilities	Trade payables	Other liabilities
Parents	--	--	--	--	--
Subsidiaries	--	--	--	--	--
Associates	--	133	--	--	--
Joint ventures	--	--	--	--	--
Other related	--	--	--	--	--
Total	--	133	--	--	--



Certification of the condensed interim consolidated financial statements



Certification of the interim financial report at 30 June 2023 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 Manager in charge of financial reporting 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 interim financial report at 30 June 2023, for the period 1 January - 30 June 2023.
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 2023:
 - 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 2023 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, 31 July 2023

Monica Mondardini
Chief Executive Officer

Michele Cavigioli
Manager in charge of financial reporting



LIST OF EQUITY INVESTMENTS

AT 30 JUNE 2023

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
KOS CARE S.R.L.	Italy	2,550,000.00	€	KOS S.p.A.	100.00
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
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
DIENTLEISTUNGSGESELLSCHAFT 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 soziale Einrichtungen - Nord MBH	Germany	25,000.00	€	Wohn- und Pflegezentrum Haus Teichblick GmbH	100.00
WOHN- UND PFLEGEZENTRUM HAUS AM BAHNHOF GMBH	Germany	51,150.00	€	Charleston Holding GmbH	100.00
RSG ROTENBURGER SERVICEGESELLSCHAFT AM BAHNHOF MBH	Germany	25,000.00	€	Wohn- und Pflegezentrum Haus am Bahnhof 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 SERVICEGESELLSCHAFT 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	100.00
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
INTAL 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.	85.51
				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
					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

(*) 56.49% net of the treasury shares

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
SOGEFI 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
ATN MOLD & PARTS (SAS)	France	240,000	€	SOGEFI AIR & COOLING S.A.S.	51.00
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	115,446.64	€	JUPITER MARKET PLACE S.r.l.	41.18
CIR INTERNATIONAL GROUP					
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 SUBSIDIARY AND ASSOCIATES MEASURED AT COST (*)

(in euro or foreign currency)

Company name	Registered office	Share/quota capital	Currency	Held by	investment % part. sul cap. soc.
OSIMO SALUTE S.P.A.	Italy	750,000.00	€	ABITARE IL TEMPO S.r.l.	25.50
CLEARVIEW HEALTHCARE LTD	INDIA	4,661,880.00	INR	KOS S.P.A..	85.19
GRUPPO CIR INTERNATIONAL					
KTP GLOBAL FINANCE MANAGEMENT S.A.	Luxembourg	31,000.00	€	CIR INTERNATIONAL S.A.	46.00

(*) Non-significant, 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	Register ed office	Share/quota capital	Curren cy	Held by	Investment %
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	Curren cy	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 the independent auditors





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

(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 Group - Compagnie Industriali Riunite, comprising the statement of financial position as at 30 June 2023, 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 the review

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



CIR Group – Compagnie Industriali Riunite

Independent auditors' report

30 June 2023

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 Group – Compagnie Industriali Riunite as at and for the six months ended 30 June 2023 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, 2 August 2023

KPMG S.p.A.

(signed on the original)

Alessandra Ponzio
Director of Audit



CIR S.p.A.
COMPAGNIE INDUSTRIALI
RIUNITE
Via Ciovassino, 1 — 20121 Milan
T. + 39 02 72 27 01
info@cirgroup.com
cirgroup.it