ANNUAL FINANCIAL STATEMENTS

2024

CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF THE BOARD OF DIRECTORS

JOINT-STOCK COMPANY - SHARE CAPITAL EURO 62,461,355.84
COMPANY REGISTER OF MILAN MONZA-BRIANZA LODI AND TAX CODE 00607460201
COMPANY SUBJECT TO THE DIRECTION AND COORDINATION OF CIR S.p.A.
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CORPORATE BODIES

Honorary Chair CARLO DE BENEDETTI

BOARD OF DIRECTORS

Executive Chairwoman MONICA MONDARDINI

Directors PATRIZIA ARIENTI (2) - (3)
MAHA DAOUDI (2)
RODOLFO DE BENEDETTI
MAURO MELIS (1) - (2) - (3) - (4)
RAFFAELLA PALLAVICINI
MASSIMILIANO PICARDI (1) - (3)
CHRISTIAN STREIFF (1)

Secretary to the Board NICCOLO' MORESCHINI

BOARD OF AUDITORS

Chairwoman DANIELA DELFRATE

Acting Auditors GAETANO REBECCHINI
RITA ROLLI

Alternate Auditors FRANCO ALDO ABBATE
ANNA MARIA ALLIEVI
LUIGI BORRÈ

INDEPENDENT AUDITORS

KPMG S.p.A.

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(1) Members of the Appointment and Remuneration Committee.
(2) Members of the Control, Risk and Sustainability Committee.
(3) Members of the Committee on Related Party Transactions.
(4) Lead independent director.

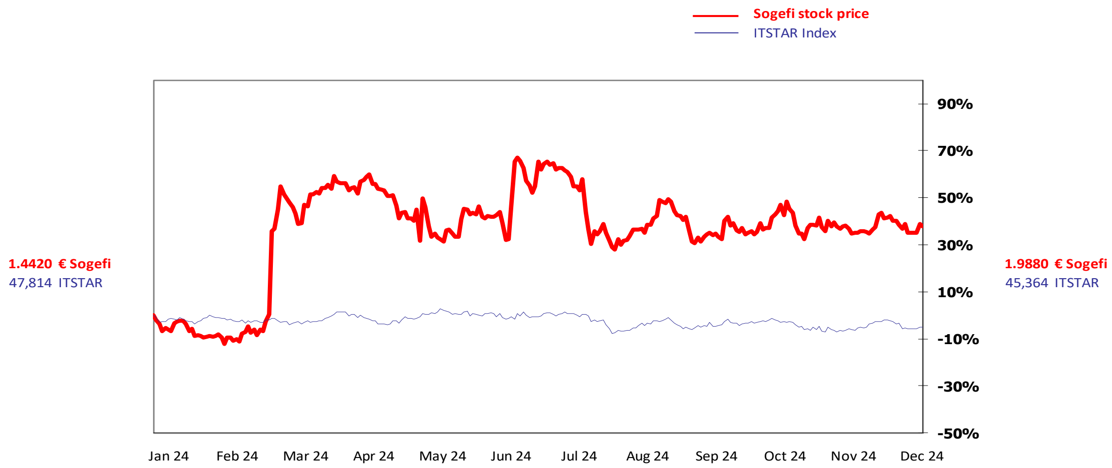
OVERVIEW OF GROUP RESULTS

(in millions of Euro)	2021		2022		2023 (**)		2024	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
Sales revenues	1,320.6	100.0%	1,543.4	100.0%	1,039.7	100.0%	1,022.3	100.0%
EBITDA	192.5	14.6%	195.1	12.6%	107.8	10.4%	125.3	12.3%
Ebit	58.4	4.4%	70.5	4.6%	25.6	2.5%	45.7	4.5%
Net income (loss) from discontinued operations, net of tax effects	(24.5)	-1.9%	(1.4)	-0.1%	54.6	5.2%	125.9	12.3%
Net result	2.0	0.1%	29.6	1.9%	57.8	5.6%	141.3	13.8%
Self-financing	124.6		137.4		97.6		102.0	
Free cash flow	32.4		29.3		(7.2)		30.4	
Net financial position	(327.6)		(294.9)		(266.1)		(55.0)	
Total shareholders' equity	205.0		247.5		287.3		307.3	
GEARING	1.60		1.19		0.93		0.18	
ROI	11.2%		13.1%		7.0%		12.6%	
ROE	1.2%		14.1%		22.9%		49.8%	
Number of employees at December 31	5,462		5,321		3,338		3,330	
Dividends per share (Euro)	-		-		1.12		0.15	(*)
EPS (Euro)	0.017		0.250		0.488		1.189	
Average annual price per share	1.3236		0.9119		1.3142		1.9557	

(*) As proposed by the Board of Directors to the Shareholders' Meeting
(**) The values for the 2023 financial year, relating to "Assets held for sale", have been reclassified following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" to the line "Net income (loss) from discontinued operations, net of tax effects

STOCK PERFORMANCE

The graph below shows the performance of Sogefi stock and of the ITSTAR index in 2024.



REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

THE AUTOMOTIVE MARKET IN 2024

In the fourth quarter of 2024, the world's automotive production saw a slight increase (+0.4%) thanks to positive trends in China, India and South America (+8.1%, +3.4%, +12.7% respectively); on the other hand, the trend was negative in North America (-3.4%) and in Europe, with production down by 8.8% compared to the same period of the previous year.

In 2024 as a whole, global car production decreased by 1.1% compared to 2023: up China (+3.8%), India (+3.9%) and Mercosur (+2.7%) and down NAFTA (-1.4%) and especially Europe (-6.1%).

With regard to the vehicle type, the increase in electric vehicle production was 7.3%, far below expectations.

For the 2025 financial year, S&P Global (IHS) expects global car production to decline slightly again compared to 2024 (-0.5%), with further significant declines in Europe (-5%) and NAFTA (-2.2%), substantial resilience in China and good growth in India and Mercosur (+5.0%).

Turning finally to the Heavy Duty market, in 2024 world production recorded a significant drop, -5.2%,where production fell by 21.2%.

KEY MANAGEMENT INFORMATION

In 2024, the Group carried out a transaction that resulted in a significant change in its profile.

Specifically, on 31 May 2024 Sogefi sold its Filtration business unit against an enterprise value of Euro 374 million and a consideration (Equity Value) in cash of Euro 327.5 million.

The transaction resulted in a substantial generation of value compared to the stock market value, thanks also to the very positive results achieved by Filtration in 2023, following the implementation of a programme that involved the divestment of unprofitable assets, commercial development and increased profitability, in a favourable market environment for the Aftermarket channel.

It also resulted in the reduction of the powertrain component in the group's business portfolio, making Sogefi less exposed to the risks associated with the transition to E-mobility and reduced the group's complexity and diversification.

Finally, the Group now has a financial position that allows for more investments for the development in the EV (Electric Vehicle) market, which have already been identified and are underway, considering that part of the financial resources from the divestment have not been distributed and the Group's net debt at the end of 2024 was only Euro 55 million (including payables for rights of use, according to IFRS 16).

At the same time, during 2024, Sogefi S.p.A. shareholders received dividends totalling Euro 1.123 per share, to be compared to an average share value of Euro 1.31 during 2023.

Today, the Group's perimeter consists of the "*Air and Cooling*" and "*Suspension*" business units.

The *Air and Cooling* business unit, with a significant and balanced presence in Europe and NAFTA and a good base in China, recorded steadily positive results over the past few years, with an EBITDA margin and EBIT margin of around 17% and 7/8% respectively. It has also developed products with innovative technologies for purely electric vehicles, and the aim is to sustain growth through the development of a business portfolio for electric vehicles, particularly in Europe, becoming a major player in that segment as well.

The *Suspension* business unit, with a significant presence in Europe and Mercosur and strong growth in China, has been impacted in recent years by the reduction in car production in Europe and the sharp increase in the cost of steel and energy, recording negative results in the three-year period 2020-2022. As of 2023, operating results are improving, thanks to measures to restore product margins and reduce fixed costs, including by concentrating production capacity. In 2024, despite the decline in volumes, profitability improved, confirming the turnaround trajectory that will have to continue in 2025-2026 in order to achieve sustainable profitability.

Following the sale of Filtration, the figures for this business unit are reported in accordance with IFRS 5, i.e. by reporting only the net result of the business under the heading "income (loss) from discontinued operations or held for sale", for the years 2024 and 2023. The operating data discussed below only refer to continued operating activities excluding Filtration (the operating activities), while the net result and free cash flow are reported for continued operations, discontinued operations, and in total.

In 2024, market weakness resulted in a **revenue decline of 1.7%** compared to 2023 and 4.2% excluding exchange rate and inflation effects in Argentina; nevertheless, an **improvement in operating results** was recorded:

- EBITDA[1], equal to Euro 125.3 million, increased by 16.3% compared to 2023, with an EBITDA margin of 12.3%;
- EBIT, at Euro 45.7 million, grew compared to 2023 (Euro 25.6 million), and the EBIT margin has risen to 4.5% of sales, compared to 2.5% in 2023.
- Net result of continued operating activities amounted to Euro 18.0 million, compared to Euro 6.4 million in 2023;
- the *free cash flow* was positive in the amount of Euro 30.4 million, compared to a cash absorption of Euro 7.2 million in 2023, thanks also to positive non-recurring cash flows.

The **sold assets** recorded a net result of Euro 125.9 million and *free cash flow* of Euro 317.9 million.

Overall, in 2024, the **Group** reported a Net Profit of Euro 141.3 million and a *Free Cash Flow* of Euro 348.3 million.

[1] EBITDA is calculated by adding "EBIT", the item "Depreciation and amortization" and the amount of writedowns of tangible and intangible assets posted in "Other non-operating expenses (income)" for Euro 1.5 million at 31 December 2024 (Euro 4.2 million in 2023).

The net indebtedness as of 31 December 2024 is of Euro 55.0 million (Euro 9.5 million without taking into account payables for rights of use, in accordance with IFRS 16), compared to a net debt of Euro 266.1 million as of 31 December 2023, after payment of an ordinary dividend of Euro 23.7 million and an extraordinary dividend of Euro 109.6 million to the shareholders of Sogefi S.p.A..

2024 RESULTS

Sales revenues

Revenues for 2024 amounted to Euro 1,022.3 million, down 1.7% from 2023 (-4.2% at constant exchange rates and net of Argentina's inflation).

Sales revenues by geographic area

	2024	2023	reported change 2024 vs 2023	constant exchange rates 2024 vs 2023	reference market production
(in millions of Euro)	*Amount*	*Amount*	%	%	%
Europe	556.5	609.1	(8.6)	(8.6)	(6.1)
North America	214.1	224.2	(4.5)	(3.6)	(1.4)
South America	121.0	84.6	43.0	6.8	2.7
China	115.7	107.4	7.8	9.6	3.8
Other	15.0	14.4			
TOTAL	1,022.3	1,039.7	(1.7)	(4.2)	(1.1)

In Europe, revenues decreased by 8.6% and in North America by 3.6% at constant exchange rates, due to the evolution of the respective markets and main customers, while in South America and China revenues at constant exchange rates grew by +6.8% and +9.6% respectively, thus achieving a good performance, even compared to the trend of the reference markets.

Sales revenues by business sector

	2024	2023	reported change 2024 vs 2023	constant exchange rates 2024 vs 2023
(in millions of Euro)	*Amount*	*Amount*	%	%
Suspensions	564.6	574.5	(1.7)	(6.9)
Air&Cooling	457.4	465.4	(1.7)	(1.0)
Intercompany eliminations	0.3	(0.2)		
TOTAL	1,022.3	1,039.7	(1.7)	(4.2)

The sales revenue trend in the group's two business units shows significant differences, depending on the areas of operation and the composition of the customer portfolio.

Suspension posted revenue declines by 1.7% and 6.9% at constant exchange rates, impacted by the unfavourable performance of the European market in the Passenger Cars segment (-6.1%) and in the Heavy Duty segment, which decreased by 21.2% in Europe; on the other hand, significant growth was recorded in China (+36.2% at constant exchange rates) and in Mercosur (+6.8%, at constant exchange rates and net of Argentina's inflation).

Air and Cooling reported revenues down by 1.7% and 1.0% at constant exchange rates, with a positive performance in Europe (+4.0%), against the market trend, and a decline in North America, attributable to a different mix of product, and in China, due to a drop in production recorded locally by some Western customers.

Sales revenues by customer

Sogefi has a balanced customer portfolio, and its composition did not change significantly during 2024. The main customers of Sogefi are Stellantis, GM, Daimler, Ford, Renault/Nissan and BMW, which together account for 69% of revenues.

Overview of consolidated income statement

The main indicators of the consolidated income statement are shown below.

(in millions of Euro)	Note(*)	2024		2023		Changes	
		Amount	%	Amount	%	Amount	%
Sales revenues		1,022.3	100.0	1,039.7	100.0	(17.4)	(1.7)
Variable cost of sales		724.9	70.9	751.3	72.3	(26.4)	(3.5)
CONTRIBUTION MARGIN		297.4	29.1	288.4	27.7	9.0	3.1
Fixed costs	(a)	162.4	15.9	166.8	16.0	(4.3)	(2.6)
Restructuring costs		7.0	0.7	5.7	0.6	1.3	22.2
Other expenses (income)	(b)	2.7	0.2	8.1	0.7	(5.5)	(67.1)
EBITDA	(c)	125.3	12.3	107.8	10.4	17.5	16.3
Depreciation and amortization	(d)	79.6	7.8	82.2	7.9	(2.6)	(3.2)
EBIT		45.7	4.5	25.6	2.5	20.1	78.5
NET INCOME (LOSS) OF OPERATING ACTIVITIES		18.0	1.8	6.4	0.7	11.6	182.4
Net income (loss) from discontinued operations, net of tax effects		125.9	12.3	54.6	5.2	71.3	130.7
Loss (income) attributable to non-controlling interests		(2.6)	(0.3)	(3.2)	(0.3)	0.6	18.8
GROUP NET RESULT		141.3	13.8	57.8	5.6	83.5	144.6

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

EBITDA amounted to Euro 125.3 million, up by 16.3% compared to 2023 (Euro 107.8 million) despite the reduction of volumes. EBITDA margin rose by almost two points, from 10.4% in 2023 to 12.3% in 2024.

The favourable development in profitability is mainly due to the increase in the contribution margin, which represents 29.1% of sales, compared to 27.7% in 2023; this increase reflects the favourable development in raw material and energy costs recorded in 2024.

The ratio of fixed costs to revenue amounted to 15.9%, basically steady compared to 2023 (16.0%).

The other expenses decreased by Euro 5.5 million, due to the lower impact of exchange rate differences.

EBIT amounted to Euro 45.7 million, compared to Euro 25.6 million in 2023, and the ratio to turnover increased from 2.5% in 2023 to 4.5% in 2024.

Financial expenses amounted to Euro 14.7 million, an amount in line with that recorded in 2023 (Euro 14.8 million). Cash financial expenses decreased from Euro 16.7 million in 2023 to Euro 12.7 million in 2024, due to the debt reduction in June 2024, following the sale of the Filtration business unit. On the other hand, the cash available in Argentina, invested in US dollars and not distributable via dividends due to restrictions in force locally, generated negative income of Euro 1.5 million in 2024, compared to positive income of Euro 4.8 million in 2023, due to the complex currency and hyperinflationary effects specific to the country and a foreign exchange loss recorded by using part of the cash to pay suppliers in US dollars, based on local conversion rate regulations.

The tax charges amounted to Euro 13.0 million (Euro 4.4 million in 2023) reflecting the higher pre-tax profit.

The **net operating result** was positive at Euro 18.0 million compared with Euro 6.4 million in the previous year.

The **net result of the "discontinued operations"** amounted to Euro 125.9 million and corresponds to the net profit of the Filtration business unit of Euro 134.5 million (including the profit from the business until the date of sale on 31 May 2024, the capital gain realised, the tax charges resulting from the transaction and the costs incurred for its completion). Provisions of Euro 8.6 million were also recorded in connection with the suspension business in Mexico, which was sold in 2023, corresponding to mainly non-cash charges paid by the Group to ensure the continuity of production for customers.

The Group recorded a **consolidated net profit** of Euro 141.3 million, net of non-controlling interests.

Consolidated operating cash flow

The consolidated operating cash flow is shown below.

(in millions of Euro)	Note(*)	2024	2023
SELF-FINANCING	(e)	102.0	97.6
Change in net working capital		5.1	(32.9)
Other medium/long-term assets/liabilities	(f)	7.3	(2.8)
CASH FLOW GENERATED BY OPERATIONS		**114.4**	**61.9**
Net decrease from sale of fixed assets	(g)	1.0	8.7
TOTAL SOURCES		115.4	70.6
TOTAL APPLICATION OF FUNDS		79.3	73.5
Exchange differences on assets/liabilities and equity	(h)	(5.7)	(4.3)
Free cash flow from operating activities		**30.4**	**(7.2)**
Free cash flow from discontinued operations	(j)	**317.9**	**45.1**
TOTAL FREE CASH FLOW		**348.3**	**37.9**
Dividends paid by subsidiaries to non-controlling interests		(136.7)	(6.3)
Change in fair value derivative instruments		(0.5)	(2.8)
CHANGES IN SHAREHOLDERS' EQUITY		(137.2)	(9.1)
Change in net financial position	(i)	**211.1**	**28.8**
Opening net financial position	(i)	**(266.1)**	**(294.9)**
CLOSING NET FINANCIAL POSITION	(i)	**(55.0)**	**(266.1)**

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

Free cash flow was positive at Euro 348.3 million and includes:

- a free cash flow from discontinued operations of Euro 317.9 million from the Filtration business unit;
- a free cash flow generated by continuing operations of Euro 30.4 million against a

negative cash flow of Euro 7.2 million in 2023; it should be noted that this amount was positively impacted by cash flows from the deconsolidation of the *Filtration* business unit, particularly the balance of intercompany payables incurred prior to the sale, in the amount of approximately Euro 13 million, and by a favourable change in working capital, also related to the downturn in business.

The Group paid **dividends** totalling Euro 136.7 million, of which Euro 23.7 million was the Company's ordinary dividend, Euro 109.6 million was the Company's extraordinary dividend and Euro 3.4 million was the dividend from investees to third-party shareholders.

The **Net indebtedness** at the end of December 2024 amounted to Euro 55.0 million compared to a net indebtedness at the end of 2023 of Euro 266.1 million, with a reduction of Euro 211.1 million during 2024.

The net indebtedness excluding liabilities for user rights as at 31 December 2024 was Euro 9.5 million, compared to Euro 200.7 million at 31 December 2023.

(in millions of Euro)	12.31.2024	12.31.2023
Cash, banks, financial receivables and securities held for trading	64.2	83.3
Medium/long-term financial receivables	4.4	9.5
Short-term financial debts (*)	(23.5)	(76.7)
Medium/long-term financial debts	(100.1)	(282.2)
NET FINANCIAL POSITION	(55.0)	(266.1)

(*) Including current portions of medium and long-term financial debts.

As at 31 December 2024, the Group had committed credit lines in excess of requirements of Euro 193 million.

Consolidated net invested capital

Net invested capital and shareholders' equity are shown below

(in millions of Euro)	Note(*)	12.31.2024		12.31.2023	
		Amount	*%*	*Amount*	*%*
Short-term operating assets	(l)	221.1		350.0	
Short-term operating liabilities	(m)	(228.9)		(383.0)	
Net working capital		(7.8)	(2.2)	(33.0)	(6.0)
Equity investments	(n)	-	-	-	-
Intangible, tangible fixed assets and other medium and long-term assets	(o)	461.9	127.6	702.4	127.0
CAPITAL INVESTED		454.1	125.4	669.4	121.0
Deferred Taxes/Pension Funds/Provision for risks	(p)	(52.1)	(14.4)	(59.6)	(10.8)
Other medium and long-term liabilities	(q)	(39.7)	(11.0)	(56.4)	(10.2)
NET CAPITAL INVESTED		362.3	100.0	553.4	100.0
Net financial indebtedness	(r)	55.0	15.2	266.1	48.1
Non-controlling interests		12.7	3.5	14.4	2.6
Consolidated equity of the Group		294.6	81.3	272.9	49.3
TOTAL		362.3	100.0	553.4	100.0

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

As at 31 December 2024, **consolidated shareholders' equity**, excluding non-controlling interests, amounted to Euro 294.6 million, compared to Euro 272.9 million as at 31 December 2023.

As at 31 December 2024, the Sogefi Group's **workforce** was 3,330, substantially unchanged compared to 3,338 as at 31 December 2023 (excluding employees of the Filtration division which amounted to 1,935 as of December 31, 2023).

	12.31.2024		12.31.2023	
	Number	*%*	*Number*	*%*
Suspensions	1,997	60.0	2,033	60.9
Air&Cooling	1,282	38.5	1,253	37.5
Other	51	1.5	52	1.6
TOTAL	3,330	100.0	3,338	100.0

Breakdown by category is provided below.

	12.31.2024		12.31.2023	
	Number	*%*	*Number*	*%*
Managers	33	1.0	35	1.0
Clerical staff	814	24.4	841	25.2
Blue collar workers	2,483	74.6	2,462	73.8
TOTAL	3,330	100.0	3,338	100.0

INVESTMENTS AND RESEARCH & DEVELOPMENT ACTIVITIES

Investments in 2024 amounted to Euro 79.3 million, up from Euro 73.5 million in 2023(excluding those of the filtration division, which amounted to Euro 33.1 million as of December 31, 2023), mainly due to higher investments in new product development (Euro 33.8 million compared to Euro 29.7 million in 2023, reflected in the increase in intangible assets and tooling). The table below provides details of the investments.

(in millions of Euro)	12.31.2024	12.31.2023
Increase in intangible assets	11.1	9.0
Purchase of tangible assets	41.1	39.7
Purchase of Tooling	20.6	17.6
Increase in intangible assets for right of use	6.5	5.0
Purchase of equity investment	-	2.2
TOTAL INVESTMENTS	79.3	73.5

RECONCILIATION BETWEEN THE PARENT COMPANY'S STATUTORY FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

The following is a reconciliation of the Group's net result and equity at the end of the year with the equivalent figures for the Parent Company.

(in millions of Euro)	2024	2023
Net result per Sogefi S.p.A. financial statements	210.7	6.7
Group share of results of subsidiary companies included in the consolidated financial statements	29.9	69.6
Writedowns of equity investments	-	(9.4)
Elimination dividends	(74.0)	(8.1)
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related tax effect	(25.3)	(1.0)
NET RESULT PER CONSOLIDATED FINANCIAL STATEMENTS	141.3	57.8

(in millions of Euro)	2024	2023
Shareholders' equity per Sogefi S.p.A. financial statements	303.8	228.3
Group share of higher/lower equity value of investments in consolidated companies over carrying value in Sogefi S.p.A. financial statements	(12.4)	40.4
Elimination of unrealized gains deriving from intercompany transactions and other consolidation adjustments, net of the related tax effect	3.2	4.2
SHAREHOLDERS' EQUITY PER CONSOLIDATED FINANCIAL STATEMENTS	294.6	272.9

PERFORMANCE OF THE PARENT COMPANY SOGEFI S.p.A.

In 2024, Sogefi S.p.A. reported a **net profit** of Euro 210.7 million compared to the net profit of Euro 6.7 million reported in 2023:

- the **flow of dividends from subsidiaries** amounted to Euro 74.0 million compared with Euro 8.1 million in the previous year;
- a **gain** of Euro 145.9 million was recorded from the sale of the Filtration business unit;
- **net financial income** amounted to Euro 0.1 million compared to net financial expenses of Euro 4.2 million in 2023;
- the **net exchange rate differences** were positive for Euro 3.0 million compared to the negative contribution of Euro 1.8 million in the previous year.
- **operating costs** amounted to Euro 13.6 million, a decrease compared to 2023 (Euro 15.7 million) mainly due to lower amortisation and impairment of intangible assets (Group ERP system).

(in millions of Euro)	Note(*)	2024	2023
Financial income/expenses and dividends		223.0	2.1
Adjustments to financial assets		-	9.4
Other operating revenues		9.7	9.6
Operating costs		(13.6)	(15.7)
Other non-operating income (expenses)	(s)	(3.4)	(3.0)
RESULT BEFORE TAXES		215.7	2.4
Income taxes		(5.0)	4.3
NET RESULT		210.7	6.7

As regards the **statement of financial position**, the table below shows the main items as at 31 December 2024, compared to the figures recorded at the end of the previous year.

(in millions of Euro)	Note(*)	12.31.2024	12.31.2023
Short-term assets	(t)	10.0	9.1
Short-term liabilities	(u)	(3.2)	(5.2)
Net working capital		6.8	3.9
Equity investments	(v)	312.6	347.1
Other fixed assets	(w)	15.3	21.6
CAPITAL INVESTED		334.7	372.6
Other medium and long-term liabilities	(x)	(0.2)	(1.0)
NET CAPITAL INVESTED		334.5	371.6
Net financial indebtedness		30.7	143.3
Shareholders' equity		303.8	228.3
TOTAL		334.5	371.6

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

Shareholders' equity as at 31 December 2024 amounts to Euro 303.8 million, recorded a net increase of Euro 75.5 million from 31 December 2023 (Euro 228.3 million), mainly due to a net profit for the 2024 financial year (Euro 210.7 million) exceeding the dividends distributed by the Company (Euro 133.3 million).

The net **financial indebtedness** as at 31 December 2024 was Euro 30.7 million, down from Euro 143.3 million at 31 December 2023.

(in millions of Euro)	2024	12.31.2023
Short-term cash investments	18.8	26.1
Short/medium-term financial receivables to third and subsidiaries	104.5	315.1
Short-term financial debts (*)	(90.0)	(284.7)
Medium/long-term financial debts	(64.0)	(199.8)
NET FINANCIAL POSITION	(30.7)	(143.3)

(*) Including current portions of medium and long-term financial debts.

The table below illustrates the **cash flow statement** of Sogefi S.p.A:

(in millions of Euro)	Note(*)	2024	2023
SELF-FINANCING	(y)	216.7	2.0
Change in net working capital	(z)	(2.9)	(0.1)
Other medium/long term assets/liabilities	(aa)	(1.7)	0.3
CASH FLOW GENERATED BY OPERATIONS		**212.1**	**2.2**
Sale of equity investments		181.7	-
Net decrease from sale of intangible assets		0.2	-
TOTAL SOURCES		394.0	2.2
Increase in intangible assets		0.1	-
Increase in tangible assets		0.3	0.7
Increase in equity investments		147.1	0.2
TOTAL APPLICATION OF FUNDS		147.5	0.9
FREE CASH FLOW		**246.5**	**1.3**
Change in fair value derivative instruments		(0.5)	(2.8)
Dividends paid		(133.3)	-
CHANGES IN SHAREHOLDERS' EQUITY		(133.8)	(2.8)
Change in net financial position	(bb)	**112.6**	**(1.5)**
Opening net financial position	(bb)	**(143.3)**	**(141.8)**
CLOSING NET FINANCIAL POSITION	(bb)	**(30.7)**	**(143.3)**

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

The **Change in Net Financial Position** was positive and amounted to Euro 112.6 million; the Company:

- recorded net inflows of Euro 394.0 million, of which Euro 319.9 million came from the sale of the Filtration business unit and Euro 74.0 million from dividends received from subsidiaries;
- used Euro 147.1 million for capital increases of Group companies with significant indebtedness levels;
- distributed dividends amounting to Euro 133.3 million to shareholders.

PERFORMANCE BY BUSINESS DIVISION

“Suspension” business unit

Key indicators

(in millions of Euro)	2021	2022	2023	2024	Change '24 vs '23
Sales revenues	458.2	548.0	574.5	564.6	-1.7%
EBIT	(9.1)	(9.4)	5.0	16.5	227.1%
% on sales revenues	-2.0%	-1.7%	0.9%	2.9%	
Number of employees	2,267	2,091	2,033	1,997	-1.8%

In 2024, Suspensions achieved revenues of Euro 564.6 million, down by 1.7% from 2023 and 6.9% at constant exchange rates and net of Argentina's inflation.

The decline was due to the negative revenue trend in Europe, which decreased by 13.5%, with a 9.8% reduction in the Passenger Cars segment, mainly due to the market trend (-6.1%), which particularly affected some major customers, and a 23.5% decrease in the Heavy Duty segment in a market that, in Europe, lost 21.2% and 27.7% during the last quarter.

On the other hand, revenue trends were very positive in China (+33.9% at current exchange rates and +36.2% at constant exchange rates) thanks to the ramp up of new products also supplied to local players.

The development in South America was also positive, with revenues at constant exchange rates and net of inflation in Argentina growing by 6.8%.

EBITDA amounted to Euro 50.4 million, compared to Euro 41.0 million in 2023, with an EBITDA margin increased from 7.1% in 2023 to 8.9% in 2024. The increase was due to the favourable development of the contribution margin, which increased in absolute terms by 4.5% compared to 2023, despite the reduction in volumes, and amounted to 28.8% of turnover, compared to 27.1% in 2023, thanks to the gradual reduction in material prices.

EBIT was equal to Euro 16.5 million, 2.9% of revenues, compared to Euro 5.0 million in 2023 (0.9% of revenues).

The operating result in China and Mercosur improved markedly, that of the Passenger Cars segment in Europe improved slightly, while the development of the Heavy Duty segment was critical, due to the marked loss in sales.

Employees at 31 December 2024 were 1,997 (2,033 at 31 December 2023).

Air & Cooling business unit

Key indicators

(in millions of Euro)	2021	2022	2023	2024	Change '24 vs '23
Sales revenues	383.9	436.3	465.4	457.4	-1.7%
EBIT	33.1	34.5	37.3	33.4	-10.5%
% on sales revenues	8.6%	7.9%	8.0%	7.3%	
Number of employees	1,169	1,220	1,253	1,282	2.3%

It should be noted that the 2021-2023 values exclude the Air and Cooling business activities of the subsidiary Sogefi U.S.A. Inc. sold in May 2024.

In 2024, Air and Cooling posted revenue of Euro 457.4 million, slightly down from 2023 (-1.7% at current exchange rates, -1.0% at constant exchange rates), showing good resilience. In particular, sales grew in Europe (+4.0% at actual exchange rates), against the market trend, and declined by 3.5% in NAFTA (-4.4% at actual exchange rates), as already mentioned due to a different mix, and by 6.1% in China (-7.6% at actual exchange rates), due to the adverse volume trend of some customers. It should be noted that the increase in turnover in Europe corresponds in part to non-recurring business transactions.

EBITDA amounted to Euro 76.1 million, in line with 2023 (Euro 77.5 million), with an EBITDA margin stable at 16.6%.

EBIT amounted to Euro 33.4 million, 7.3% of sales, compared to Euro 37.3 million in the previous year, 8.0% of sales; the decrease was due to the increase in non-recurring expenses compared to the previous year.

Employees at 31 December 2024 were 1,282 (1,253 at 31 December 2023).

The Air and Cooling business unit is engaged in the development of a business portfolio of new products for pure electric vehicles. During 2024, it entered into an agreement with a German premium manufacturer for a global (Europe, NAFTA, China) supply of battery components.

In general, 2024 was positive in terms of new business acquisitions: in Europe, NAFTA and China, significant new contracts were entered into for intake manifolds for hybrid and combustion engines, engine valve covers (Cam Covers), and confirmed renewals for water pumps and cooling ducts, for combustion engines.

67% of the value of new contracts entered into in 2024 by the Air & cooling division concerns parts for E-mobility hybrid or electric platforms.

RESULTS FOR THE FOURTH QUARTER OF 2024

The following table provides an overview of the comparative figures of the income statement for the fourth quarter compared with the corresponding quarter of the previous year.

(in millions of Euro)	Note(*)	Q4 2024		Q4 2023		Changes	
		Amount	*%*	*Amount*	*%*	*Amount*	*%*
Sales revenues		255.6	100.0	235.8	100.0	19.8	8.4
Variable cost of sales		183.0	71.6	164.1	69.6	18.9	11.5
CONTRIBUTION MARGIN		72.6	28.4	71.7	30.4	0.9	1.2
Fixed costs	(a)	42.1	16.4	40.3	17.2	1.8	4.4
Restructuring costs		2.7	1.1	2.9	1.2	(0.2)	(4.2)
Other expenses (income)	(b)	(0.7)	(0.3)	5.1	2.1	(5.8)	(113.7)
EBITDA	(c)	28.5	11.2	23.4	9.9	5.1	22.0
Depreciation and amortization	(d)	20.9	8.2	23.1	9.8	(2.2)	(9.5)
EBIT		7.6	3.0	0.3	0.1	7.3	-
NET INCOME (LOSS) OF OPERATING ACTIVITIES		2.8	1.1	(2.0)	(0.9)	4.8	245.6
Net income (loss) from discontinued operations, net of tax effects		(10.5)	(4.1)	14.7	6.3	(25.2)	(171.3)
Loss (income) attributable to non-controlling interests		(0.5)	(0.2)	(0.8)	(0.3)	0.3	(34.0)
GROUP NET RESULT		(8.2)	(3.2)	12.0	5.1	(20.2)	(168.5)

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

In the fourth quarter of 2024, the Sogefi Group recorded revenues of Euro 255.6 million, up 8.4% compared to the corresponding period of 2023; this increase was positively impacted by the performance of Argentina's Euro revenues, which in the last quarter of 2023 were impacted by a strong devaluation of ARP. At constant exchange rates and excluding Argentina's inflation, sales decreased by 4.1%, in line with the trend for the first nine months of the year.

Air and Cooling recorded substantial stability while Suspensions grew by +15.1% at current exchange rates and decreased by 9.3% at constant exchange rates.

EBITDA amounted to Euro 28.5 million compared to Euro 23.4 million in the fourth quarter of 2023, with an EBITDA margin of 11.2%, up from 9.9% in 2023.

The contribution margin for the fourth quarter of 2024, 28.4%, was broadly in line with that of the previous quarters of the financial year, while it was below the fourth quarter of 2023 due to non-recurring operating income recorded during the fourth quarter of 2023.

EBIT was positive at Euro 7.6 million (compared to Euro 0.3 million in the fourth quarter of 2023).

Net result of operating activities amounted to Euro 2.8 million, compared to a loss of Euro 2.0 million in the third quarter of 2023.

The **net result of “discontinued operations”** was a loss of Euro 10.5 million and includes the price adjustment for the sale of the Filtration business unit, in line with the terms of the contract, amounting to Euro -1.9 million, and provisions, amounting to Euro -8.6 million, corresponding to charges, mainly non-cash, to ensure the continuity of production of the suspension business in Mexico, which will be sold during 2023.

IMPACTS OF THE MACROECONOMIC ENVIRONMENT, THE CONFLICTS IN UKRAINE AND THE MIDDLE EAST, AND THE CLIMATE CHANGE ON OPERATIONS

Impact of the macroeconomic environment on operations

With reference to the macroeconomic scenario, in 2025 a moderately positive evolution is expected in the economies of the main geographical areas in which Sogefi operates and a decline by 0.5% in global car production.

The macroeconomic scenario is however exposed to multiple factors of uncertainty, which could give rise to instability and risks: i) geo-political risk related in particular to the ongoing conflicts in Ukraine and the Middle East; ii) the unknowns about the policies that will be adopted by the new US administration, particularly in relation to the introduction of tariffs and the possibility of retaliation that could have negative effects on investments, trade flows, supply chains and inflation; iii) regulatory uncertainty regarding the green deal.

With regard to raw material and energy prices, after a certain stability in 2024, a similar development is expected in 2025. However, prices remain exposed to the aforementioned volatility risks in connection with geo-political tensions - as evidenced by the evolution of gas and energy prices over the last few months - and trade tensions, in particular after the introduction by the US of new duties on steel and aluminium.

Against this backdrop, the Group closely monitors production costs, maintains a constant dialogue with suppliers and customers to safeguard its margins, and carefully manages fixed costs in a context of volume reduction.

Impacts of the conflicts in Ukraine and the Middle East on operations

The direct impact of the Russia-Ukraine conflict on operations was not significant. In fact, Sogefi had a marginal business activity in Russia that was discontinued as of March 2022 and the Russian subsidiary was liquidated in 2023.

Sogefi, like the entire automotive sector, suffered the indirect impacts of the war, and in particular the increase in energy and raw material prices. The trend reversed during 2023, with a certain stabilisation, as already mentioned, during 2024; currently a new reversal of the trend is observed, with more limited effects.

The conflict in the Middle East is not expected to have a direct impact on the Group's business as Sogefi has no operations in the affected areas. The conflict could have impacts on the supply chain by generating delays in the delivery of materials being shipped via the Suez Canal. Sogefi closely monitors this risk by taking appropriate mitigation measures (creation of safety stocks, evaluation of alternative suppliers). At present, it is not possible to identify any further indirect impacts.

Climate change: physical and transition risks

In 2024, the Group updated the Physical climate risks assessment to assess the impact of climate change on its local production sites, considering a short-term (2030) and a long-term (2050) time horizon, in line with the regulatory requirements of the Taxonomy, as outlined in (Consolidated Sustainability Statement). From the analysis of the results of the Physical climate risks assessment, and taking into account the mitigation actions implemented, no significant physical risks related to climate change were identified that would require impairment of fixed assets or structural interventions by the Group. Furthermore, in 2024, the Group's facilities were not subject to extreme events that caused significant damage.

As the Group operates in the automotive sector, it is also affected by the transition of the business from the predominant production and supply of components for internal combustion engines to electric motors. Hence, it is necessary for activities producing components for non-electric engines only to consider the development of components for electric vehicles in order to preserve their business volumes. To this end, the Air and Cooling business unit, based on its own know-how and technologies, has long since developed new products for electric platforms, and was already awarded the first contracts. The Suspension business unit is only marginally affected by the technological transition currently taking place on engines.

There remains the unknown about the actual evolution of regulation in the different continents and particularly in Europe and its impact on the automotive market.
The company has long taken into account the impacts of the transition and has oriented its investments accordingly and assessed the need for impairments on fixed assets or other actions.

MAJOR EVENTS OCCURRED AFTER YEAR-END

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

OUTLOOK FOR OPERATIONS

Visibility on the performance of the automotive market in the coming months is adversely affected by the continuation of military conflicts, the possible trade war due to the introduction of tariffs by the new US administration, and uncertainties over the evolution and impact of the green deal regulations in Europe.

S&P Global (IHS) expects that, after the decline recorded in 2024 (-1.1%), global car production will fall again, but to a lesser extent (-0.5%). By geographical area, we expect further decreases in production in Europe and NAFTA, by 5.0% and 2.2% respectively, stability in China and growth of around 5% in India and South America.

As far as raw material and energy prices are concerned, after a certain stability in 2024, it is expected that this trend can be broadly confirmed in 2025; however, significant volatility risks related to geo-political tensions and tariffs remain, as evidenced by the increase in energy prices over the past few months.

Given the weight of Europe in its business portfolio, Sogefi expects its revenues to decline mid-single digit in 2025 and EBIT margins to slightly grow compared to those recorded in 2024, excluding any non-recurring charges and new events/circumstances that negatively impact the automotive market.

MANAGEMENT OF THE MAIN BUSINESS RISKS

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

In this regard, as required by the Corporate Governance Code for listed companies of Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, adopted by the Company as well as by national and international best practices acknowledged in the market, as part of its Internal Control and Risk Management System ("SCIGR"), Sogefi adopted and implemented a structured and formalised ERM (Enterprise Risk Management) process. The purpose of this ERM process is to identify, assess, manage and systematically monitor the main risks that could hinder the achievement of the Group's strategic and business goals, as well as define appropriate information flows to ensure transparency and dissemination of information within the organisation.

The ERM framework is periodically updated, taking into account changes in the business and regulatory environment in which the Group operates, in continuity with past activities and according to the "Guidelines of the internal control and risk management system" approved by the Board of Directors, which outline the governance model of the risk management system, identifying the persons concerned and assigning roles and responsibilities to them, and define the operating model including the analysis and reporting activities to be performed periodically as well as the tools and methods to support them.

In particular, the Board of Directors has identified the following persons/bodies concerned:

a) the Board of Directors, which plays a role in providing guidance and assessing the adequacy of the Internal Control and Risk Management system;
b) the director in charge of the Internal Control and Risk Management System, identified in the person of the Group Executive Chairman, which is responsible for implementing and maintaining an effective risk management process;
c) the Control, Risk and Sustainability Committee, set up within the Board of Directors, with the task, among others, of supporting the Board's assessments and decisions relating to the SCIGR;
d) the Chief Risk Officer, in charge of managing the risk management process, with the task to coordinate the identification, assessment and management of relevant risks and their mitigation measures;
e) the (risk owners) and the members of the management, in their role of persons responsible, each within their own sphere of competence and within the terms laid down by the corporate organisation, for identifying, managing and monitoring the risks inherent in the area of corporate operations they supervise;
f) the Head of the Internal Audit department, responsible for verifying that the SCIGR is efficient, adequate and consistent with the guidelines defined by the Board of Directors;
g) the Executive responsible for preparing corporate accounting documents, who is responsible for carrying out the tasks required by the regulations and the financial reporting control system;

h) the Supervisory Body pursuant to Article 6, par. 1, letter b) of Italian Legislative Decree no. 231/2001, which is organised in relation to the size, sector, complexity and risk profile of the company;
i) the Board of Auditors, which monitors the effectiveness of the SCIGR.

Risk identification and assessment provide the Board of Directors with a better understanding of the scenarios that could hinder the achievement of set goals and enable it to determine which actions should be taken to prevent, mitigate or manage the main exposures and their order of priority, taking in account the risk appetite.

For more details on the characteristics and operation of the Internal Control and Risk Management System, please read the Annual Report on Corporate Governance available on the Company's website.

The ERM framework aims to analyse and evaluate a wide portfolio of risks, which vary in nature and type, including all risks associated with sustainability issues.

The risks potentially applicable to the Group's business model are represented in the so-called Risk Model and grouped in four main risk categories:

- **Strategic Risks**, relating to the external and business environment or governance strategies and decisions that can significantly affect the Group's performance and/or the achievement of the defined strategic objectives.
- **Operational Risks,** which can affect the effectiveness/efficiency of business processes, jeopardising the creation of value.
- **Financial Risks**, mainly related to exchange rates, interest rates, access to credit, liquidity, which may affect the results and 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 that may lead to legal disputes, financial losses and potential adverse effects on the Group's reputation.

Further areas of main risk events to which the Group could potentially be exposed are identified within these risk categories.

The model requires that risk assessment activities be carried out on an annual basis by identifying, analysing and assessing priority risks for the Group. Priority risks are managed by defining *ad hoc* action plans aimed at mitigating the risks, and their evolution is periodically monitored.

With regard to the method for assessing and documenting risks, Sogefi carries out an assessment based on two main variables: the likelihood of the risk event occurring and the potential impact (financial/ reputational/operational) in the event of occurrence. The assumptions used for the assessment and the mitigating actions taken by Sogefi in response to the identified risks are detailed in the risk assessment.

The results are also used by the Internal Audit department to prepare its annual Audit Plan, in a risk-based approach that is in line with best practices, so that resources and activities can be allotted to those areas that are considered to be most critical and/or risky.

In the light of the assessments made during 2024, the most significant risks were identified and are summarised below.

1. STRATEGIC RISKS

1.a. Risks related to the external context

With reference to the risks related to the external environment, these were described in the previous section “Management of the main business risks” (“Impacts of the macroeconomic environment, the conflicts in Ukraine and the Middle East, and the climate change on operations”); the possible impacts on the Group's operations are summarised below.

Risks related to a potential drop in demand in the automotive sector

Taking into account the current geopolitical environment, technological transition and uncertainties over global tariff policies, a more pronounced market decline than currently forecast for 2025 and a consequent contraction of Sogefi's sales volumes cannot be ruled out.

Sogefi monitors risk through: i) constant monitoring of the backlog by geographic area/market/product line; ii) a close relationship with customers to identify and anticipate any risks.

In light of the above, the risk is considered probable and significant and for that reason it is closely monitored.

Risks related to the pressure on sales prices

The automotive sector at global level is characterised by a competitive trend that is particularly focused on selling prices; the major OEMs are transferring strong price pressure across the entire value chain, thus posing a potential risk to the margins of products sold by Sogefi.

In this context, Sogefi pays the utmost attention to preserving its profitability through i) appropriate sourcing strategies and ii) careful management of relations and agreements with its customers.
This risk is considered probable but with moderate impact given the stability of raw material prices and mitigating actions in place.

1.b. Transition risks[2]

The regulatory framework is giving a strong boost to decarbonisation and the reduction of emissions, especially in Europe, with impacts on industrial processes and the entire value chain.

The Group implements various actions to reduce emissions, as described in the Sustainability Statement, to which we refer for more details (see section ESRS E1 - Climate Change).

Sogefi closely monitors regulatory developments in the geographical areas in which it operates and the risk that it may not be able to comply with regulatory constraints in terms of decarbonisation is a risk whose potential impact would be significant, but it is considered unlikely.

1.c. Risks related to the company's technological innovation[3]

In the current context of technological transition, Sogefi could i) lose market shares due to the lack of development of innovative technologies and solutions required by the

[2] Risk related to ESG topics; please refer to Sustainability Statement for further details.

[3] Risk related to ESG topics; please refer to Sustainability Statement for further details.

market or as a result of the introduction of distinctive new products by competitors, and/or ii) incur extra costs for developing new products.

In order to reduce the risks associated with ineffective adaptation of the business model to market, regulatory and technological changes, Sogefi invests in Research and Development and implements monitoring and market benchmarking actions, in a constant dialogue with its customers and suppliers.

These risks, although considered unlikely, could have significant impacts on the long-term sustainability of the business and are, therefore, closely monitored by the relevant corporate functions.

2. OPERATIONAL RISKS

2.a. Risks related to human resources management[4]

In a multicultural and constantly changing environment, corporate competitiveness is also measured by the ability to identify and manage risks related to human resources, which is a topic to which Sogefi has always been committed. The main risks identified in this area are set out below.

Talent attraction, retention and professional development

The labour market, after the pandemic and the change in work patterns, was characterised by an increased turnover and a shortage of staff, in particular those with specialised and technological skills.

In this context, there is a risk that Sogefi's ability to meet the technological and managerial challenges associated with market evolution will be limited by the actual availability of resources.

In order to reduce the risk of shortage of qualified personnel, Sogefi has adopted the following management policies: i) identifying and enhancing talents and critical skills, through the Group's annual performance review process, with consequent development of special retention plans; ii) collecting and analysing employee feedback on well-being through internal surveys; iii) organising training activities to develop and enhance managerial and technical skills.

This risk is considered significant but moderate given the mitigation actions in place.

Labour cost increase

The high inflation recorded in several countries in which the Group operates and the evolution of the labour market, as described above, may cause i) a risk of increase in personnel costs that would negatively affect the Group's competitiveness; ii) a risk of high social conflict; iii) a risk of increase in personnel turnover.

In the face of such risks, Sogefi adopts mitigation policies that include: i) constructive social dialogue to seek sustainable agreements; ii) careful management of personnel remuneration policy and talent enhancement; iii) implementation of variable remuneration measures, linked to the achievement of specific targets.

At present, the risk is considered significant but unlikely considering market forecasts.

[4] Risk related to ESG topics; please refer to Sustainability Statement for further details.

Health and safety at work: fire risk in plants

Employee health and safety is a top priority: prevention and protection plans are continuously monitored and updated to effectively protect employees.

In particular, the factories of the Suspensions Business Unit are exposed to the risk of the occurrence of fires that could cause i) health and safety problems; ii) loss or damage to corporate assets; iii) business disruptions, with logistical, commercial, reputational and financial impacts.

In order to minimise these risks, the Group is constantly enhancing prevention measures by strengthening its internal protocols and procedures, drill activities, and engineering and thermographic surveys of potential risk areas.

This risk is considered significant but unlikely in light of the prevention and protection measures in place.

2.b. Risks related to product reliability (i.e., quality and safety) [5]

For Sogefi, managing the risk associated with the possible production and marketing of products that do not comply with industry quality and safety standards, as well as with customer expectations, is a priority.

Any non-compliance could actually result in recall campaigns which would have a negative effect on the relations with our customers and on Group's reputation, although financially mitigated by specific international insurance programmes.

Various risk prevention and mitigation measures are implemented as part of the Group's Quality Management System: i) application of the main national and international technical standards; ii) identification and monitoring of specific KPIs relating to overall quality performance and customer satisfaction; iii) certifications based on international reference standards.

In view of the above, the risk as a whole is considered to be significant and, as such, carefully controlled.

2.c. Risks associated with supply chain disruption [6]

In an environment of global geopolitical tensions, partial or temporary disruptions in the supply chain could have consequences on the continuity of the production process and lead to delays in the delivery of orders, with financial, operating and reputational impacts.

Sogefi adopts procurement strategies that are attentive to managing these risks: i) avoiding, as far as possible, excessive concentration of the supplier portfolio (and in any case avoiding cases of one supplier only for any specific item); ii) carefully monitoring the operational and financial soundness of suppliers; iii) diversifying geographically.

This risk in the current context of geopolitical tensions on a global scale (such as, for example, the introduction or increase of customs duties for certain commodity categories/geographical areas) is considered probable and therefore carefully monitored and managed.

2.d. Risks related to the modification or cancellation of projects

In view of the technological transition, Sogefi could be faced with the cancellation or unilateral modification of projects/programmes by customers, with unfavourable economic impacts for Sogefi.

[5] Risk related to ESG topics; please refer to Consolidated Sustainability Statement for further details.

[6] Risk related to ESG topics; please refer to Consolidated Sustainability Statement for further details.

To mitigate the aforementioned risks, Sogefi has adopted the following main measures: i) in the case of new customers, careful assessment of the counterparty's soundness and projects; ii) development of partnership relations with new high-potential customers line with those established over time with traditional customers; iii) increased contractual protections; iv) careful monitoring in projects.
In view of the above, the risk is considered of moderate significance.

2.e. Cyber risks

Sogefi's business operations depend, continuously and increasingly, on the reliability and security of its computer and information systems.

These risks could have negative impacts such as: i) financial impacts, related to penalties or increased insurance premiums; ii) operational impacts, related to the temporary suspension of the Group's activities; and iii) reputational impacts.

Cyber Security Risks[7]

These are the risks associated with unauthorised access by third parties to the company's information systems, resulting in the loss and/or violation of sensitive and confidential data.
In order to mitigate these risks, Sogefi has adopted a global cyber security organisation, with the aim of taking measures against the risks of cyber attacks and constantly adapting its defence measures, which include: i) periodic IT risk assessment activities, aimed at identifying and strengthening the security of the Group's Information Systems and directing appropriate prevention and protection actions; ii) training activities and awareness campaigns on cyber security launched regularly at Group level; iii) periodic audits on cyber security carried out by external companies.

In view of the above, the risk is considered significant, but well controlled.

Risk of failure or disruption of information systems (not related to Cyber Security)

The failure or temporary interruption of company information systems could lead to the loss of data and jeopardise the continuity of the operations of the Group and its business partners.

In order to ensure continuity, integrity and availability of data, Sogefi constantly monitors its systems. Moreover, in order to promptly respond to critical emergency situations, specific Disaster Recovery and Business Continuity Plans are implemented at both central and local level, and periodically tested internally through different types of crisis scenarios and externally through IATF and Tisax audits.

The risk is considered significant but unlikely in view of the mitigating actions in place.

2.f. Physical risks related to climate change[8]

The intensification of phenomena related to climate change and its impacts on the value chain are some of the main challenges that companies will have to face.

In 2024, Sogefi, supported by a leading consulting firm, updated the Physical Climate Risk Assessment to assess the impact of climate change on its local production sites, considering a short-term (2030) and a long-term (2050) time horizon, in line with the regulatory requirements of the Taxonomy.

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[7] Risk related to ESG topics. Please refer to Consolidated Sustainability Statement for further details.

[8] Risk related to ESG topics. Please refer to Consolidated Sustainability Statement for further details.

From the analysis of the results of the physical climate risk assessment and considering that the acute climatic events that occurred in 2024 did not impact any of the Group's plants, the need for structural interventions by the Company was not highlighted and therefore the risk is considered moderately significant.

(For more details, refer to Section 2.2.2.1 E1 IRO-1 Description of the process for identifying and evaluating the impacts, risk, and relevant opportunities of the Sustainability Statement)

2.g. Risks related to the alignment between production planning and capacity

Production planning is based on medium-term sales volume forecasts, which in the automotive sector face some uncertainties. In fact, the current industry context is characterised by a high variability of actual demand with respect to customer commitment at the quotation stage (particularly for e-mobility-related products), coupled with a high flexibility of the volumes required under contractual agreements; this context entails possible impacts on production planning in the Group's plants.

To mitigate the risk, Sogefi has put in place specific action plans, which include: i) periodic reviews of investment and production capacity planning, jointly with the Sales, Operations and Projects Functions; ii) constant monitoring of volumes and production capacity at individual plant level by the central Functions.

In view of the above, the risk is considered unlikely and of moderate significance.

2.h. Risks related to the occurrence of potential crisis events

In view of the instability of the current global context, Sogefi has put in place a management system aimed at promptly addressing potential crisis events and safeguarding business continuity, based on international reference standards.

In particular, the Group adopts the following mitigation actions: i) preparation of operational guidelines for the management of potential crisis events (e.g., accidents in production plants, natural disasters, pandemics); ii) information flows with production plants; iii) risk assessment and periodic reporting on specific risks.
The risk is considered to be significant but unlikely.

3. FINANCIAL RISKS

3.a. Risks associated with fluctuations in commodity prices (raw materials and energy)

The creation of the Group's product portfolio requires the procurement of raw materials such as steel, plastic materials and aluminium - as well as components and semi-finished products containing them - whose costs are a significant portion of the production cost. The price of the raw materials may be subject to – sometimes significant – fluctuations, which depend on a wide variety of factors, largely beyond Sogefi's control and hardly predictable, such as, for example, changes in demand levels, the introduction of new laws or regulations, fluctuating exchange rates.

Energy and commodity prices decreased in 2024, after the strong upward trends of the last two years. Against this backdrop, the Group closely monitors production costs and maintains a constant dialogue with suppliers and customers to safeguard its margins.

The risk is considered to be not significant and duly monitored.

3.b. Foreign exchange risk

The Sogefi Group, operating internationally through foreign subsidiaries in various markets where the reference currency is different from the Euro, is exposed to the risk of potential significant fluctuations in exchange rates.

The risks associated with changes in exchange rates (in particular of the EURO to the US and Canadian dollar, to South American and emerging market currencies) include:

- the translation exchange risk arising from the fact that Sogefi prepares its financial statements in Euro, yet holds controlling interests in companies that use functional currencies other than the Euro – as a result, any fluctuations in the exchange rates at which the financial statements of subsidiaries originally expressed in foreign currencies are converted could significantly affect both the Group's economic result and its consolidated shareholders' equity;
- the transaction exchange risk arising from the fact that the Group carries out frequent direct/indirect purchase and sale transactions in currencies other than the functional currency, and therefore exchange rate fluctuations could affect the actual cost/revenue ratio of the Company, for the portion that is not offset between purchases and sales.

To mitigate the exchange rate risk, Sogefi: i) monitors its exposure continuously, trying to offset same-currency sales and purchases and, for the remainder, ii) it uses financial instruments available on the market to hedge its exposure whenever possible.

In view of the actions taken, the risk is considered not significant, and at any rate it is closely monitored by the relevant Company departments.

4. LEGAL AND COMPLIANCE RISKS

4.a. Risks related to the violation of ethical principles[9]

The Group's Code of Ethics defines the values that the Group believes in as the basis on which to achieve its objectives. It lays down rules of conduct which are binding on directors, employees and others who have ongoing relations with the Group.

The Company also adopted an (Organization, Management and Control Model as per Italian Legislative Decree no. 231 of 8 June 2001) following the guidelines of the decree, with a view to ensuring fairness and transparency in business activities.
Finally, the Company has formulated a set of policies and procedures aimed at a wise and informed management, and subject to continuous updating, and promotes dedicated training programs.

Thanks to the well-established internal control system in place, the risks related to the violation of ethical principles are considered not significant and well controlled.

[9] Risk related to ESG topics, but not significant.

CONSOLIDATED SUSTAINABILITY STATEMENT PURSUANT TO LEGISLATIVE DECREE 125/2024

1.GENERAL DISCLOSURE

1.1 ESRS 2 – DISCLOSURE REQUIREMENT

1.1.1 BASIS FOR PREPARATION

1.1.1.1 BP-1 General basis for preparation of sustainability statement

As of January 5, 2023, Directive (EU) 2022/2464 of the European Parliament and of the Council of December 14, 2022, amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC, and Directive 2013/34/EU regarding Corporate Sustainability Reporting (hereinafter the “CSRD”) is in force.
The CSRD represents the evolution of the previous Directive 2014/95/EU on the disclosure of non-financial and diversity information, which was transposed into Italian law by Legislative Decree No. 254 of December 30, 2016, which introduced the obligation to prepare the Non-financial Statement.
The provisions contained in the CSRD were transposed into Italian law by Legislative Decree No. 125 of September 6, 2024, published in the Official Gazette of September 10, 2024, effective September 25, 2024 (hereinafter the “Decree”).
Pursuant to Articles 3 and 4(6) of the Decree, the criteria for preparing Sustainability Reporting are the Sustainability Reporting Standards adopted by the European Commission pursuant to Directive (EU) 2013/34/EU (European Sustainability Reporting Standards - ESRS).
Sogefi includes in its Sustainability Reporting the information in accordance with Article 8 of the Taxonomy Regulation and the delegated regulations of the Commission specifying the content and other modalities of such disclosures.
The Sustainability Reporting is contained in the management report referred to in Article 2428 of the Italian Civil Code, constituting a specific section as such marked, and is prepared in accordance with the aforementioned reference drafting criteria and approved by the relevant governing body. In addition, the Sustainability Report must be prepared in the electronic reporting format specified in Article 3 of the Commission Delegated Regulation (EU) 2019/815 (hereinafter the “ESEF Regulation”), including the marking of sustainability information and the information required by Article 8 of the Taxonomy Regulation.
Sustainability Reporting tagging rules will be introduced into the European regulatory environment through the amendment to the ESEF Regulations. Pending these regulatory changes, the Sustainability Reporting has not been prepared in accordance with the tagging requirements.

This document represents the Consolidated Sustainability Statement (hereinafter also Sustainability Report) issued by Sogefi S.p.A. and the companies consolidated on a line-by-line basis (hereinafter also “Sogefi” or the “Sogefi Group” or the “Group”) to fulfill the obligations set out in the Legislative Decree 125/2024 (hereinafter also the “Decree”) that requires reporting both on the impacts of the activities of the undertaking on people and the environment, and on how sustainability matters affect the undertaking during the financial year 2024 (from January, 1 to December, 31), in line with financial reporting.

The environmental, social, governance and economic-financial data reported in the Sustainability Statement refer to all the companies belonging to the Sogefi Group on December 31, 2024, consolidated on a line-by-line basis (please refer to par. *Sogefi group structure: consolidated companies* in Group Consolidated Financial Statements as of December 31, 2024).
Sogefi has no operational control on any other sites, assets or undertakings and it has no companies consolidated using the equity method.

On May 31, 2024, Sogefi completed the sale of its Filtration Business Unit to the private equity fund Pacific Avenue Capital Partners; in order to ensure reporting continuity and homogeneity towards Sogefi's 2023 Non-Financial Statement, the data pertaining to Filtration Business Unit (until May 2024) are presented separately in a dedicated annex (please refer to *Annex – Filtration*).
There are no subsidiary undertakings included in consolidation perimeter that have been excluded from consolidated sustainability reporting.

In order to prepare this Consolidated Sustainability Statement, the scope of the information provided has been extended to include material impacts, risks and opportunities connected with the undertaking through its direct and indirect business relationships in the upstream and/ or downstream value chain.
Sogefi has performed a Double Materiality assessment, underpinned by a stakeholder engagement process, to evaluate the impacts, risks, and opportunities along its value chain.
In this Sustainability Statement, relevant metrics from upstream and downstream the value chain were included where appropriate.

No specific information corresponding to intellectual property, know-how or results of innovation was omitted in the preparation of the present Sustainability Statement 2024.
Moreover, no exemption as per Directive 2013/34/EU, article 29 bis paragraph 3 regarding disclosure of impending developments or matters under negotiation was exercised.

1.1.1.2 BP-2 – Disclosures in relation to specific circumstances

Sogefi defined applicable time horizons in accordance with the Company's planning processes and industry-specific considerations, deviating from the medium- or long-term time horizons defined by ESRS 1 section 6.4. Specifically, the short-time horizon covers one calendar year; the medium-term horizon is defined as four years beyond the reference period, in consideration of the Company's budget and strategic plan time horizon (2025: budget; 2026 – 2028: strategic plan); the long-term horizon is defined as the period from 2028 to 2050, in line with the goals and long-term strategy of the European Green Deal.
The disclosure for the Filtration Business Unit is provided until its sale on 31 May 2024. Therefore, the short-term time horizon for the data in the Annex Filtration it is limited by its exit from the consolidation scope.

Metrics that include upstream and downstream value chain data (specifically Scope 3 emissions) require the use of indirect sources, such as sector-average data or other proxies.
In regard to the above mentioned metrics, Sogefi applies methodologies aligned with the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Standard.

The methodologies applied are the following:
- Average data method;
- Spend based method;
- Distance-based method;
- Waste type specific method.

Whether quantitative metrics and monetary amounts presented are subject to estimates, disclosure is provided in the specific paragraphs. Furthermore, it should be noted that for reasons of rounding in some tables and graphs, the totals of the percentages may differ from 100%.

2023 comparative data, where available, have been disclosed on a voluntary basis considering Air & Cooling and Suspensions Business Units.
As highlighted in par. *1.1.1 Basis for Preparation*, it should be noted that the reporting scope 2023 does not include Filtration Business Unit, sold on May 31, 2024 and whose data are reported separately in *Filtration Annex*.
Considering that this is the first year of reporting according to ESRS Standards, there are no changes in the preparation and presentation of sustainability information, as well as disclosures of material errors and corrections of previous periods to be reported.
For disclosures pursuant to Article 8 of Regulation (EU) 2020/852 of the European Parliament and the Council and to the Commission Delegated Regulations please refer to Chapter 2 Environmental information, Paragraph *2.1 Disclosure pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation).*

Sogefi adheres to the following European standards approved by the European Standardization System, referenced in the specific sections of present document:
- ISO 45001 (Occupational Health and Safety Management System), which attests to the management, control, and improvement of performance in terms of health and safety at work.
- ISO 14001 (Environmental Management System - EMS).
- ISO 50001 (Energy Management System).
- IATF 16949:2016 an international standard for the automotive industry focused on continuous improvement, risk and nonconformity prevention, waste reduction, and variations in the different phases of design, development, and production.

List of Disclosure Requirements or Data points incorporated by reference
Within this Sustainability Statement, the ESRS disclosure requirements or data points incorporated by reference to other sections are as follows:

- Consolidation perimeter of Consolidated Sustainability Statement is same as for financial statements (ref. to par. *Sogefi group structure: consolidated companies* in Consolidated Financial Statements;

- Description of products, significant markets and customer groups served (ref. to par. *Information on the main customers* and to par. *Information on geographic areas* in Consolidated Financial Statements);
- Group revenues information (refer to *Overview of consolidated income statement* of Consolidated Financial Statements;
- Group composition, Business Units and geographies where the Group operates and geographical areas refer to *Group Composition* and to par. *Information on geographic areas* in Consolidated Financial Statements).

1.1.2 GOVERNANCE

1.1.2.1 GOV-1 – The role of the administrative, management and supervisory bodies

The Board of Directors is composed of 1 executive director and 7 non-executive directors.
The executive officer is the Chairman of the Board of Directors of the Company.
The Board of Directors is made up of 8 directors, one of whom is executive.
The executive director is the Chairman of the Board of Directors of the Company.
The number of non-executive directors, seven out of eight directors, and authority, as it can be deduced from the curricula vitae, are such as to guarantee that their judgment can have a significant weight in the taking of board decisions and effective monitoring of management; they bring their specific skills to board discussions, contributing to the making of decisions in line with the Company's interest.
The Board, after having carried out the appropriate checks, decided to attribute the qualification of independent directors to six of the current members of the Board of Directors.
At the end of the 2024 financial year, the Board of Directors is composed as follows.

Composition and diversity of Board of Directors

	2024			2023		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Members of the administrative management	4	4	**8**	5	4	**9**
Composition and diversity	50%	50%	**100%**	56%	44%	**100%**
Of which						
Executive members	-	12%	**12%**	11%	-	**11%**
Non-executive members	50%	38%	**88%**	44%	44%	**88%**
Independent members	37%	37%	**74%**	33%	22%	**55%**

As summarized in the table above, gender balance is respected (equal representation of male and female genders), in compliance with applicable regulations.

It should be noted that as of 27 July 2024, the number of directors has decreased from 9 to 8, following the resignation of Frédéric Sipahi as Chief Executive Officer.

The Board of Directors decided not to proceed with the co-optation pursuant to article 2386 of the Italian Civil Code, taking into account that the number of independent directors is above the legal and regulatory provisions, that the gender diversity is respected and that the entire Board is close to expiring (with the approval of the financial statements as of 31 December 2024), and its renewal will be submitted to the ordinary Shareholders' Meeting scheduled for 24 April 2025.

As detailed above, current composition of the Board of Directors sees an equal weight of genders and notable diversity.

In particular, the Board of Directors of Sogefi is made up of all authoritative profiles, with different managerial and professional skills and experiences, including those of an international scope. Half of the eight directors are long-term managers, with international experience in various sectors and knowledge of the automotive sector; one director has solid international experience in the raw materials sector, one director has played a leading role in the audit and corporate advisory sectors and two directors have legal expertise and experience with particular reference to the M&A and governance sectors.

Regarding the Board of Statutory Auditors, it is made of three Acting Auditors and three alternate auditors, who remain in office for three financial year and may be re-elected. Its composition allows the independence and professionalism of the function.

The Acting Auditors are involved in update meetings that provide them with an adequate understanding of the Sogefi business and market in which the Group operates.

Composition and diversity of the Board of Statutory Auditors

	2024			2023		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Members of Board of Statutory Auditors	1	2	3	1	2	3
Composition and diversity	33%	67%	100%	33%	67%	100%

No members of the Sogefi’s administrative, management and supervisory bodies represents Sogefi employees and other workers.

The governance structure ensures that the Group's strategic orientation is aligned with long-term sustainability objectives and that any critical sustainability issue is addressed as necessary within corporate decision-making processes.

- The *Board of Directors*;
- the *Director in charge of the Internal Control and Risk Management System* ;
- the *Control, Risk and Sustainability Committee*;
- the *Director in charge of preparing the corporate accounting documents*;
- the *Sustainability and Risk Management Function*;
- *Group and Business Unit Head of Functions;*

- *Group Internal Audit Function*;
- the *Supervisory Body,pursuant to Article 6, par. 1, letter b) of Italian Legislative Decree no. 231/2001;*
- the *Board of Statutory Auditors*.

Below are described the bodies and Company Functions involved in the sustainability governance summarizing the main responsibilities:

Role	Responsibility
Board of Directors	- Annual ESG Budget and ESG Plan approval, that are incorporated into the Group Budget and Strategic Plan - Double materiality annual approval - Sustainability Statement annual approval
Control, Risk & Sustainability Committee	- Double materiality analysis - Annual analysis of ESG Budget and Plan, identification of KPIs and related targets, preliminary to the approval of the Board of Directors - Bi-annual monitoring of ESG KPI targets achievement and analysis with previous period comparative data - review of the Sustainability Statement prior to the approval of the Board of Directors
Manager responsible for preparing financial report	- Exercise the role of Manager responsible for preparing financial report regarding the Sustainability Reporting - Double Materiality analysis review for presentation to Control, Risk & Sustainability Committee - Sustainability Statement annual review - Responsible for controls on data collected and quarterly Plants ESG Representation Letters collection and analysis
Sustainability Function Responsible	- Promotion and dissemination of sustainability culture within the organization - Regularly updates the governing bodies and the Group Functions on regulatory updates - Coordination of the Double Materiality assessment - Coordination of the process of preparation of ESG Budget and Plan - Coordination of the Sustainability Report preparation process - Preparation of the draft Sustainability Report
Local General Managers/Plant Managers	- Preparation and submission to Manager responsible for preparing financial report of the signed ESG Representation Letters - supervision of the information reported by local Functions into Sustainability Statement
Group and Business Unit Head of Functions	- ensure completeness and accuracy of the data and information reported in the Sustainability Report for its areas of competence

The Company is supported by an external advisor for sustainability-related matters, supporting the internal Sustainability Function and the Control, Risk and Sustainability Committee on specific topics and regulatory updates.

In this regard, when necessary, induction and update sessions on sustainability aspects are organized with the support of the external advisor are organized to addressed to the competent bodies in sustainability matters.

1.1.2.2 GOV-2 – Information provided to and sustainability matters addressed Sogefi's administrative, management and supervisory bodies

Refer to par. *1.1.2.1 GOV-1 – The role of the administrative, management and supervisory bodies* and *1.1.3.3 SBM-3 – Material impacts, risks and opportunities and* *their interaction with strategy and business model* for the disclosure regarding information provided to and sustainability matters addressed Sogefi's administrative, management and supervisory bodies.

1.1.2.3 GOV-3 – Integration of sustainability-related performance in incentive schemes

In order to ensure transparency and adequate control over the remuneration and incentive system, the Company has adopted a governance model that envisages the involvement of a plurality of individuals and corporate bodies in accordance with the provisions of the Articles of Association, the Corporate Governance Code, the internal regulations implementing said Code (mainly Sogefi's Corporate Governance Code, the Board of Directors and Remuneration Committee regulations) and, more generally, the applicable regulations.
In detail, the Remuneration Policy i) is annually defined by the Board of Directors, based on the proposal from the Nomination and Remuneration Committee and Board of Statutory Auditors and ii) is submitted by the Board of Directors to a binding vote by a Shareholders' General Meeting. The Remuneration Policy is issued on a annual basis within the "Report on Remuneration policy and Remuneration paid", in accordance with the provisions of Sect. 84-quarter of Consob Regulation No. 11971/99 and of the relevant Appendix 3 Schedule 7-bis in application of art. 123-ter of Legislative Decree No. 58/98 as last amended by Legislative Decree No. 49/2019 and is available on the Company website.

The Remuneration Policy is aimed at:
- ensuring the Company is competitive on the labor market, enabling it to attract, motivate and retain people with the professional qualifications capable of contributing to the creation of value and the sustainable success of the Company and the Group, over the medium and long term;
- aligning the management interests with those of the Company and the Group, its shareholders, and all stakeholders, in a short-medium and long-term perspective;
- incentivizing the pursuit of sustainable success and thus of the objectives defined in the business and ESG plans approved by the Board of Directors;
- rewarding performance based on merit.

The Remuneration Policy provides that the annual remuneration of top management consists of the following components: fixed remuneration; annual variable remuneration (MBO); medium-long term variable component (LTI).
With specific regard to the medium-long term incentive (LTI), this is implemented through stock grant plans. These plans include criteria for the accrual of benefits linked to both economic-financial parameters (such as EBIT and Free Cash Flow) and non-economic-financial parameters, among which specific sustainability objectives are provided, as integrated into the Company's industrial plans and detailed in the Sustainability Report (for the year 2024: percentage of R&D expenditure for e-mobility products on the total annual expenditure for activity account, energy intensity and waste valorization).
Members of administrative, management and supervisory bodies' remuneration is not dependent on the achievement of ESG targets.

Additional details on ESG KPIs targets are provided in par. *1.1.3.1 SBM-1 - Strategy, business model and value chain.*

1.1.2.4 GOV-4 – Statement on due diligence

Due diligence process is part of the Group's strategy and business model and focuses in particular on the identification, prevention and management mitigation of risks and negative impacts, through the analysis of Double Materiality (see par. *1.1.4.1 IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities*).
Sogefi's Due Diligence Framework summarized below provides a mapping of the information on the Due Diligence process in the Sustainability Statement, integrating it with the ESRS 2 sections of General Disclosures.

Core elements of Due Diligence	**Paragraphs in the Sustainability Statement**
a) Embedding due diligence in governance, strategy, and business model	1.1.2.4 GOV-4 – Statement on due diligence (GOV-4 Par. 30 & 32); 1.1.2.2 GOV-2 – Information provided to and sustainability matters addressed Sogefi's administrative, management and supervisory bodies (GOV-2 Par. 26); 1.1.2.3 GOV-3 – Integration of sustainability-related performance in incentive schemes (GOV-3 Par. 29); 1.1.3.3 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3 Par. 48.a/b/c)
b) Engaging with affected stakeholders in all key steps of the due diligence	1.1.3.2 SBM-2 – Interests and views of stakeholders (SBM-2 Par. 45); 2.2.2.2 E1-2 Policies related to climate change mitigation and adaptation (E1-2 Par. 24 & 25); 2.6.1.2 E5-1 Policies related to resource use and circular economy (E5-1 Par. 14 & 15.a/b); 3.1.2.1 S1-1 - Policies related to own workforce (S1-1 Par. 19 & 20.a/b/c); 3.2.2.1 S2-1 - Policies related to value chain workers (S2-1 Par. 16 & 17.a/b); 4.1.2.1 G1-1 - Business conduct policies and corporate culture (G1-1 Par. 7)
c) Identifying and assessing adverse impacts	1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities (IRO-1 Par.53); 1.1.3.3 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model (SBM-3 Par. 48)
d) Taking actions to address those adverse impacts	2.2.2.3 E1-3 Actions and resources in relation to climate change policies (E1-3 Par. 28); 2.6.1.3 E5-2 Actions and resources related to resource use and circular economy (E5-2, par. 19) 3.1.2.4 S1-4 - Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions (S1-4 Par. 37, 38a/b/c/d, 39 & 40a/b); 3.2.2.3 S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions (S2-4 Par. 32.a/b/c/d); 4.1.3.4 G1-4 - Confirmed incidents of corruption or bribery (G1-4 Par. 24.a); 4.1.3.1 Driving eco-innovation also towards sustainable mobility and solutions; 4.1.3.2 Customer satisfaction including quality and warranty issues
e) Tracking the effectiveness of these efforts and communicating	2.2.3.1 E1-4 Targets related to climate change mitigation and adaptation (E1-4 Par. 32); 2.6.2.1 E5-3 Targets related to resource use and circular economy (E5-3 Par. 23);

	3.1.3.1 S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S1-5 Par. 46); 3.1.3.5 S1-9 - Diversity metrics (S1-9 Par. 66.a/b); 3.1.3.7 S1-13 - Training and skills development metrics (S1-13 Par. 83.a/b); 3.1.3.8 S1-14 - Health and safety metrics (S1-14 Par. 88.a/b/c/d/e); 3.1.3.9 S1-16 - Remuneration metrics (pay gap and total remuneration) (S1-16 Par. 97.a/b/c); 3.2.3.1 S2-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities (S2-5 Par. 41); 4.1.3.1 Driving eco-innovation also towards sustainable mobility and solutions; 4.1.3.2 Customer satisfaction including quality and warranty issues

1.1.2.5 GOV-5 – Risk management and internal controls over sustainability reporting

Group "Guidelines on the internal control and risk management system" (the "Guidelines") define an internal control and risk management system ("SCIGR") that identifies a set of rules aimed at contributing:

- to compliance with current legislation, the Articles of Association and internal regulations (e.g. policies, procedures and operating practices) in force from time to time;
- to the reliability, trustworthiness and accuracy of financial and non-financial information;
- to a management of the company, based on the adoption of conscious decisions, that is healthy, correct, prudent and consistent with the company's objectives; and;
- to reduce the possibility of poor management decisions being made or fraudulent circumvention of the SCIGR;
- to the effective and efficient implementation of business processes;
- to the achievement of the Company's sustainable success;
- through an adequate process of identification, to the measurement and management of the main management and compliance risks, the monitoring of these risks, of the mitigation measures and of any corrective actions identified, the structuring of adequate information flows and the coordination of the players involved.

This SCIGR is inspired by and aligned with national and international best practices. In particular, the Company has defined the SCIGR in line with and according to the recommendations of the Corporate Governance Code as implemented by the Company with its own Code of Corporate Governance and in accordance with the so-called CoSO Report, which represents the internationally recognized reference regulatory framework for the understanding, analysis and integrated assessment of the effectiveness of the system.
The SCIGR is divided into three levels of control, consistent with the so-called "three lines" model and related principles, to support the identification of the structures and processes that can best assist in the achievement of objectives, facilitating robust governance and risk management processes. In the aforementioned "three-line" model, the Board of Directors, assisted by the Control, Risk and Sustainability Committee,

defines the guidelines, deploys the necessary resources, ensures the necessary organizational delegation and subsequent supervision.
SCIGR's three levels of internal control are outlined below.

1st Level of Control	*2nd Level of Control*	*3rd Level of Control*
Management and risk owners identify, assess, manage and monitor risks within their areas of competences, implementing specific action plans.	The Group risk and control Functions, tailored to the organization's size, sector, complexity and risk profile, guarantee experience, support and monitoring activities.	Internal Audit Function carries out an independent and objective assurance and advisory on internal control system and risk management.

As part of its Internal Control and Risk Management System ("SCIGR"), Sogefi adopted and implemented a structured and formalized Enterprise Risk Management (ERM) process.

The ERM framework is periodically updated in line with Group "Guidelines on the internal control and risk management system", which outline the governance model identifying the parties involved, assigning roles and responsibilities, and define the operating model, the assessment and reporting process as well as the methodology applied.
Risk identification and assessment provide the Board of Directors with a view of the scenarios that could hinder the achievement of set goals and enable it to determine which actions should be taken to prevent, mitigate or manage the main exposures and their order of priority, taking in account the risk appetite.
The risk model requires risk assessment activities be carried out on an annual basis by identifying, analyzing, and assessing priority risks for the Group. Priority risks are managed by defining action plans aimed at mitigating the risks, and their evolution is periodically monitored.
With regard to the method for assessing and documenting risks, Sogefi carries out an assessment based on two main variables: the likelihood of the risk event occurring and the potential impact (financial/ reputational/operational) in the event of occurrence. The time horizon considered is aligned to Company Strategic Plan (three years).
Risk framework is periodically updated in consideration of ESG topics, in order to consider the list of sustainability matters identified in the Double Materiality evaluation process.
Qualitative/quantitative metrics and thresholds used are also considered as a basis for the Double Materiality assessment, in a process of increasing integration between Risk Management Process and Sustainability Double Materiality (please refer also to par. 1.1.4 *Impact, risk and opportunity management*).
The results of the Double Materiality are validated by Manager responsible for preparing financial report and with Control, Risk & Sustainability Committee and approved by Board of Directors.

The Company functions involved in the processes relating to the Internal Control and Risk Management System participate in the Control, Risk and Sustainability Committee.

If necessary, the managers of the other business functions may be invited to participate in the meetings of the Control, Risk and Sustainability Committee, based on their respective areas of competence.

Sogefi integrates ESG Internal Control System within the existing Risk and Internal Control framework, who defines roles and responsibilities with the objective of ensuring accuracy, reliability, and transparency of ESG reporting.
Key components include data collection and validation processes to ensure data consistency and comparability.
In 2024 ESG Internal Control System processes and procedures have been updated considering new Regulatory requirements; specifically, Risk & Control Matrices have been updated for a set of significant Disclosure Requirements to mitigate the risks of misreporting related to the creation, aggregation, and disclosure of the relevant indicators, coherently with the reference ESRS standards.
Procedures and Risk & Control Matrices have been distributed and are available to all Functions and data owners involved in the Sustainability Statement preparation process.

1.1.3 STRATEGY

1.1.3.1 SBM-1 - Strategy, business model and value chain

Sogefi Group is a leading global supplier of original parts for the automotive industry, with 40 years of experience. Sogefi designs, develops, and produces flexible suspensions components (Suspensions Business Unit) as well as air management and engine cooling systems (Air & Cooling Business Unit).
The Suspensions Business Unit produces a complete range of products including stabilizer bars, coil springs, leaf springs, and torsion bars which are engineered in close collaboration with the main Automotive manufacturers. Sogefi products supply passenger cars, light and heavy commercial vehicles, earth-moving equipment, and railways. The Business Unit operates in 3 main segments: Passenger Cars, Heavy Duty, and Precision Springs.

The Air & Cooling traditional product line is designed and manufactured thanks to strong competences on cooling, flow distribution and welding. The e-mobility portfolio includes, among others, battery cooling plates and cooling modules.

Sogefi is a partner to the world’s leading manufacturers of cars, commercial vehicles, and earth-moving equipment. Today, it has a presence in 14 Countries with 24 manufacturing sites.

On May 31, 2024, Sogefi completed the sale of the Filtration Business Unit, therefore the product portfolio of the Group does not include filters anymore.

Please refer to the tables in par. *3.1.3.2 - S1-6 - Characteristics of the undertaking’s employees* regarding headcount of employees by geographical areas*;* refer to *Overview of consolidated income statement Section of Consolidated Financial Statements* for revenues information; refer to paragraph *“Group Composition” within “Consolidated Financial Statements – Explanatory and Supplementary Notes* for Group composition, Business Units, and geographies where the Group operates.

Sogefi is committed to promoting and adopting a model of sustainable and inclusive development while at the same time ensuring the creation of long-lasting shared value with its stakeholders. Sogefi's sustainability-related goals, which were developed over the course of 2021, have been implemented along four pillars: Environment, Social, Governance and Entity Specific.
In particular, in 2024 ESG KPIs and related targets have been reviewed:

i) in the light of the Double Materiality analysis conducted, which led to the identification of material topics and sub-topics for the Company and the related Impacts, Risks and Opportunities;
ii) according to ESRS – MDR-T Disclosure Requirements, integrating progress monitoring of relevant targets and addressing the descriptions as required in the Sustainability Statement;
iii) in consideration of the sale of the Filtration Business Unit.

Moreover, the Group has defined additional "Entity Specific" targets, which are not present or not covered by the ESRS, but which nevertheless represent ESG objectives relating to its specific strategy and operations.
Engagement of the data-owners and action plans to implement new KPIs targets have been defined, along with implementation year and frequency of monitoring together with Business Unit CEOs and Group Chief Financial Officer.
The ESG strategy is integrated into the Group's financial and strategic plan; its objectives do not apply limitedly to specific products, customer categories, geographical areas or stakeholders and are established at Group level.
KPI Targets have been shared with Control, Risk & Sustainability Committee, and subsequently approved by the Board of Directors.
Below are represented the ESG KPIs targets.

ESG KPIs TARGETS 2025 - 2028

Topic ESRS		KPIs	2024 Results	ESG PLAN
ENVIRONMENT	ESRS E1 Climate change	Energy Intensity *Ratio between total energy consumed and total turnover (net of price effect)*	- 9% vs 2023* * *due to sale/closure of 2 Suspensions plants (Mexico and UK)*	2025: -2% vs 2024 2026: -2% vs 2025 2027: -2% vs 2026 2028: -2% vs 2027
ENVIRONMENT	ESRS E1 Climate change	Energy Mix *Ratio between the renewable energy (used and purchased) and total energy (used and purchased)*	16%	2025: 25% 2026: 30% 2027: 35% 2028: 36%
ENVIRONMENT	ESRS E1 Climate change	GHG Emission Intensity (Scope1+2 Market based) *Ratio between CO2 emission (Scope 1 + Scope 2 market based) and total turnover (net of price effect)*	73 tCO_2	2025: -2.5% vs 2024 2026: -5% vs 2025 2027: -6% vs 2026 2028: -6% vs 2027
ENVIRONMENT	ESRS E5 Circular Economy	Waste Valorization *ratio between valorized waste and total waste*	89.4%	2025: +0.8 BP vs 2024 2026: +0.8 BP vs 2025 2027: +0.8 BP vs 2026 2028: +0.8 BP vs 2027
ENVIRONMENT	ESRS E5 Circular Economy	Percentage of Recycled Raw Material on Purchases *Ratio between recycled material purchased and total material purchased (Plastic resin for A&C; Steel for Suspensions)*	Susp: 28% A&C: N/A	2025: Suspensions: 30%; A&C: target introduced from 2027 2026: Suspensions: 34%; A&C: target introduced from 2027 2027: Suspensions: 38%; A&C: 5% 2028: Suspensions: 41%; A&C: 10%
SOCIAL	ESRS S1 Own Workforce	People satisfaction *Results of Annual Opinion Survey on employee satisfaction*	70.6/100	2025: +0.5 vs 2024 (71.1/100) 2026: +0.5 vs 2025 (71.6 /100) 2027: 72/100 2028: 72/100
SOCIAL	ESRS S1 Own Workforce	Accident frequency rate *Number of accident of employees and supervised workers with lost time divided by million hours worked*	1.1	2025: < 1.3 2026: < 1.3 2027: < 1.3 2028: < 1.3

ESG KPIs TARGETS 2025 - 2028

		Number of Training Hours per Employee per Year	26h	2025: > 25h 2026: > 25h 2027: > 25h 2028: > 25h
		Gender Equality Index *Pay equity Index by gender, expressed in score out of 100*	64.3/100	2025: 65/100 2026: 66/100 2027: 67/100 2028: 68/100
		Number of Legal Entities audited on Human Rights Policy respect	N/A	2025: 3 2026: 3 2027: 4 2028: 4
		Percentage of SOGEFI sites TISAX certified *IT Security certification*	91%	2025: 91% 2026: 91% 2027: 91% 2028: 91%
GOVERNANCE	ESRS G1 Business Conduct	Anti-corruption Policy implementation and testing	N/A	2025: Anti-corruption policy implementation 2026: 3 Legal Entity tested 2027: 4 Legal Entity tested 2028: 4 Legal Entity tested
ENTITY SPECIFIC	N/A	Percentage of SOGEFI sites certified on Environmental, Quality and Health & Safety systems certified according to international standards (IATF16949, ISO14001, ISO45001)	QL: 100% EV: 100% HS: 8 sites	2025: QL: 100% |EV: 100% |HS: 9 sites 2026: QL: 100% |EV: 100% |HS: 10 sites 2027: QL: 100% |EV: 100% |HS: 11 sites 2028: QL: 100% |EV: 100% |HS: 12 sites
		Percentage of R&D spending on e-mobility products *Ratio between R&D spending on e-mobility products (i.e. electric / hybrid / fuel cell) and total R&D spending*	59%	2025: 59% 2026: 59.5% 2027: 60% 2028: 60.5%

The 2024 results of the ESG KPIs defined in the previous Plan are represented below, compared with the 2023 data.

KPIs	2024 Results	2023 Results
% of sales for E-Mobility products (i.e., electric / hybrid / fuel cell) on total sales	28%	21%
% of orders' value for E-Mobility products (i.e., electric / hybrid / fuel cell) on total order intake value	66%	36%
% of R&D spending on E-Mobility products (i.e., electric / hybrid / fuel cell) on total annual R&D spending (Gross of grants received)	59%	47%
Number of new patents registered per year	31	31
Energy Intensity *Ratio between total energy consumed and total turnover (net of price effect)*	- 9% vs 2023	-1% vs 2022
Energy Mix *Ratio between the renewable energy (used and purchased) and total energy (used and purchased)*	16%	12%
Waste Valorization *ratio between valorized waste and total waste*	89.4%	88%
People satisfaction *Results of Annual Opinion Survey on employee satisfaction*	70.6/100	70/100
Accident frequency rate *Number of accident of employees and supervised workers with lost time divided by million hours worked*	1.1	1.8
Number of Training Hours per Employee per Year	26h	30h
Gender Equality Index *Pay equity Index by gender, expressed in score out of 100*	64.3/100	63.8 / 100
Percentage of SOGEFI sites certified on Environmental, Quality and Health & Safety systems certified according to international standards (IATF16949, ISO14001, ISO45001)	QL: 100% EV: 100% HS: 8 sites	QL: 100% EV: 100% HS: 6 sites
Percentage of sites engaged in sustainable projects for local communities (i.e., Education, Sport, Solidarity, Health)	100%	100%

Value chain

Sogefi has a comprehensive value chain that emphasizes innovation, sustainability, and performance.

Key components of value chain can be summarized as follows: i) upstream process (Product Development & Procurement); ii) operations process (Manufacturing); iii) downstream process (Sales & Waste Management).

i) Upstream Process (Product Development & Procurement)

- **Product Development**: Sogefi focuses on creating advanced solutions that cater to the evolving needs of the automotive industry, ensuring that their products meet high standards of performance and reducing environmental impact. The R&D activities are conducted in its Research and Development centers of the Group.

- **Procurement**: Suspensions BU purchases mainly refer to steel, metallic components, and rubber bushings, while A&C Business Unit mainly purchases plastic resins and aluminum. Transportation to Sogefi sites primarily relies on road transportation Suppliers are evaluated and selected based on stringent quality standards and ISO certifications. Sogefi emphasizes responsible procurement practices, minimizing consumption, and promoting the use of recycled materials. Sogefi is committed to respecting human rights, eliminating all forms of forced, compulsory, and child labor, preventing discrimination and harassment, and ensuring fair employment and occupation conditions, according to Sogefi Human Rights Policy, that is shared with suppliers.

ii) Operations Process (Manufacturing)

Sogefi operates through Suspensions and Air & Cooling Business lines through 24 production sites.

Air & Cooling manufacturing sites are located in Europe (France and Romania), North and Central America (Canada and Mexico), and Asia (China); Suspensions manufacturing sites are located in Europe (France, Italy, Spain, Romania, Holland, United Kingdom, Germany), South America (Brazil and Argentina) and Asia (China and India).

Sogefi operates in full compliance with applicable local laws in each industrial production site, with a strong commitment to environmental protection, adhering to ISO 14001:2015 standards; this includes minimizing waste, reducing greenhouse gas emissions, and optimizing energy efficiency.

Each Sogefi product undergoes rigorous testing to meet the highest quality standards.

Sogefi also encourages efforts to reduce the impact of logistics processes, by supporting the optimization of inbound and outbound flows, the use of more sustainable transport and the use and reusable and environmental-friendly packaging. Reduce water consumption, increase its reuse and recycling, ensure the use of highly efficient forms of water treatment technologies, prevent any contamination from manufacturing processes and preserve high quality level of water, particularly in water-stressed areas where it is a limited resource.

iii) Downstream Process (Sales and Waste Management)

- **Waste Management**: Sogefi promotes waste minimization, by limiting the use of potentially hazardous substances and promoting the implementation of recycling and reusable processes at production facilities and over the whole supply chain;

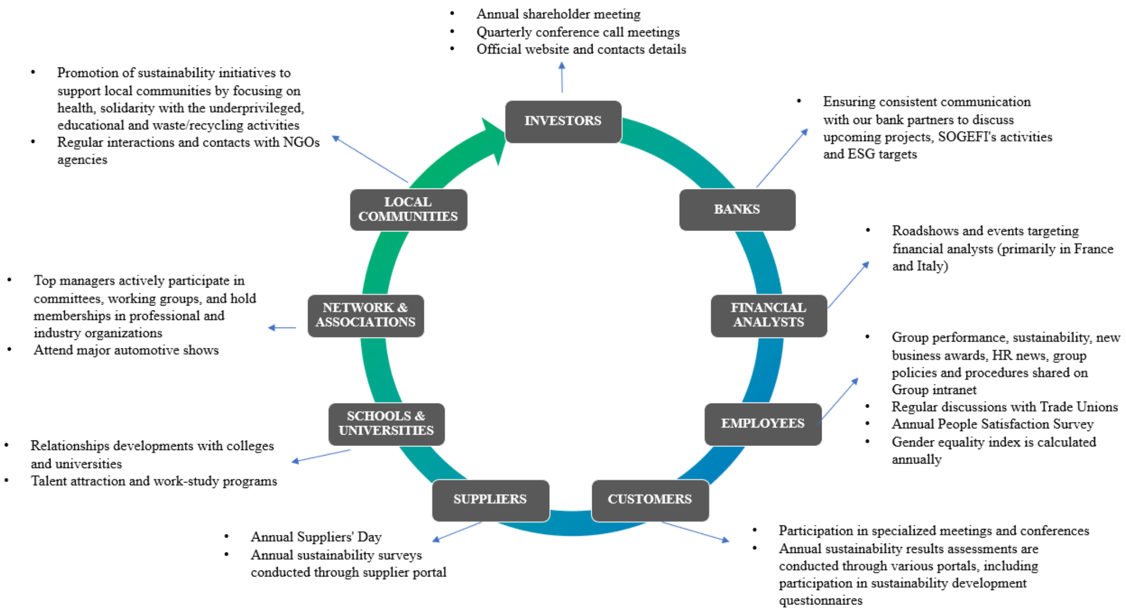
- **Sales**: Sogefi maintains strong relationships with its customers by understanding and adapting to their needs, ensuring high levels of satisfaction and loyalty. The sales process includes also an after-sales support also through customers portal. The company’s customer-centric approach that enables long-term partnerships (refer to par. *1.1.3.1 SBM-1 - Strategy, business model and value chain* for details on customers and markets).

It must be noticed that Sogefi operates as a supplier in the automotive value chain, focusing on the production of auto parts for major car and commercial vehicle manufacturers. Positioned upstream, it bridges the supply of raw materials and components with the downstream manufacturing processes of OEMs. It must be highlighted that the Group does not directly engage with end-users.

1.1.3.2 SBM-2 – Interests and views of stakeholders

Sogefi maintains a continuous dialogue and interaction with its stakeholders, to identify emerging trends and meet their needs and expectations, coherently with ESG objectives.

The summary of the stakeholder categories and the associated engagement activities is provided below:



Stakeholders are involved in an annual survey, with the objective of identifying opinions and emerging needs, taking them into consideration during the Double Materiality analysis.

The table below describes how Sogefi takes into account of interests and views of key stakeholders and how they relate to its strategy and business model.

Key stakeholders	**Description of understanding of interests and views of key stakeholders**	**Relation to Sogefi 's strategy and business model**
Financial Analysts and Investors	Financial Analysts and Investors are interested in financial performance, transparency, and growth opportunities	Feedback from meetings is used to refine Sogefi's financial and communication strategies
Banks	Banks have an interest in collaborating with Sogefi for financing, integrating ESG KPIs parameters	Banks are key stakeholders since support Sogefi Strategic plan investments; periodic meetings are scheduled to update on ESG targets achievement and monitoring.
Employees	Employees expressed interest in working conditions, professional development opportunities, gender equality, and well-being	Sogefi annually performs employee satisfaction surveys and calculate and publish gender equality index to identify areas for improvement and adjust internal policies accordingly
Customers	Customers valued product quality, sustainability, innovation, and customer service	Sogefi updates its sustainability and innovation strategies to align with customers' expectations
Suppliers	Suppliers emphasize responsible procurement practices, sustainability, and business relationships	Stakeholder survey with suppliers enables Sogefi to evaluate and properly set ESG targets, thereby strengthening relationships and procurement practices

Key stakeholders	Description of understanding of interests and views of key stakeholders	Relation to Sogefi 's strategy and business model
Schools and Universities	Schools and Universities seek educational partnerships, internship opportunities, and training programs	Sogefi regularly evaluates its collaborations with these institutions to enhance its recruitment and training programs, thereby attracting new talents
Network & Associations	Top Management in the network and associations are interested in influencing strategic decisions through participation in committees and professional organizations	Managerial contributions are integrated into strategic decisions, ensuring governance alignment with industry trends and best practices
Local Communities	Local Communities prioritize health, solidarity, education, and environmental initiatives	Sogefi assesses the impact of its community events to strengthen its social and environmental commitment, improving sustainability initiatives.

Sogefi's sustainability plan is based on ten Sustainable Development Goals (SDGs), part of 2030 United Nations Agenda. The Company is contributing to these goals achievement by defining its own ESG targets, with the aim of strengthening the Group's resilience and accelerating the shift to a low-carbon economy.
The plan integrates the stakeholders' view as described previously. ESG KPIs and related targets have been updated in 2024 to comply with regulatory requirements, as described in *Par. 1.1.3.1 SBM-1 - Strategy, business model and value chain and SBM-2*.

For the description of roles of administrative, management and supervisory bodies, including regarding the validation and approval of ESG targets *refer to Par. 1.1.2.2 for Description of how administrative, management and supervisory bodies are informed about views and interests of affected stakeholders with regard to sustainability-related impacts* and *Par. 1.1.3.1 SBM-1 - Strategy, business model and value chain*.

1.1.3.3 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model

Double Materiality assessment aims at identifying and prioritizing the relevant material aspects for the Group in accordance with the Regulatory requirements, considering impacts, risks, and opportunities (IROs).
IRO generated and/or present along the Value Chain, have been evaluated considering how they affect - or are likely to affect - people and environment in the medium-term reference period (in alignment with Strategic plan and ERM, as previously described): actual or potential impacts, risks and opportunities have been assigned accordingly.
For further details on Double Materiality process description and methodology applied *refer to Par. 1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities; to Par. 1.1.2.5 GOV-5 – Risk management and internal controls over sustainability reporting*.

In the table below are presented positive and negative impacts that resulted material associated with each ESRS topic and to the aspects specific to the organization ("Entity Specific"), which in any case represent ESG impacts regarding the specific strategy and operations of the Group but not covered with sufficient granularity by the ESRS Standards.

Topic ESRS	Impact	Impact description	Positive / Negative impact	Actual/ Potential impact	Impact on Value Chain
ESRS E1 Climate Change	Contribution to climate change through direct/ indirect GHG emissions impacting on stakeholders	Contribution to climate change through direct/indirect GHG emissions from manufacturing process and by the supply chain possibly impacting on stakeholders (including their human rights e.g., right to health, etc.)	Negative	Actual	- Upstream - Own operations - Downstream
	Dependence on (non-renewable) energy resources	Use of energy from non-renewable resources and usage of scarce resources, affecting the surrounding environment, harming the ecosystem and the availability of resources	Negative	Actual	- Upstream - Own operations - Downstream
ESRS E5 Resource Use and Circular Economy	Generation of hazardous and non-hazardous waste	Generation of hazardous and non-hazardous waste damaging the environment	Negative	Actual	- Upstream - Own operations - Downstream
ESRS S1 Own workforce	Employee satisfaction and cohesion	Contributing to employee satisfaction and cohesion through engagement initiatives also ensuring adequate working time, wages, work-life balance, as well as respect for human rights (e.g., right to freedom of association, collective bargaining, and social dialogue)	Positive	Actual	- Own operations
	Work-related accidents and illness	Production processes could result in work-related accidents, long-term work-related illness and violate workers' human right to safe working conditions	Negative	Actual	- Own operations
	Lack of improvement of employees' development	Inadequate trainings or programs to update people skills with potential consequence of missing career development	Negative	Potential	- Own operations
	Potential episodes of discrimination and harassment	Failure to ensure dignity, equality, and fairness for all people, leading to violation of basic human rights	Negative	Potential	- Own operations
	Irregular work and violation of human rights within the workforce	Violation of human rights within the company, such as the right to freedom of association and collective bargaining, child labor, forced or compulsory labor	Negative	Potential	- Own operations

Topic ESRS	Impact	Impact description	Positive / Negative impact	Actual/ Potential impact	Impact on Value Chain
	Breaches of IT systems and loss of data	Non-compliance with privacy and data security procedures and regulations causes computer system breaches and data loss, also putting the privacy of employees and external stakeholders at risk	Negative	Potential	- Own operations
ESRS S2 Workers in the value chain	Contribution to the improvement of protection of the human and labor rights along the value chain	Sharing a culture of human rights protection throughout the value chain and improving social performance of customers and suppliers	Positive	Actual	- Upstream - Downstream
ESRS G1 Business conduct	Illegal conduct, possible cases of corruption and non-compliance with laws and regulations	Possible unethical/ illegal conduct by Top Management and employees, possible cases of corruption and non-compliance with laws and regulations, as well as internal procedures and policies, leading to the violation of the fundamental rights of workers and the spread of a culture of unethical behavior	Negative	Potential	- Upstream - Own operations - Downstream
	Delayed or missing payments to suppliers	Supplier dissatisfaction caused by late or missed payments	Negative	Potential	- Upstream - Downstream
Entity Specific	Customer satisfaction including quality and warranty issues	Non-satisfaction of customers' expectations on quality standards, including possible cases of non-compliance caused by faulty equipment, resulting in the customer being unable to use the products or the vehicle	Negative	Potential	- Own operations - Downstream
	Driving eco-innovation also towards sustainable mobility and solutions	Reducing environmental impacts through strategic partnerships, new technologies and investment in research and development towards low-carbon mobility solutions	Positive	Actual	- Own operations - Downstream

In the table below are presented risks and opportunities that resulted material associated with each ESRS topic/ Entity Specific topics as mentioned above.

Topic ESRS	Risk/Opportunity	Risk/Opportunity description	Value Chain
ESRS E1 Climate Change	Risks connected to the adaptation and mitigation of climate change	1) *Transitional risks*: Transitional risks related to Climate Change in terms of regulatory and technological changes aimed at the low-carbon economy. The risk could lead to loss of competitive advantage in case of failure to adapt the Business Model to regulatory, market and technological changes 2) *Physical Risk*: Climate Change driven risks that are associated to the worsening of weather patterns on business continuity	- Upstream - Own operations - Downstream
	Risks connected to green energy transition (i.e., price volatility, gas dependency)	Increasing costs of providing services due to energy availability/ changes in energy prices (or IREC) due to pressures towards green energy transition. Lack of available technologies to replace gas over manufacturing process (Suspensions Business Unit)	- Upstream - Own operations
ESRS E5 Circular Economy	Risks connected to supply chain disruptions and material shortages	Risks related to supply restrictions (imbalance between supply and demand, sourcing issues, geopolitical disturbances including tariffs at global level) and raw material prices, whose variations can be significant and sudden	- Upstream -Own operations
	Risks connected to improper waste management systems	Risks related to potential: (i) violation of environmental regulations; (ii) environment contamination that could both lead to capex/expenses for remediation actions and/or potential legal liabilities	- Own operations - Downstream
ESRS S1 Own workforce	Risks connected to severe work accidents	Risks related to potential severe injuries of employees with impact on business continuity, legal actions, and extra costs for medical assistance	- Own operations
	Risks connected to lack of availability of skilled workers	Risks related to Sogefi's ability to attract, retain talents, and develop skills	- Own operations
	Risks connected to violation of human rights (i.e. Child or forced labor)	Risks related potential legal actions, regulatory fines leading to reputational damage	- Own operations
	Risks connected to cyber-attacks on employees' data	Risks related to the theft or disclosure of sensitive data and information leading to reputational damages and employee legal proceedings	- Own operations
ESRS S2 Workers in the value chain	Risks connected to violation of human rights along the value chain (i.e. Child or forced labor)	Risks related to indirect reputational damage or potential co-responsibility depending on contracts in place	- Upstream - Downstream
	Risks connected to cyber-attacks along the value chain	Risks related to the theft or disclosure of sensitive data and information leading to reputational damages or business interruption	- Upstream - Downstream
ESRS G1 Business conduct	Risks connected to violations of ethics and anticorruption laws	Risks related to potential violation of business ethics and integrity rules within the organization and/or in the value chain. Lack of compliance could lead to potential reputational damages or legal proceedings	- Upstream - Own operations - Downstream
Entity Specific	Risk connected to lack of innovation and technological challenges	Risks related to the lack of innovation and business acquisition on new technologies. Ineffective technological innovation, not in line with market demand and customer needs	- Own operations - Downstream
	Risks connected to lack of product's reliability and/or conformity	Risks related to the non-satisfaction of customers' expectations regarding product reliability, specifications, compliance with regulations, quality standards that could lead to quality claims, recall campaigns, warranty issues, reputational damages, and financial losses (specifically for innovative ramp-up programs)	- Own operations - Downstream

As reported also in the present Report on Operations, in the paragraph titled "Impacts of the macroeconomic environment, the Ukraine and Gaza-Israel conflicts and the climate change on operations", Sogefi has considered the resilience of the two business areas (Suspensions and Air&Cooling) to the transition to electric mobility also in the medium-long term (i.e. for the period after 2028). Air and Cooling Business Unit is more impacted by the transition to electric mobility; thanks to its specific technical and production skills, this Business Unit has the opportunity to respond to the current and future needs of the electric mobility market.
The Group Strategic plan envisages a progressive increase in sales for e-mobility with a different trend in the different geographical areas of activity (Europe, Nafta, China).
At the end of 2024, the Group assessed any impacts of risks associated with technological innovation on the useful life of tangible assets, excluding the need to carry out write-downs or other interventions.
Regarding the time horizon considered for the relevant impacts, risks and opportunities please refer to par. *1.1.1.2 BP-2 – Disclosures in relation to specific circumstances*.
Current financial effects are detailed in the ESRS topical Standard chapters.

Sogefi incorporates resilience in its strategy and business model through a comprehensive Enterprise Risk Management (ERM) process. This approach involves identifying and assessing potential and residual risks across all operations, prioritizing them based on strategic goals, and implementing mitigating actions in response to the risks (monitoring activities, business continuity plans, etc.).
Additionally, Sogefi performs a Double Materiality assessment, considering both the financial risks and significant impacts of sustainability issues on the company and the company's impacts on society and the environment.
In this regard, it is highlighted that the 2024 Double Materiality assessment according to the EFRAG implementation guidance cannot be compared with the materiality analysis conducted in line with the GRI Standard for the previous Non-Financial Statement. However, a preliminary GAP Analysis was performed to understand GRI and ESRS differences regarding materiality outcomes (refer also to par. *1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities*).

Entity-specific impacts and risks, which are not covered by ESRS but are specific to the Group's industry and circumstances, which were also identified in the previous Non-Financial Statement include i) impacts and risks related to Customer satisfaction, including quality and warranties issues :ii) impacts and risks related to driving eco-innovation also towards sustainable mobility and solutions.
Refer also to par. *1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities.*

1.1.4 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities

In accordance with the CSRD requirements and in line with the European Sustainability Reporting Standard, Sogefi Group carried out a Double Materiality assessment coordinated by Sustainability Director, aimed at identifying the impacts, risks and opportunities (also referred to as IROs) related to environmental, social and governance areas determined to be material.

Materiality process takes into consideration Sogefi's processes, the related geographies where it operates (own operations) and value chain (upstream and or downstream processes, and related business relationship).

The definition of Double Materiality encloses impact materiality and financial materiality.

Impact materiality

A sustainability matter is material when it affects Sogefi's actual/potential, positive/negative impacts on people or the environment.

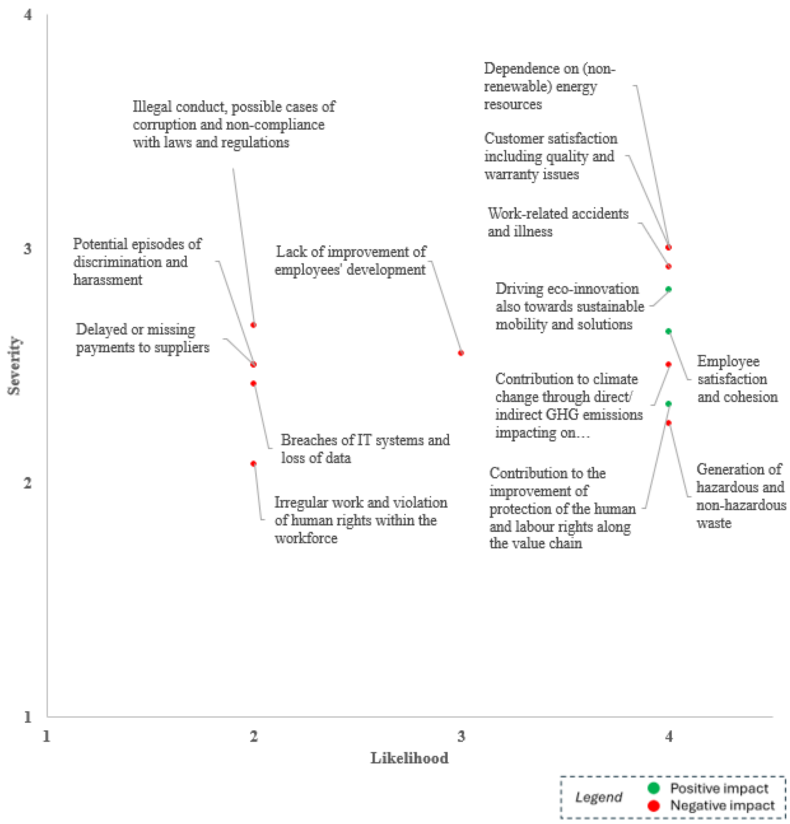
Impacts considered include those connected with Sogefi's own operations and upstream and downstream value chain, through its business relationships.

The impact materiality assessment is based on the following phases:

1. *Preliminary context analysis*: in accordance with Application Requirement 16 (AR 16) of ESRS 1, and supported with a benchmark analysis (i.e., benchmarking on peers, best practices and aspects deemed relevant by ESG standards), potentially relevant impacts generated by the Group and its value chain have been identified. These impacts were then associated to Sogefi's value chain previously described (i.e., within own operations, upstream or downstream in the value chain – refer to par. *1.1.3.3 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*) considering the medium-term time horizon;
2. *Stakeholders survey*: impacts identified during the preliminary context analysis have been evaluated though online survey by Sogefi's main stakeholders (refer to par. *1.1.3.2 SBM-2 – Interests and views of stakeholders*);
3. *Top Management evaluation*: impacts have been evaluated by the Top Management (Business Unit CEOs and Key Function Managers).
4. *Consolidation of the results*: impacts have been evaluated with a scoring on a scale from 1 to 4 based on i) likelihood of occurrence and ii) severity of the actual/potential impact on people and the environment. Specifically, to evaluate the severity of the impact, it was considered: scale (how positive/severe the impact is); scope (how widespread the impact is); irremediability (for negative impacts only - how difficult it is to mitigate or compensate for the damage resulting from the impact).

   Stakeholders and Top Management assessments have been integrated creating the impact materiality results.

Below a representation of the impact materiality results:



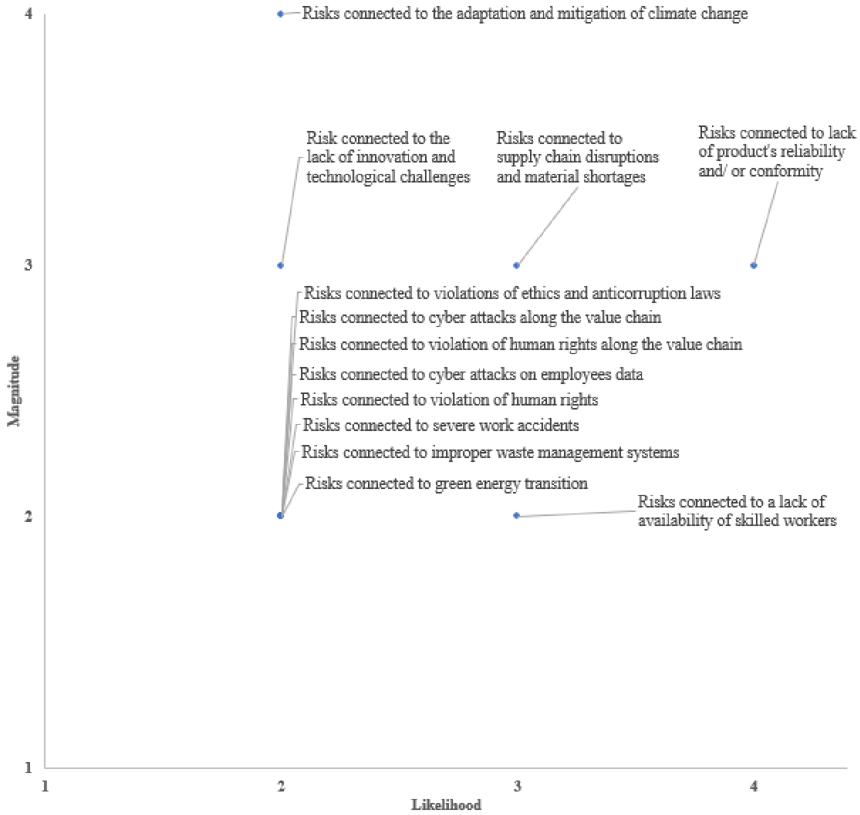
Financial materiality

A sustainability matter is material from a financial perspective if it may cause material financial effects on Sogefi (risks and opportunities). Financial Materiality is based on the Enterprise Risk Management framework that is periodically updated based on the Group ERM Policy.

The financial materiality was carried out taking into consideration ESRS requirements and risk assessment update carried out with Sogefi risk owners, determining whether sustainability matters could generate risks and opportunities that could reasonably be expected to have a relevant influence on the company's development, its financial position, results of operations, cash flows, access to financing, and the cost of capital in the short, medium or long term.

Risks and opportunities ratings are expressed on as scale from 1 to 4 in terms of i) likelihood, which represents the probability that the risk event occurs over the analyzed timeframe ii) magnitude, which represents the potential consequences in case the event occurs, and the extent to which risks and opportunities might affect the company's financial results (Group EBITDA/Cash flow) in the reference timeframe (refer to par. *1.1.1.2 BP-2 – Disclosures in relation to specific circumstances*).

Below a representation of the financial materiality results:



Double Materiality

A sustainability matter is material when it meets the qualitative/quantitative criteria and thresholds defined for impact materiality, for financial materiality or for both.

Material IROs are subject to the ESRS Minimum Disclosure Requirements, that include disclosure on Group's monitoring in terms of policies, actions, targets, and metrics; in fact, IROs deemed as most impactful are monitored and action plans are identified with the IRO owners involved to mitigate negative impacts.

The results of the Double Materiality are validated by Manager responsible for preparing financial report, shared with Control, Risk and Sustainability Committee and proposed to the Board of Directors for its subsequent approval.

1.1.4.2 IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement

Based on the sustainability material matters identified with the Double Materiality analysis, the applicable Disclosure Requirements are identified and related Data Points through the guidance of the EFRAG Q&A ID 177 document "Mapping of Sustainability Matters to Topical Disclosures". This document allows the correlation between the material impacts, risks, and opportunities and the Disclosure Requirements related to them.

Disclosure Requirements		Paragraph
ESRS 2 GENERAL DISCLOSURE		
BP-1	General basis for preparation of sustainability statements	1.1.1.1 BP-1 General basis for preparation of sustainability statement
BP-2	Disclosures in relation to specific circumstances	1.1.1.2 BP-2 Disclosures in relation to specific circumstances
GOV-1	The role of the administrative, management and supervisory bodies	1.1.2.1 GOV-1 – The role of the administrative, management and supervisory bodies
GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	1.1.2.2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies
GOV-3	Integration of sustainability-related performance in incentive schemes	1.1.2.3 Integration of sustainability-related performance in incentive schemes
GOV-4	Statement on due diligence	1.1.2.4 Statement on due diligence
GOV-5	Risk management and internal controls over sustainability reporting	1.1.2.5 Risk management and internal controls over sustainability reporting
SBM-1	Strategy, business model and value chain	1.1.3.1 SBM-1 - Strategy, business model and value chain
SBM-2	Interests and views of stakeholders	1.1.3.2 SBM-2 Interests and views of stakeholders
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	1.1.3.3 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model
IRO-1	Description of the processes to identify and assess material impacts, risks, and opportunities	1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities
IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	1.1.4.2 IRO-2 – Disclosure Requirements in ESRS covered by the undertaking's sustainability statement
ESRS E1 CLIMATE CHANGE		
Disclosure requirement related to ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	2.2.1.1 E1-1 Transition plan for climate change mitigation
E1-1	Transition plan for climate change mitigation	2.2.1.1 E1-1 Transition plan for climate change mitigation
Disclosure Requirement related to ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	2.2.1.2 ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
Disclosure requirement related to ESRS 2 IRO-1	Description of the processes to identify and assess material climate- related impacts, risks, and opportunities	2.2.2.1 ESRS 2 E1 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks, and opportunities
E1-2	Policies related to climate change mitigation and adaptation	2.2.2.2 E1-2 Policies related to climate change mitigation and adaptation
E1-3	Actions and resources in relation to climate change policies	2.2.2.3 E1-3 Actions and resources in relation to climate change policies

Disclosure Requirements		Paragraph
E1-4	Targets related to climate change mitigation and adaptation	2.2.3.1 E1-4 Targets related to climate change mitigation and adaptation
E1-5	Energy consumption and mix	2.2.3.2 E1-5 Energy consumption and mix
E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	2.2.3.3 E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E2 POLLUTION		
Disclosure Requirement related to ESRS 2 IRO-1	Description of the processes to identify and assess material pollution-related impacts, risks, and opportunities	2.3.1.1 ESRS 2 E1 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks, and opportunities
ESRS E3 WATER AND WASTE MARINE		
Disclosure Requirement related to ESRS 2 IRO-1	Description of the processes to identify and assess material water and marine resources-related impacts, risks, and opportunities	2.4.1.1 ESRS 2 IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks, and opportunities
ESRS E4 BIODIVERSITY AND ECOSYSTEMS		
Disclosure Requirement related to ESRS 2 IRO-1	Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies, and opportunities	2.5.1.1 ESRS 2 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks, dependencies, and opportunities
ESRS E5 CIRCULAR ECONOMY		
Disclosure Requirement related to ESRS 2 IRO-1	Description of the processes to identify and assess material resource use and circular economy-related impacts, risks, and opportunities	2.6.1.1 ESRS 2 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks, and opportunities
E5-1	Policies related to resource use and circular economy	2.6.1.2 E5-1 Policies related to resource use and circular economy
E5-2	Actions and resources related to resource use and circular economy	2.6.1.3 E5-2 Actions and resources related to resource use and circular economy
E5-3	Targets related to resource use and circular economy	2.6.2.1 E5-3 Targets related to resource use and circular economy
E5-4	Resource inflows	2.6.2.2 E5-4 Resource inflows
E5-5	Resource outflows	2.6.2.3 E5-5 Resource outflows
ESRS S1 OWN WORKFORCE		
Disclosure Requirement related to ESRS 2 SBM-2	Interests and views of stakeholders	3.1.1.1 Disclosure Requirement related to ESRS 2 SBM-2 – Interests and views of stakeholders
Disclosure Requirement related to ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.1.1.2 ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
S1-1	Policies related to own workforce	3.1.2.1 S1-1 - Policies related to own workforce
S1-2	Processes for engaging with own workforce and workers’ representatives about impacts	3.1.2.2 S1-2 - Processes for engaging with own workforce and workers’ representatives about impacts

Disclosure Requirements		Paragraph
S1-3	Processes to remediate negative impacts and channels for own workforce to raise concerns	3.1.2.3 S1-3 - Processes to remediate negative impacts and channels for own workforce to raise concerns
S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	3.1.2.4 S1-4 - Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions
S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	3.1.3.1 S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities
S1-6	Characteristics of the undertaking’s employees	3.1.3.2 S1-6 - Characteristics of the undertaking’s employees
S1-7	Characteristics of non-employees in the undertaking’s own workforce	3.1.3.3 S1-7 Characteristics of non-employees in the undertaking’s own workforce
S1-8	Collective bargaining coverage and social dialogue	3.1.3.4 S1-8 Collective bargaining coverage and social dialogue
S1-9	Diversity metrics	3.1.3.5 S1-9 - Diversity metrics
S1-10	Adequate wages	3.1.3.6 S1-10 - Adequate wages
S1-13	Training and skills development metrics	3.1.3.7 S1-13 - Training and skills development metrics
S1-14	Health and safety metrics	3.1.3.8 S1-14 - Health and safety metrics
S1-16	Remuneration metrics (pay gap and total remuneration)	3.1.3.9 S1-16 - Remuneration metrics (pay gap and total remuneration)
S1-17	Incidents, complaints, and severe human rights impacts	3.1.3.10 S1-17 - Incidents, complaints, and severe human rights impacts
ESRS S2 WORKERS IN THE VALUE CHAIN		
Disclosure Requirement related to ESRS 2 SBM-2	Interests and views of stakeholders	3.2.1.1 Interests and views of stakeholders
Disclosure Requirement related to ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	3.2.1.2 Impact, Risk and Opportunity Management
S2-1	Policies related to value chain workers	3.2.2.1 S2-1 - Policies related to value chain workers
S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	3.2.2.2 S2-3 - Processes to remediate negative impacts and channels for value chain workers to raise concerns
S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	3.2.2.3 S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	3.2.3.1 S2-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and

Disclosure Requirements		Paragraph
		opportunities
ESRS G1 BUSINESS CONDUCT		
Disclosure Requirement related to ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	4.1.1.1 ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies
G1-1	Business conduct policies and corporate culture	4.1.2.1 G1-1 - Business conduct policies and corporate culture
G1-2	Management of relationships with suppliers	4.1.2.2 G1-2 - Management of relationships with suppliers
G1-3	Prevention and detection of corruption and bribery	4.1.2.3 G1-3 - Prevention and detection of corruption and bribery
G1-4	Incidents of corruption or bribery	4.1.2.4 G1-4 - Confirmed incidents of corruption or bribery
G1-6	Payment practices	4.1.2.5 G1-6 - Payment practices
Additional disclosure requirement from sector specific ESRS		-
Potential additional entity specific information - Driving eco-innovation also towards sustainable mobility and solutions		4.1.3 Additional Entity Specific Information
Potential additional entity specific information - Customer satisfaction including quality and warranty issues		4.1.3 Additional Entity Specific Information

Below is reported the table of all the datapoints that derive from other EU legislation as listed in Appendix B of the ESRS, indicating where they can be found in the sustainability statement and including those that the undertaking has assessed as not material, in which case the undertaking shall indicate “Not material” in the table in accordance with ESRS 1 paragraph 35.

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Paragraph/ Note
ESRS 2 GOV-1	21 (d)	Board's gender diversity	Indicator number 13 of Table #1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		1.1.2.1 GOV-1 – The role of the administrative, management and supervisory bodies
ESRS 2 GOV-1	21 (e)	Percentage of board members who are independent			Delegated Regulation (EU) 2020/1816, Annex II		1.1.2.1 GOV-1 – The role of the administrative, management and supervisory bodies
ESRS 2 GOV-4	30	Statement on due diligence	Indicator number 10 Table #3 of Annex 1				1.1.2.4 Statement on due diligence
ESRS 2	40	Involvement in	Indicators	Article 449a	Delegated		1.1.3.1 SBM-1

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Paragraph/ Note
SBM-1	(d) i	activities related to fossil fuel activities	number 4 Table #1 of Annex 1	Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on social risk	Regulation (EU) 2020/1816, Annex II		- Strategy, business model and value chain
ESRS 2 SBM-1	40 (d) ii	Involvement in activities related to chemical production	Indicator number 9 Table #2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not Material
ESRS 2 SBM-1	40 (d) iii	Involvement in activities related to controversial weapons	Indicator number 14 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not Material
ESRS 2 SBM-1	40 (d) iv	Involvement in activities related to cultivation and production of tobacco			Delegated Regulation (EU) 2020/1818, Article 12(1) Delegated Regulation (EU) 2020/1816, Annex II		Not Material
ESRS E1-1	14	Transition plan to reach climate neutrality by 2050				Regulation (EU) 2021/1119, Article 2(1)	Not Material
ESRS E1-1	16 (g)	Undertakings excluded from Paris-aligned Benchmarks		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking Book-Climate Change	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Not Material

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Paragraph/ Note
				transition risk: Credit quality of exposures by sector, emissions, and residual maturity			
ESRS E1-4	34	GHG emission reduction targets	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book - Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Not Material
ESRS E1-5	38	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors)	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1				2.2.3.2 E1-5 Energy consumption and mix
ESRS E1-5	37	Energy consumption and mix	Indicator number 5 Table #1 of Annex 1				2.2.3.2 E1-5 Energy consumption and mix
ESRS E1-5	40-43	Energy intensity associated with activities in high climate impact sectors	Indicator number 6 Table #1 of Annex 1				2.2.3.2 E1-5 Energy consumption and mix
ESRS E1-6	44	Gross Scope 1, 2, 3 and Total GHG emissions	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1:	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		2.2.3.3 E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1-6	53-55	Gross GHG emissions intensity	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453	Delegated Regulation (EU) 2020/1818, Article 8(1)		2.2.3.3 E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Paragraph/ Note
				Template 3: Banking book - Climate change transition risk: alignment metrics			
ESRS E1-7	56	GHG removals and carbon credits					Not Material
ESRS E1-9	66	Exposure of the benchmark portfolio to climate-related physical risks			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Not Material
ESRS E1-9	66 (a); 66 (c)	Disaggregation of monetary amounts by acute and chronic physical risk; Location of significant assets at material physical risk		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Not Material
ESRS E1-9	67 (c)	Breakdown of the carrying value of its real estate assets by energy-efficiency classes		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34; Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Not Material
ESRS E1-	69	Degree of			Delegated		Not Material

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Paragraph/ Note
9		exposure of the portfolio to climate-related opportunities			Regulation (EU) 2020/1818, Annex II		
ESRS E2-4	28	Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water, and soil	Indicator number 8 Table #1 of Annex 1 Indicator number 2 Table #2 of Annex 1 Indicator number 1 Table #2 of Annex 1 Indicator number 3 Table #2 of Annex 1				Not Material
ESRS E3-1	9	Water and marine resources	Indicator number 7 Table #2 of Annex 1				Not material
ESRS E3-1	13	Dedicated policy	Indicator number 8 Table 2 of Annex 1				Not material
ESRS E3-1	14	Sustainable oceans and seas	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E3-4	28 (c)	Total water recycled and reused	Indicator number 6.2 Table #2 of Annex 1				Not material
ESRS E3-4	29	Total water consumption in m3 per net revenue on own operations	Indicator number 6.1 Table #2 of Annex 1				Not material
ESRS 2-SBM 3 - E4	16 (a) i		Indicator number 7 Table #1 of Annex 1				Not material
ESRS 2-SBM 3 - E4	16 (b)		Indicator number 10 Table #2 of Annex 1				Not material
ESRS 2-	16		Indicator				Not material

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Paragraph/ Note
SBM 3 - E4	(c)		number 14 Table #2 of Annex 1				
ESRS E4-2	24 (b)	Sustainable land / agriculture practices or policies	Indicator number 11 Table #2 of Annex 1				Not material
ESRS E4-2	24 (c)	Sustainable oceans / seas practices or policies	Indicator number 12 Table #2 of Annex 1				Not material
ESRS E4-2	24 (d)	Policies to address deforestation	Indicator number 15 Table #2 of Annex 1				Not material
ESRS E5-5	37 (d)	Non-recycled waste	Indicator number 13 Table #2 of Annex 1				2.6.2.3 E5-5 Resource outflows
ESRS E5-5	39	Hazardous waste and radioactive waste	Indicator number 9 Table #1 of Annex 1				2.6.2.3 E5-5 Resource outflows
ESRS 2-SBM3 - S1	14 (f)	Risk of incidents of forced labor	Indicator number 13 Table #3 of Annex I				3.1.1.2 Impact risk and opportunity management
ESRS 2-SBM3 - S1	14 (g)	Risk of incidents of child labor	Indicator number 12 Table #3 of Annex I				3.1.1.2 Impact risk and opportunity management
ESRS S1-1	20	Human rights policy commitments	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I				3.1.2.1 S1-1 - Policies related to own workforce
ESRS S1-1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		3.1.2.1 S1-1 - Policies related to own workforce
ESRS S1-1	22	Processes and measures for	Indicator number				3.1.2.1 S1-1 - Policies

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Paragraph/ Note
		preventing trafficking in human beings	11 Table #3 of Annex I				related to own workforce
ESRS S1-1	23	Workplace accident prevention policy or management system	Indicator number 1 Table #3 of Annex I				3.1.2.1 S1-1 - Policies related to own workforce
ESRS S1-3	32 (c)	Grievance/ complaints handling mechanisms	Indicator number 5 Table #3 of Annex I				3.1.2.3 S1-3 - Processes to remediate negative impacts and channels for own workforce to raise concerns
ESRS S1-14	88 (b) and (c)	Number of fatalities and number and rate of work-related accidents	Indicator number 2 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		3.1.3.8 S1-14 - Health and safety metrics
ESRS S1-14	88 (e)	Number of days lost to injuries, accidents, fatalities, or illness	Indicator number 3 Table #3 of Annex I				3.1.3.8 S1-14 - Health and safety metrics
ESRS S1-16	97 (a)	Unadjusted gender pay gap	Indicator number 12 Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		3.1.3.9 S1-16 - Remuneration metrics (pay gap and total remuneration)
ESRS S1-16	97 (b)	Excessive CEO pay ratio	Indicator number 8 Table #3 of Annex I				3.1.3.9 S1-16 - Remuneration metrics (pay gap and total remuneration)
ESRS S1-17	103 (a)	Incidents of discrimination	Indicator number 7 Table #3 of Annex I				3.1.3.10 1-17 - Incidents, complaints, and severe human rights impacts
ESRS S1-17	104 (a)	Non-respect of UNGPs on Business and Human Rights and OECD	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818 Art 12 (1)		3.1.3.10 S1-17 - Incidents, complaints, and severe human rights impacts
ESRS 2-SBM3 - S2	11 (b)	Significant risk of child labor or forced labor in the value chain	Indicators number 12 and n. 13 Table #3 of				3.2.1.2 ESRS 2 SBM-3 Material impacts, risks and

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Paragraph/ Note
			Annex I				opportunities and their interaction with strategy and business model
ESRS S2-1	17	Human rights policy commitments	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1				3.2.2.1 S2-1 - Policies related to value chain workers
ESRS S2-1	18	Policies related to value chain workers	Indicator number 11 and n. 4 Table #3 of Annex 1				3.2.2.1 S2-1 - Policies related to value chain workers
ESRS S2-1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		3.2.2.1 S2-1 - Policies related to value chain workers
ESRS S2-1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8			Delegated Regulation (EU) 2020/1816, Annex II		3.2.2.1 S2-1 - Policies related to value chain workers
ESRS S2-4	36	Human rights issues and incidents connected to its upstream and downstream value chain	Indicator number 14 Table #3 of Annex 1				3.2.2.3 S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions
ESRS S3-1	16	Human rights policy	Indicator number 9				Not Material

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Paragraph/ Note
		commitments	Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1				
ESRS S3-1	17	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines	Indicator number 10 Table #1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not Material
ESRS S3-4	36	Human rights issues and incidents	Indicator number 14 Table #3 of Annex 1				Not Material
ESRS S4-1	16	Policies related to consumers and end-users	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1				Not Material
ESRS S4-1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	Indicator number 10 Table #1 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II Delegated Regulation (EU) 2020/1818, Art 12 (1)		Not Material
ESRS S4-4	35	Human rights issues and incidents	Indicator number 14 Table #3 of Annex 1				Not Material
ESRS G1-1	10 (b)	United Nations Convention against Corruption	Indicator number 15 Table #3 of Annex 1				4.1.2.1 G1-1 - Business conduct policies and corporate culture
ESRS G1-1	10 (d)	Protection of whistle-blowers	Indicator number 6 Table #3 of Annex 1				Not Material
ESRS G1-4	24 (a)	Fines for violation of anti-corruption	Indicator number 17 Table		Delegated Regulation (EU)		4.1.2.4 G1-4 - Confirmed incidents of

Disclosure requirement	Data point	Description	SFDR reference	Pillar 3 reference	Benchmark regulation reference	EU Climate Law reference	Paragraph/ Note
		and anti-bribery laws	#3 of Annex 1		2020/1816, Annex II)		corruption or bribery
ESRS G1-4	24 (b)	Standards of anti-corruption and anti-bribery	Indicator number 16 Table #3 of Annex 1				4.1.2.4 G1-4 - Confirmed incidents of corruption or bribery

2. ENVIRONMENTAL INFORMATION

2.1 DISCLOSURE PURSUANT TO ARTICLE 8 OF REGULATION 2020/852 (EU TAXONOMY REGULATION*)*

The European Taxonomy, regulated in EU Regulation 2020/852, is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy and represents an important step towards the EU's environmental objectives and the ecological transition, as a classification system for economic activities from the point of view of environmental sustainability.

This legislation provides a list of activities that the regulator considers can contribute to one or more of the following objectives:

- Climate change mitigation;
- Adaptation to climate change;
- Sustainable use and protection of water and marine resources;
- Transition to a circular economy;
- Pollution prevention and control;
- Protection and restoration of biodiversity and ecosystems.

For 2024, the analysis carried out by Sogefi has been updated for all 6 environmental objectives, In accordance with Delegated Regulation (EU) 2021/2139, assess admissibility and alignment with all objectives.
At the end of the analyses, better detailed in the continuation of present chapter and in continuity with 2023, the activities considered for 2024 are admissible only for the objective relating to the mitigation of climate change. In particular, the following two activities have been identified:

- 3.18 – Manufacture of automotive and mobility components;
- 7.6 – Installation, maintenance, and repair of renewable energy technologies.

Activity 3.18: Manufacture of automotive components for mobility

Based on the description of activity 3.18, which concerns the production of essential components for improving the environmental performance of vehicles, the following two product categories were assessed as eligible:

- A&R thermal management systems, limited to those produced solely for 100% electric vehicles;

- Suspension products.

With regard to the first point, the preliminary analysis of the substantial contribution criteria has led, together with the analysis of the types of vehicles on which Sogefi products are installed, to identify as applicable the product categories referred to in points 1.a, 1.b, 1.c and 1.d of the technical screening criteria (which define the different categories of vehicles for which the components are intended).

With regard to the second point, the Taxonomy refers only to "best-in-class suspension systems that lead to improvements in energy efficiency" and since, to date, there are no clear and precise criteria that allow a suspension to be classified as "best-in-class", Sogefi adopts a conservative approach and believes that none of its products fall into the category identified by the Delegated Act.

Based on the previous preliminary analysis:

- In relation to Sogefi's core business (i.e. activities that generate turnover), only activity 3.18 "Manufacture of automotive and mobility components" was considered, to which all products relating to A&R thermal management systems intended for 100% electric vehicles belong; in this way, any double counting between multiple activities envisaged by the Taxonomy and between multiple product categories was avoided.
- It is confirmed that no eligible activities were identified in relation to the other five objectives.

In consideration of Sogefi's core business, in addition to the aforementioned activity 3.18 and through benchmarking activities, the Group has also identified activity 3.4 – Manufacture of batteries, as potentially eligible, however, due to some areas of overlap with activity 3.18, and in order to avoid duplication, it was decided that the activities carried out by Sogefi are more consistent with activity 3.18.

CapEx and OpEx relating to activity 3.18 were classified as "type a" (Delegated disclosure act, 2021/2178, Annex 1, par. 1.1.2.2 and par. 1.1.3.2), i.e. "*relating to assets or processes associated with economic activities aligned with the taxonomy […]*".

DNSH Requirements ("Do Not Significant Harm")
The so-called DNSH ("Do Not Significant Harm") are requirements that allow verification that an activity, eligible for a given objective, does not cause significant harm to the other five objectives envisaged by the Taxonomy. In relation to these requirements, the following analyses were carried out:

- With regard to the DNSH relating to the climate change adaptation objective, the physical risk analysis for all Sogefi plants was updated in 2024, in line with the requirements of Appendix A (Annex 1, Delegated Regulation on Climate, 2021/2139). Based on the analysis performed, this requirement was considered satisfied.
- With regard to the DNSH relating to the other four environmental objectives, in order to promptly verify the requirements, specific questionnaires were administered to the plants that produce products considered eligible, namely Orbey, Châteauroux (France), Montréal (Canada), Ţiţeşti (Romania) and

Wujiang (China). The outcome of this verification was positive for the following three plants: Orbey, Montréal and Wujiang.

Minimum safeguards
Minimum safeguards are procedures implemented by a company carrying out an economic activity in order to ensure that they are in line with the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights established by the eight fundamental conventions identified in the International Labour Organization Declaration on Fundamental Principles and Rights at Work and the International Charter of Human Rights.

In order to assess compliance with the aforementioned minimum safeguards, Sogefi carried out an internal analysis that considered four areas of analysis[10]: anti-corruption, taxation, fair competition, and human rights. In particular, in relation to these four areas, the safeguards and policies adopted by Sogefi were assessed and deemed adequate to comply with the requirement; it is further specified that no violations related to one of the four areas were detected in 2024 and as far as the activities carried out by Sogefi are concerned.
Consequently, Minimum safeguards requirements were considered satisfied.

Activity 7.6: Installation, maintenance, and repair of renewable energy technologies

In addition to the analyses reported in the previous section and attributable to Sogefi's core activities (and therefore generating revenue), as anticipated in the introductory paragraph of the Taxonomy, economic activity 7.6 “ Installation, maintenance, and repair of renewable energy technologies” was also assessed as eligible, with regard to CapEx and OpEx. Following the analysis, the activity can be reconducted to the installation of photovoltaic systems in the plants of Settimo Torinese (Italy), Nules and Alsasua (Spain), Pune (India), limited to the OpEx component.

The operating and capital expenditure related to this activity has been classified as “type c” expenditure (Delegated disclosure act, 2021/2178, Annex 1, par. 1.1.2.2 and par. 1.1.3.2), i.e. “relating to the purchase of products deriving from economic activities aligned with the taxonomy and individual measures that enable the target activities to achieve low carbon emissions or greenhouse gas reductions […]”. In this case, the assessment of the substantial contribution criteria, the DNSH and the minimum safeguard guarantees should be conducted on the supplier of the product, in this case the suppliers of the photovoltaic systems. Preferring a precautionary approach, Sogefi currently believes that it does not have sufficient information for an assessment at this level and therefore assumes that the DNSH are not respected.

Calculation Methodology for Taxonomy KPIs

Based on the methodology illustrated in the previous paragraphs, for each of the two identified activities, the net turnover, capital expenditure and operating expenditure

[10] based o Platform on Sustainable Finance areas

were analyzed for the purpose of extracting the KPIs required by the Taxonomy, in accordance with the current interpretation of the applicable requirements.

Turnover:

- The denominator was considered to be the consolidated net turnover in accordance with IAS 1.
- The numerator was considered to be:
    - For eligibility, the net turnover deriving from the sale of products relating to A&R thermal management systems intended for 100% electric vehicles;
    - For alignment, the net turnover referred to in the previous point deriving from plants that comply with all the requirements (as described in the methodology previously described).

CapEx:

- The denominator includes the increases in tangible and intangible assets during the financial year, considered before depreciation, write-down, and any revaluation, including those deriving from redeterminations and reductions in value, for the financial year in question, and excluding changes in fair value. The reference accounting principles for Sogefi are the following: IAS 16 (Property, Plant and Equipment), IAS 38 (Intangible assets), IFRS 16 (Leases).
- The numerator includes:
    - For eligibility, the CapEx generated for the production of products relating to A&R thermal management systems intended solely for 100% electric vehicles (for activity 3.18) and the CapEx generated by plants with photovoltaic systems (for activity 7.6);
    - For alignment, the CapEx referred to in the previous point, deriving from plants that meet all the requirements (as described in the methodology previously described). As specified above, activity 7.6, in terms of CapEx, is zero.

OpEx:

- The denominator considered the non-capitalized direct costs related to research and development, building renovation measures, short-term leasing, maintenance, and repair as well as any other direct expense related to the daily maintenance of property, plant and machinery.
- The numerator considered:
    - For eligibility, the OpEx generated for the production of products related to A&R thermal management systems for 100% electric vehicles (for activity 3.18) and the OpEx generated by plants with photovoltaic systems (for activity 7.6);
    - For alignment, the OpEx referred to in the previous point, deriving from plants that comply with all the requirements (as described in the methodology previously described). As specified above, activity 7.6, in terms of CapEx, is zero.

Based on the analysis carried out, the share of turnover eligible for the taxonomy for the Climate Change Mitigation objective is equal to 0.6% of the Group turnover, of which

0.5% is also aligned with the taxonomy. There are no significant changes compared to the turnover for 2023. (0.1% in 2023).

Below is table that describes in detail the Turnover KPIs for eligibility and alignment.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024																			
	Financial year 2024			Substantial contribution criteria						DNSH criteria (‘Does Not Significantly Harm’)									
Economic activities	Code(s) (a)	Turnover	Proportion of turnover, year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or - eligible (A.2.) turnover, year 2023	Category enabling activity	Category transitional activity
		M€	%	Y; N; N/EL (b)	Y; N; N/EL (b)	Y; N; N/EL (b)	Y; N; N/EL (b)	Y; N; N/EL (b)	Y; N; N/EL (b)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N			
Manufacturing of automotive and mobility components	CCM 3.18	5.1	0.5%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**5.1**	**0.5%**							Y	Y	Y	Y	Y	Y	Y	**0.1%**		
Of which enabling		**5.1**	**0.5%**							Y	Y	Y	Y	Y	Y	Y	**0.1%**	**E**	
Of which transitional		**0**	**0.%**														**0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacturing of automotive and mobility components	CCM 3.18	0.8	**0.1%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0.1%		
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.8	**0.1%**														0.1%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		5.9	**0.6%**														0.1%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		1,016.4	**99.4%**																
TOTAL		**1,022.3**	**100%**																

The analyses described above are based on the interpretation and understanding by the Sogefi Group management of the requirements of the applicable Taxonomy Regulation (EU Regulation 852/2020 and related Delegated Acts), including the Q&As officially published by the European Commission at the date of approval of this document.
The assessment of the activities and investments in line with the Taxonomy Regulation was carried out with the support of an external advisor with expertise in sustainability aspects.

Notes to the table:

(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO.

(b) Y – Yes, Taxonomy-eligible, and Taxonomy-aligned activity with the relevant environmental objective;
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective;
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

(c)

	Proportion of turnover/ Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	**0.6%**	**0.6%**
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

(f) EL – Taxonomy eligible activity for the relevant objective;
N/EL – Taxonomy non-eligible activity for the relevant objective.

In relation to capital expenditure (CapEx), the share of CapEx eligible for the taxonomy for the Climate Change Mitigation objective is equal to 7% of Group Capex, of which 7% is also aligned to the taxonomy, compared to 2.3% in 2023.
The detailed table for the CapEx KPI for eligibility and alignment is shown below.

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

	Financial year 2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s) (a)	CapEx	Proportion of CapEx, year 2024	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) CapEx, year 2023	Category enabling activity	Category transitional activity
		M€	%	Y; N; N/EL (b)	Y; N; N/EL (b)	Y; N; N/EL (b)	Y; N; N/EL (b)	Y; N; N/EL (b)	Y; N; N/EL (b)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Manufacturing of automotive and mobility components	CCM 3.18	6.4	7%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.3%	E	
Installation, maintenance, and repair of renewable energy technologies	CCM 7.6	0	0.0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**6.4**	**7%**	**100 %**						Y	Y	Y	Y	Y	Y	Y	**2.3%**		
Of which enabling		**6.4**	**7%**	**100 %**						Y	Y	Y	Y	Y	Y	Y	**2.3%**	**E**	
Of which transitional		**0**	**0%**	**0%**						Y	Y	Y	Y	Y	Y	Y	**0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Manufacturing of automotive and mobility components	CCM 3.18	0	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Installation, maintenance, and repair of renewable energy technologies	CCM 7.6	0	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1.2%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	**0%**	100%													1.2%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		6.4	**7%**	100%													3.4%		

B. TAXONOMY NON-ELIGIBLE ACTIVITIES

CapEx of Taxonomy-non-eligible activities	85,6	**93%**
TOTAL[11]	**92.1**	**100%**

11 Capex have been calculated considering all expenditure for intangible and tangible assets including IFRS 16.

Notes to the table:

(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:
- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO.

(b) Y – Yes, Taxonomy-eligible, and Taxonomy-aligned activity with the relevant environmental objective;
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective;
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

(c)

	Proportion of CapEx/ Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	**7%**	**7%**
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

(f) EL – Taxonomy eligible activity for the relevant objective;
N/EL – Taxonomy non-eligible activity for the relevant objective.

In relation to OpEx, the eligible or taxonomy-aligned share is 0%. There are no significant changes compared to 2023.

The detailed table for the OpEx KPI is shown below.

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities - disclosure covering year 2024

	Financial year 2024			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	**Code(s) (a)**	**OpEx**	**Proportion of OpEx, year 2024**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Climate change mitigation**	**Climate change adaptation**	**Water and marine resources**	**Circular economy**	**Pollution**	**Biodiversity and ecosystems**	**Minimum safeguards**	**Proportion of Taxonomy-aligned (A.1.) or eligible (A.2.) OpEx, year 2023**	**Category enabling activity**	**Category transitional activity**
		M€	%	Y; N; N/EL (b)	Y; N; N/EL (b)	Y; N; N/EL (b)	Y; N; N/EL (b)	Y; N; N/EL (b)	Y; N; N/EL (b)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
Installation, maintenance, and repair of renewable energy technologies	CCM 7.6	0	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0**	**0%**	**100%**						Y	Y	Y	Y	Y	Y	Y	**0%**		
Of which enabling		**0**	**0%**	**100%**						Y	Y	Y	Y	Y	Y	Y	**0%**	**E**	
Of which transitional		**0**	**0%**							Y	Y	Y	Y	Y	Y	Y	**0%**		**T**
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)(g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Installation, maintenance, and repair of renewable energy technologies	CCM 7.6	0	**0%**	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0	**0%**	100%													0%		
B. OpEx of Taxonomy-eligible activities (A.1+A.2)		0	**0%**	100%													0%		
B. TAXONOMY NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non- eligible activities		35.7	**100%**																
TOTAL[12]		**35.7**	**100%**																

12 Opex have been calculated considering uncapitalized direct costs that referred to research and development, maintenance, rental.

Notes to the table:

(a) The Code constitutes the abbreviation of the relevant objective to which the economic activity is eligible to make a substantial contribution, as well as the section number of the activity in the relevant Annex covering the objective, i.e.:

- Climate Change Mitigation: CCM
- Climate Change Adaptation: CCA
- Water and Marine Resources: WTR
- Circular Economy: CE
- Pollution Prevention and Control: PPC
- Biodiversity and ecosystems: BIO.

(b) Y – Yes, Taxonomy-eligible, and Taxonomy-aligned activity with the relevant environmental objective;
N – No, Taxonomy-eligible but not Taxonomy-aligned activity with the relevant environmental objective;
N/EL – not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

(c)

	Proportion of OpEx/ Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	**0%**	**0%**
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

(f) EL – Taxonomy eligible activity for the relevant objective;
N/EL – Taxonomy non-eligible activity for the relevant objective.

In accordance with Regulation 2021/2178 and in light of the Commission's clarifications, Template 1 of Annex XII to Delegated Regulation 2021/2178 relating to the activities of the Group is set out below.

Template 1, Annex XII, Commission Delegated Regulation 2021/2178		
Nuclear energy related activities		
1.	The undertaking carries out, funds, or has exposures to research, development, demonstration, and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds, or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds, or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activties		
4.	The undertaking carries out, funds, or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds, or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds, or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

2.2 ESRS E1 - CLIMATE CHANGE

2.2.1 STRATEGY

2.2.1.1 E1-1 - Transition plan for climate change mitigation

To date, Sogefi has not yet set greenhouse gas (GHG) emission reduction targets aligned with limiting global warming to 1.5°C, in accordance with the Paris Agreement and to achieve climate neutrality by 2050. However, Sogefi will develop a structured plan to reduce GHG emissions (transition plan) to effectively tackle climate change, as described in par. *2.2.3.1 E1-4 Targets related to climate change mitigation and adaptation*.

At the end of 2024, strategies to minimize the impact of activities on the ecosystem focus on energy efficiency and reduction of greenhouse gas (GHG) emissions by reducing energy consumption and promoting renewable energy sources.

As mentioned in *par. 1.1.2.3 GOV-3 – Integration of sustainability-related performance in incentive schemes*, the achievement of ESG targets is part of annual variable component (MBO) of key managers and Business Unit CEOs, in consideration of the ESG plan approved by the Board of Directors, that in turn also include climate-related

targets (refer to par. *1.1.3.1 SBM-1 - Strategy, business model and value chain*), that are consequently factored into the variable remuneration.
Remuneration of members of the administrative, management and supervisory bodies are not dependent on the achievement of ESG targets.

2.2.1.2 ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

ESG-related risks are an integral part of the ERM model, cross-cutting to the risk categories (i.e., strategic, financial, operational, legal and compliance risks), represented in the Risk Model and aligned to the Group business model.

Below are presented the Climate Change related impacts and risks:

Impacts:

- Contribution to climate change through direct/indirect GHG emissions from manufacturing process and by the supply chain possibly impacting on stakeholders;
- Dependence on (non-renewable) energy resources: use of energy from non-renewable resources and usage of scarce resources, affecting the surrounding environment, harming the ecosystem and the availability of resources.

Risks:

- Risks connected to the adaptation and mitigation of climate change:
  i) Transitional risks: transitional risks related to climate change in terms of regulatory and technological changes aimed at the low-carbon economy. The risk could lead to value loss in case of failure to adapt the Business Model to regulatory, market and technological changes;
  ii) Physical Risk: climate change driven risks that are associated to the worsening of weather patterns on business continuity.
- Risks connected to green energy transition (i.e., price volatility, gas dependency).

For additional information, please refer to *2.2.2.1 ESRS 2 E1 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks, and opportunities* for climate-related physical risks, for climate-related transition risks and for time horizons applied for resilience analysis.

2.2.2 IMPACT RISK AND OPPORTUNITY MANAGEMENT

2.2.2.1 E1 IRO-1 – Description of the processes to identify and assess material climate-related impacts, risks, and opportunities

The process to identify and assess material climate-related impacts, risks, and opportunities was carried out during the Materiality Analysis, as elaborated on *ESRS 2 - 1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities*. The evaluation of the ESG impacts identified, following by the definition of the relevant thresholds to determine materiality, identified two ESG impacts as material for Climate Change.

Regarding the topic of Climate Change a long list of potentially material impacts was identified from which only a short list of impacts was deemed material. In particular for the subtopic "Climate Change Mitigation" the impact "Contribution to climate change through direct/ indirect GHG emissions impacting on stakeholders" was evaluated as material; for the subtopic "Energy", the subtopic "Dependence on (non-renewable) energy resources" was evaluated as material.

Also, regarding the financial materiality for the topic of Climate Change a long list of potentially material risk and opportunities was identified. The evaluation of risks and opportunities, following the definition of the thresholds to determine materiality, identified two risks as material for Climate change.
For the subtopics "Climate Change Mitigation" and "Climate Change Adaptation", the financial risk "Risks connected to the adaptation and mitigation of climate change" was evaluated as material; for the subtopic "Energy", the financial risk "Risks connected to green energy transition (i.e., price volatility, gas dependency)" was evaluated as material.
For details on Double Materiality assessment please refer to par. *1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities*.

Physical risk
Climate-related physical risks analyses have been carried out in line with the European Taxonomy and ESRS 2 IRO-1 paragraph 20 letter b requirements.
In 2024 Sogefi, supported by an external advisor, conducted an update of the climate risk assessment performed in 2022 to evaluate the climate change impact at local level for each Sogefi site (31 sites: 24 production plants and 7 offices).
The perimeter was updated to reflect organizational changes and the Filtration Business Unit sale.
For each indicator below, site-specific data have been updated in order to assess the impacts of the most significant climatic phenomena on the Group's activities.

TYPE OF RISK	PHENOMENON CATEGORY	CLIMATIC PHENOMENON	INDICATOR (MEASUREMENT UNIT)
Chronic	Temperature	Changing in temperature (air, marine water, fresh water)	Changing in Temperature (°C)
	Temperature	Heat stress	Heat Index (HI) T>35°C
	Wind	Changing wind patterns	Wind speed (km/h)
	Water	Sea level rise	Portion below the sea
	Water	Water stress	Water stress (%)
Acute	Temperature	Heat wave	Tropical nights with T>20°C (#nights)
	Temperature	Cold wave/frost	Number of days <0°C
	Temperature	Wildfires	Landfraction annually exposed to wildfires
	Water	Drought	Standard Precipitation Index 6 months (%)
	Water	Heavy precipitation	Maximum 1 day-precipitation (mm)
	Water	Flood (coastal, fluvial, pluvial, ground water)	Estimate flood occurence
	Solid mass	Subsidence	Global subsidence hazard
	Solid mass	Landslide	Landslide Risk

Regarding climate-related risks, the most significant risks were identified considering the reference sector, business, and sustainability topics for which a periodic assessment and mitigating actions are required.
For the climatic phenomena identified as applicable, with respect to the defined perimeter, the risk factors were selected on the basis of the documentary sources considered.
Considering the geographical location of sites, the following climate-related hazards were deemed not applicable: “Permafrost thawing”; “Glacial lake outburst”; “Avalanche”.
Due to the non-significant probability of occurrence, the following climate-related hazards were deemed not applicable: “Ocean acidification”; “Saline intrusion”; “Coastal erosion”; “Soil erosion”; “Solifluction”; “Soil degradation”.

The evaluation has been carried out for the following scenarios:
- IPCC RCP 4.5 optimistic scenario of effective mitigation of climate change with a significant reduction in greenhouse gas emissions to the atmosphere;
- IPCC RCP 8.5 pessimistic scenario commonly associated with the phrase “Business-as-usual” or “No mitigation” in which emissions growth continues at current rates.

Each indicator, referring to the two reference scenarios, has been evaluated in order to assign the level of risk exposure according to a scale of Low (1), Medium (2), High (3).

The thresholds have been updated in accordance with available literature sources and/ or weighted climate model assessments based on the organization's context and the indicators obtained. The sources can be broken down as follows:

- Scientific literature:
    - IPCC Intergovernmental Panel on Climate Change;
- Climate models:
    - IPCC WGI Interactive Atlas;
    - Aqueduct tool map;
    - Climate Change Knowledge Portal;
    - WESR: RISK;
    - Climate Impact Explorer;
    - WWF Water Risk;
    - Climate Central;
    - LASI UNESCO Subsidience.

For each risk indicator described above, site-specific data has been considered in order to assess the impacts of climate phenomena on the organization's activities considering 2030 and 2050 time horizons.
For each medium to high risk identified, possible mitigation and adaptation opportunities are evaluated, including long-term effects, as required by the taxonomy. For both production plants and offices, the climate risk assessment breaks down the physical risks by risk type, geolocalization, level of risk, and the mitigation and/or adaptation initiatives that are already in place, and where necessary, actions to be taken to make sure all plants and offices are aligned and covered to the same levels.

Transitional Risk
Transitional risks related to Climate Change were identified in the time horizon as specified in paragraph *1.1.1.2 BP-2 – Disclosures in relation to specific circumstances* and refer to regulatory and technological changes aimed at the low-carbon economy. The risk could lead to loss of competitive advantage/new customers award in case of failure to adapt Business Model to
regulatory, technology and market/customer needs.

Currently, the regulatory framework is promoting the decarbonisation and emissions reduction especially in Europe, with impacts on industrial processes and the entire value chain.

However, as also described in the previous chapters of the document, the current macroeconomic context is exposed to multiple factors of uncertainty, including the actual evolution of regulations in the different continents and in particular in Europe (see also the paragraph *Impacts of the macroeconomic context, of conflicts in Ukraine and the Middle East and of climate change on activities*).

In order to mitigate the transitional risks, the company closely monitors regulatory laws and updates, to ensure compliance and proactively address potential changes.

2.2.2.2 E1-2 Policies related to climate change mitigation and adaptation

Sogefi outlines the basic principles to be followed in all sites and applies to all Businesses and Legal Entities of the Group within the Environmental Policy, defining roles and responsibilities at different levels of business practices.

The Environmental Policy, approved by Group Chief Executive Officer on April 23, 2021, is aimed at implementing, maintaining, and continually improving the Environmental Management Systems in line with ISO 14001:2015 standard, regulatory requirements and any other applicable local legislation and standards, ensuring environmental protection and mitigation of related risks and impacts.
Furthermore, Sogefi Environmental Policy objective is to promote continuous improvement of production facilities, processes, and technologies, focusing on energy efficiency and reduction of greenhouse gas emissions, by cutting the energy consumption and promoting the renewable energy sources.
Sogefi promotes respect and compliance with the Environmental Policy principles among employees, contributing to an overall improvement in environmental performance throughout the entire value chain. Senior executives are accountable for policy implementation through operational procedures.

2.2.2.3 E1-3 Actions and resources in relation to climate change policies

Sogefi's plants primarily rely on natural gas and electricity as their main energy sources. These two sources account for the majority of the group's total energy consumption.
In 2024, Sogefi increased the percentage of green energy to 16% (11% in 2023) thanks to:

- On-site production of solar electricity implemented in Wujiang (China) Nules and Alsasua (Spain) and Settimo Torinese (Italy);
- I-REC green certificates purchased in France, China, India, Brazil, and Argentina;
- Consumption of 100% green electricity in Montreal thanks to hydroelectricity production in Canada.

In 2024, Sogefi purchased green certificates for 0.1 million Euros.

As part of its commitment to reduce energy consumption and protect the environment, Sogefi focuses on raising awareness within the organization about adopting energy-saving practices.
The organization's main energy projects are coordinated and monitored by central Functions, with local teams implementing support.
Starting from 2025, further analysis aimed replacing gas furnaces with induction furnaces in the Suspensions Business Unit will be carried out, with the objective of reducing overall gas consumption and related GHG emissions and including the related investments in the Group Strategic Plan.

The actions described above are aimed at improving E1 Climate Change Group targets, described in *paragraph 2.2.3.1 E1-4 Targets related to climate change mitigation and adaptation*.

Actions are applicable Group wide, nevertheless they are more significant for the Suspensions Business Unit. Within the Group, in fact, the Suspensions Business Unit stands out as the highest energy consumer, accounting for 89% of the Group's total energy consumption.

In addition, in 2024 the Group accounted costs for 0.2 Euro millions and investments for 0.4 Euro millions for the implementation of the mitigating actions deriving from the climate physical assessment described in par. *2.2.2.1 E1 IRO-1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities,*

During 2024, the Group also assessed any impacts of risks on the useful life of tangible assets, excluding the need to carry out write-downs or other interventions, without finding any critical issues. Following the analysis carried out, no impacts on other balance sheet items (i.e. decommissioning funds and/or risk funds) are expected.

2.2.3 METRICS AND TARGETS

2.2.3.1 E1-4 Targets related to climate change mitigation and adaptation

Sogefi has updated ESG targets within strategic plan 2025 – 2028, which include ESG plan, considering ESRS 2 MDR-T standards.

In detail, a new Key Performance Indicator (KPI) for greenhouse gas emission intensity has been introduced and will be regularly monitored starting from 2025, considering all Group entities.

This KPI will facilitate measuring its emissions and implementing targeted actions to reduce them more accurately. The introduction of this KPI is part of a broader strategy to set emission reduction targets, improve energy efficiency, promote the use of renewable energy, and implement climate adaptation strategies. In this way, Sogefi reinforces its commitment to sustainability and responsible management of climate-related impacts, risks, and opportunities.

As described in previous paragraph, Sogefi has in place two KPIs related to Energy Intensity and Energy Mix at Group level, regularly monitored worldwide, for which 2024 results are detailed in the tables below.

KPIs	2024 Results	2023 Results	Trend
Energy Intensity *Ratio between total energy consumed (GJ) and total turnover (Euro, net of price effect)*	1,520	1,681	-9%
Energy Mix *Ratio between the renewable energy (GJ) used and purchased) and total energy (used and purchased) (GJ)*	16%	12%	+5%

ESG Plan 2025 – 2028 on Climate Change targets is detailed below:

KPIs	PREVIOUS ESG PLAN	2024 Results	ESG PLAN 2025 - 2028
Energy Intensity *Ratio between total energy consumed (GJ) and total turnover (Euro, net of price effect)*	2024: -2% vs 2023 2025: -2% vs 2024 2026: -2% vs 2025 2027:-2% vs 2026	- 9% vs 2023	2025: -2% vs 2024 2026: -2% vs 2025 2027: -2% vs 2026 2028: -2% vs 2027
Energy Mix *Ratio between the renewable energy (GJ) used and purchased) and total energy (used and purchased) (GJ)*	2024: 16% 2025: 25% 2026: 30% 2027: 35%	16%	2025: 25% 2026: 30% 2027: 35% 2028: 36%
GHG Emission Intensity (Scope1+2 Market based) *Ratio between CO2 emission (tons) (Scope 1 + Scope 2 market based) and total turnover (M€ net of price effect)*	N/A	73 tCO_2	2025: -2.5% vs 2024 2026: -5% vs 2025 2027: -6% vs 2026 2028: -6% vs 2027

Assumptions used to define targets considered historical consumption data and actions planned on green energy. ESG targets and their progress achievement are periodically shared with Sogefi Control, Risk and Sustainability Committee and approved by Sogefi Board of Directors.
The targets have been reviewed following Filtration Business Unit sale.

Regarding the “Energy Intensity” KPI, the objective is to reduce energy intensity year on year, in line with the previous ESG Plan.
Regarding the “Energy Mix” KPI, the target is to increase green energy compared to the total energy consumption year on year, based on the actions described in previous paragraph.
Regarding the “GHG Emission Intensity”, which considers the ratio between tons of CO2 emissions (the sum of Scope 1 and Scope 2 market-based) and the total turnover of the group, the target is to decrease the amount of Scope 1 and Scope 2 market-based GHG emissions year on year.

Regarding ESG targets refer also to par *1.1.3.1 SBM-1 Strategy, Business Model and value chain*.

The newly introduced target on GHG Emission Intensity is a combination of Scope 1 and Scope 2 market-based GHG emissions. The baseline year must be taken as 2024, due to lack of prior information, and progressive improvements in performance are expected.
This target is directly related to the material impact “*Contribution to climate change through direct/ indirect GHG emissions impacting on stakeholders*”.
Regarding decarbonization level and contributions to achieve GHG emission reduction target please refer to *2.2.2.3 E1-3 Actions and resources in relation to climate change policies*.
Regarding diverse range of climate scenarios have been considered to detect relevant environmental, societal, technology, market and policy-related developments and determine decarbonization levers please refer to *2.2.3.1 E1-4 Targets related to climate change mitigation and adaptation*.

2.2.3.2 E1-5 Energy consumption and mix

Below are represented the Energy consumption by fossil sources, overall reducing by 11% compared to 2023 at iso perimeter excluding Filtration BU.
Sogefi mainly consumes energy from natural gas, which was reduced by 14% compared to 2023, and electricity (from non-renewable sources), which decreased by 8% versus 2023.
The decrease of natural gas consumption is mostly deriving from the closure/sale of two Suspensions plants in 2023 (in UK and Mexico).
Data are provided with the following conversion rates[13]: electricity: 1 kWh = 0.0036 GJ; natural gas: 1 m3 = 0.03956 GJ.

Energy consumption from fossil sources

Energy consumption	U.o.M.	2024	2023	Trend
Fuel consumption from coal and coal products	MWh	N/A	N/A	
Fuel consumption from crude oil and petroleum products	MWh	820	N/A	
Fuel consumption from natural gas	MWh	265,144	306,879	-14%
Fuel consumption from other fossil sources	MWh	N/A	N/A	
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	MWh	150,533	162,885	-8%
Energy consumption from fossil sources	**MWh**	**416,497**	**469,764**	**-11%**

Suspensions Business Unit accounts for 92% of the Group consumption, totalizing 383,365 MWh in 2024.

Energy consumption from fossil sources by Business Unit

Energy consumption	U.o.M.	2024	2023	Trend
BU Air & Cooling - Energy consumption from fossil sources	MWh	33,011	47,482	-30%
BU Suspensions - Energy consumption from fossil sources	MWh	383,365	422,282	-9%
Holding - Energy consumption from fossil sources	MWh	121	N/A	
Energy consumption from fossil sources	**MWh**	**416,497**	**469,764**	**-11%**

No energy sources certified 100% as nuclear sources is included in the fossil sources Group consumption.

13 Conversion factors are taken from the UK Government GHG Conversion Factors for Company Reporting file.

Group total green energy consumption accounts for 15,526 MWh, increasing of 4% compared to 2023. The increase is linked to the solar panel installation in Wujiang plant (China), which contributed to the increase of the green energy self-generated.

Energy consumption from renewable sources

Energy consumption	U.o.M.	2024	2023	Trend
Fuel consumption for renewable sources including biomass (also comprising industrial and municipal waste of biologic origin), biofuels, biogas, hydrogen from renewable sources	MWh	-	-	N/A
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	12,168	12,993	-6%
Consumption of self-generated non-fuel renewable energy	MWh	3,357	2,005	67%
Energy consumption from renewable sources	**MWh**	**15,526**	**14,997**	**4%**

Considering the consumption by Business Unit, the main contribution to the total energy consumption from renewable sources, which amounts to 15,526 MWh, derives from Air&Cooling plant in Canada (Montreal) through hydro-electricity sources.

Energy consumption from renewable sources by Business Unit

Energy consumption	U.o.M.	2024	2023	Trend
BU Air & Cooling - Energy consumption from renewable sources	MWh	12,168	12,993	-6%
BU Suspensions - Energy consumption from renewable sources	MWh	3,357	2,005	67%
Holding - Energy consumption from renewable sources	MWh	-	-	
Energy consumption from renewable sources	**MWh**	**15,526**	**14,997**	**4%**

Considering renewable and non-renewable energy, among total Group consumption fossil sources represent 96% of the total, scoring 432,023 MWh in 2024 (-11% versus 2023), as detailed in the below table.

Total energy consumption

Energy consumption	U.o.M.	2024	%	2023	%	Trend
Energy consumption from fossil sources	MWh	416,497	96%	469,764	97%	-11%
Consumption from nuclear sources	MWh	-	-	-	-	-
Energy consumption from renewable sources	MWh	15,526	4%	14,997	3%	4%
Energy consumption	**MWh**	**432,023**	100%	**484,761**	100%	**-11%**

Within the Group, Suspensions Business Unit stands out as the highest energy consumer: Suspensions industrial process is based on steel forming and it accounts for approximately 90% of the Group's total energy consumption, in line with previous year (87%).

Total energy consumption by Business Unit

Energy consumption	U.o.M.	2024	2023
BU Air & Cooling - Energy consumption	MWh	45,179	60,475
BU Suspensions - Energy consumption	MWh	386,722	424,287
Holding - Energy consumption	MWh	121	N/A
Energy consumption	**MWh**	**432,023**	**484,761**

Note. Holding Energy consumption 2023 not collected (not material)

Energy production from renewable sources refer to solar panel energy production, increasing in 2024 by 67%; the increase mainly refers to the installation of solar panel in Wujiang end of 2023.

Energy production				
Energy production	U.o.M.	2024	2023	Trend
Energy production from non-renewable sources	MWh	-	-	-
BU Air & Cooling - Energy production from non-renewable sources	MWh	-	-	-
BU Suspensions - Energy production from non-renewable sources	MWh	-	-	-
Energy production from renewable sources	MWh	3,357	2,005	67%
BU Air & Cooling - Energy production from renewable sources	MWh	-	-	-
BU Suspensions - Energy production from renewable sources	MWh	3,357	2,005	67%
Energy production	**MWh**	**3,357**	**2,005**	**67%**

As a manufacturing Company, Sogefi is considered as operating in high climate impact sector regarding GHG emissions. Energy intensity indicators are reported below as per ESRS standards requirements.

Energy intensity in high climate impact sectors				
Energy intensity	U.o.M.	2024	2023	Trend
Energy consumption from activities in high climate impact sectors	MWh	432,023	484,761	-11%
Energy consumption from activities in high climate impact sectors	GJ	1,555,281	1,745,140	-11%
Net revenues without Price Effect	€ Million	1,021	1,040	-2%
Net revenues from activities in high-impact sectors	€ milioni	1,021	1,040	-2%
Energy intensity without Price Effect	MWh/€ Million	423	466	-9%
Energy intensity in high-impact sectors	MWh/€ milioni	423	466	-9%
Energy intensity without Price Effect	GJ/€ Million	1,523	1,679	-9%
Energy intensity in high-impact sectors	GJ/€ milioni	1,523	1,679	-9%

A&C Energy intensity in high climate impact sectors

Energy intensity - BU Air & Cooling	U.o.M.	2024	2023	Trend
A&C Energy consumption from activities in high climate impact sectors	MWh	45,179	60,475	-25%
A&C Energy consumption from activities in high climate impact sectors	GJ	162,646	217,709	-25%
A&C Net revenues without Price Effect	€ Million	453	465	-3%
A&C Net revenues from activities in high-impact sectors	€ milioni	453	465	-3%
A&C Energy intensity without Price Effect	MWh/€ Million	100	130	-23%
A&C Energy intensity in high-impact sectors	MWh/€ milioni	100	130	-23%
A&C Energy intensity without Price Effect	GJ/€ Million	359	468	-23%
A&C Energy intensity in high-impact sectors	GJ/€ milioni	359	468	-23%

Suspensions Energy intensity in high climate impact sectors

Energy intensity - BU Suspensions	U.o.M.	2024	2023	Trend
Suspensions Energy consumption from activities in high climate impact sectors	MWh	386,722	424,287	-9%
Suspensions Energy consumption from activities in high climate impact sectors	GJ	1,392,200	1,527,432	-9%
Suspensions Net revenues without Price Effect	€ Million	568	575	-1%
Suspensions Net revenues from activities in high-impact sectors	€ milioni	568	575	-1%
Suspensions Energy intensity without Price Effect	MWh/€ Million	681	739	-8%
Suspensions Energy intensity in high-impact sectors	MWh/€ milioni	681	739	-8%
Suspensions Energy intensity without Price Effect	GJ/€ Million	2,452	2,659	-8%
Suspensions Energy intensity in high-impact sectors	GJ/€ milioni	2,452	2,659	-8%

Regarding net revenues reported in the table refer to p revenue's information reported in “Overview of consolidated income statement” of Consolidated Financial Statements.

2.2.3.3 E1-6 Gross Scopes 1, 2, 3 and total GHG emissions

GHG emissions are categorized as follow:

1. ***Direct (Scope 1) GHG emissions*** originate from sources (such as physical units or processes) owned or controlled by the organization. These emissions include, but are not limited to, CO2 emissions from fuel consumption.

2. ***Indirect (Scope 2) GHG emissions*** arise from purchased or acquired electricity, heating, cooling, and steam consumed by the organization. They are reported using two different approaches:
   - *Location-based*: This approach considers the energy conversion factor based on the country where it was purchased. It uses the national average emission factor related to the specific energy mix for electricity production.
   - *Market-based*: This approach relies on emission factors defined through contractual agreements with electricity suppliers (including I-REC) and/or the national applicable emission factors.

3. ***Other Indirect (Scope 3) emissions*** are a consequence of an organization's activities, deriving from sources not owned or controlled by the organization. Other indirect (Scope 3) GHG emissions include both upstream and downstream emissions (e.g. end use of products and services and upstream transportation and distribution, decomposing of the organization's waste). Those are calculated employing methodologies outlined in the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Standard.

Scope 1 and Scope 2 Emissions

Scope 1 emissions are calculated considering only the natural gas consumption component.
To calculate Scope 1 emissions, the coefficients of the UK Government GHG Conversion Factors for Company Reporting – DEFRA were used.
Scope 2 emissions are calculated considering only the electricity consumption component.
Compared to 2023, where "*Terna – Confronti Internazionali*" emission factors were applied for Scope 2 emissions calculations, in 2024 emission factors have been amended with more updated sources.
In detail, the following factors have been used:

- for Scope 2 location-based emissions, the factor "IEA 2024 – International Energy Agency" was used for all Countries, except for China where "China GHG Emission Factors 2023" regional factor was applied;
- for Scope 2 market-based emissions, the factor "AIB Residual Mixes" was used for European countries; for countries extra EU, there are no Residual Mix factors available, therefore "location-based" emission factors (i.e. IEA 2024 – International Energy Agency) are used instead of "market-based" (i.e. Residual Mix).

Scope 1 GHG emissions are reported below detailed by Business Unit.

Scope 1 GHG emissions

GHG emissions	U.o.M.	2024	2023	Trend
BU Air & Cooling - Gross Scope 1 GHG Emissions	tCO_{2e}	671	2,321	-71%
BU Suspensions - Gross Scope 1 GHG Emissions	tCO_{2e}	48,004	55,405	-13%
Gross Scope 1 GHG emissions	**tCO_{2e}**	**48,675**	**57,726**	**-16%**

Scope 1 GHG consumptions mainly refer to Suspensions Business Unit as most contributing to natural gas consumption.

Scope 1 GHG emissions in 2024 accounts for 48,675 tCO2e, according to the calculation performed using the UK Government GHGs Conversion Factors for Company Reporting – DEFRA factor and shows a decrease compared to 2023 of 16%.

Below are provided the consumptions by Business Unit and by calculation method for Scope 2 (location based and market-based approach).

Scope 2 GHG emissions

GHG emissions	U.o.M.	2024	2023	Trend
BU Air & Cooling - Gross Scope 2 GHG Emissions (Location-based)	tCO_{2e}	12,487	13,060	-4%
BU Suspensions - Gross Scope 2 GHG Emissions (Location-based)	tCO_{2e}	34,192	34,141	0%
Gross Scope 2 GHG emissions (Location-based)	**tCO_{2e}**	**46,679**	**47,201**	**-1%**
BU Air & Cooling - Gross Scope 2 GHG Emissions (Market-based)	tCO_{2e}	2,644	6,319	-58%
BU Suspensions - Gross Scope 2 GHG Emissions (Market-based)	tCO_{2e}	23,151	31,768	-27%
Gross Scope 2 GHG emissions (Market-based)	**tCO_{2e}**	**25,795**	**38.087**	**-32%**

Regarding Scope 2, GHG emissions are calculated considering the electricity consumption and are more significant for Suspensions Business Unit.
Scope 2 GHG emissions (Location-based) are calculated in 2024 according to IEA 2024 – International Energy Agency factors and account for account for 46,679 tCO2e in 2024, while in 2023, Scope 2 GHG emissions (Location-based) totalized 47.201 tCO2e in 2023, calculated according to Terna – Confronti Internazionali factors, as previously described.

Scope 2 GHG emissions (Market-based) accounts for 25,795 tCO2e in 2024, in accordance with the calculation method used (IEA 2024 factors for Extra European Countries; AIB Residual Mixes for European countries); while in 2023 Scope 2 GHG emissions totalized 38,087 tCO2e (calculated using Terna – Confronti Internazionali factors).

Market-based emissions are lower than location-based emissions as they consider the purchase of green certificates (I-REC): in 2024, Sogefi purchased I-REC for plants located in Wujiang (China), Orbey (France), Pune (India), Mogi Mirin (Brazil) and Cordoba (Argentina), covering around 99% of the energy consumption in those plants.

Similarly, following the same criteria used for energy intensity, the intensity of greenhouse gas (GHG) emissions calculated by dividing the absolute emissions (the numerator) by the turnover.
Below are represented GHG intensity indicators.

Group GHG intensity

GHG intensity	U.o.M.	2024	2023	Trend
Net revenue	€ million	1,022	1,040	-2%
Net revenue (without price effect)	€ million	1,021	1,040	-2%
GHG intensity (with Scope 2 Location-based)	$tCO2e/€$ million	1,728	1,859	-7%
GHG intensity (with Scope 2 Location-based) - without price effect	$tCO2e/€$ million	1,731	1,859	-7%
GHG intensity (with Scope 2 Market-based)	$tCO2e/€$ million	1,708	1,850	-8%
GHG intensity (with Scope 2 Market-based) - without price effect	$tCO2e/€$ million	1,710	1,850	-8%

For Financial data used to calculate energy intensity and GHG emissions intensity refer to revenue's information in paragraph *"Overview of consolidated income statement"* of Consolidated Financial Statements.

Scope 3 Emissions

The Scope 3 assessment adheres to the methodologies outlined in the GHG Protocol Corporate Accounting and Reporting Standard and the Corporate Value Chain (Scope 3) Standard, encompassing all the fifteen emission categories recognized by the international framework.

GHG EMISSIONS	INVENTORY	METHODOLOGY APPLIED
Category 1 Purchased goods and services	Applicable	Average data method and spend based method
Category 2 Capital goods	Applicable	Spend based method
Category 3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	Applicable	Spend based method
Category 4 Upstream transportation and distribution	Applicable	Distance-based method and spend based method
Category 5 Waste generated in operations	Applicable	Waste type specific method
Category 6 Business travels	Applicable	Provider primary data and distance-based method
Category 7 Employee commuting	Applicable	Distance-based method and average data method
Category 8 Upstream leased assets	Applicable	Spend based method
Category 9 Downstream transportation	Applicable	Distance-based method and spend based method
Category 10 Processing of sold products	Applicable but not calculated	-
Category 11 Use of sold products	Applicable	-
Category 12 End-of-life treatment of sold products	Applicable	Waste type specific method
Category 13 Downstream leased assets	Not applicable	-
Category 14 Franchises	Not applicable	-
Category 15 Investments	Not applicable	-

It must be noted that Category 10 "Processing of sold products" has not been calculated as it does not meet any of the relevant criteria indicated by the GHG Protocol (size, influence, risk, stakeholder, outsourcing, industry leadership)[14].
In fact, the subsequent manufacturing processes whose Sogefi products are subject to is assembly, for which the consumption is not significant when compared to assembly and other processes undergone by the entire vehicle during the entire assembly process. In addition, this assessment also considers the low incidence in terms of weight of these components with respect to the total weight of the vehicle, including elements such as chassis, tires, engine, and transmission.
Category 11 is equal to zero as the products manufactured by Sogefi are not a direct source of CO_2 emissions.
Sogefi does not use biomass therefore it has no biogenic emissions of CO_2 from the combustion or biodegradation of biomass.
Moreover, upon examining and mapping upstream and downstream processes of Sogefi, the following emission categories were deemed not applicable:

[14] Source: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

- Category 13 – Downstream leased assets: not applicable as Sogefi has no downstream leased assets.
- Category 14 – Franchises: not applicable as Sogefi has no franchises.
- Category 15 – Investments: not applicable based on Sogefi type of business.

The entire boundary of Sogefi Group was included in the calculation of scope 3.

The table below shows the Group Scope 3 GHG emissions, compared to previous year.

Scope 3 GHG emissions

GHG emissions	U.o.M.	2024	2023	Trend
Category 1 Purchased goods and services	tCO_{2e}	1,536,304	1,681,578	-9%
Category 2 Capital goods	tCO_{2e}	34,044	38,325	-11%
Category 3 Fuel and energy-related Activities (not included in Scope1 or Scope 2)	tCO_{2e}	15,614	18,535	-16%
Category 4 Upstream transportation and distribution	tCO_{2e}	44,913	41,735	8%
Category 5 Waste generated in operations	tCO_{2e}	63	413	-85%
Category 6 Business travels	tCO_{2e}	925	N/A	N/A
Category 7 Employee commuting	tCO_{2e}	5,264	5,239	0%
Category 8 Upstream leased assets	tCO_{2e}	148	175	-15%
Category 9 Downstream transportation	tCO_{2e}	28,987	33,092	-12%
Category 10 Processing of sold products	tCO_{2e}	N/A	N/A	N/A
Category 11 Use of sold products	tCO_{2e}	N/A	N/A	N/A
Category 12 End-of-life treatment of sold products	tCO_{2e}	5,352	8,831	-39%
Category 13 Downstream leased assets	tCO_{2e}	N/A	N/A	N/A
Category 14 Franchises	tCO_{2e}	N/A	N/A	N/A
Category 15 Investments	tCO_{2e}	N/A	N/A	N/A
Gross Scope 3 GHG emissions	**tCO_{2e}**	**1,671,614**	**1,827,923**	**-9%**

Below are provided information on each category calculated:

- *Category 1*: this category includes emissions from purchased goods such as raw materials and auxiliary materials and emissions from services. The calculation of emissions related to the purchase of raw materials is based on the average data method: the quantities in weight are multiplied by the emission factors (source: Ecoinvent 3.11 database).
  The calculation related to auxiliary materials and services is based on expenditures, categorized by expenditure type per Business Unit/plant, multiplied by CEDA 2023 emission factors per Country.
  It is estimated that 5% of the expenditure on goods refers to the purchase of transport services and has therefore been allocated to category 4 (source: Banca di Italia, "Indagine sui trasporti internazionali di merci" 8/06/2022);
- *Category 2*: the calculation related to capital goods is based on expenditures, categorized by expenditure type per Business Unit/plant, multiplied by CEDA 2023 emission factors per Country. It is estimated that 5% of the expenditure on goods refers to the purchase of transport services and has therefore been allocated to category 4 (source: Banca di Italia, "*Indagine sui trasporti internazionali di merci*" 8/06/2022);
- *Category 3*: the calculation is based on quantities of fuels and energy carriers purchased and consumed, multiplying by average factors representative of the upstream phase. Input data are quantities of the consumed energy carrier of electricity (in kWh) and natural gas (in Sm3). IEA 2023 factors were used for Fuel-Cycle and Life cycle T&D emissions given by electricity consumption - DEFRA 2024 factors were used for WTT ("well to tank") emissions calculation;
- *Category 4*: this category includes emissions from logistics paid by Sogefi and is calculated using 4 components:

i) Transport of auxiliary materials and transport of raw materials for which punctual data on kilometers and transported weight are not available: in this case the calculation is based on the expenditure from the profit and loss account used in category 1 and allocated to transport for 5% using CEDA 2023 factors. The percentage of local supply was used to allocate emissions from road transport, assigning the remaining expenditure to the average of the emission factors for shipping, road and air transportation. Plants for which information on the weight and kilometers of transported raw materials is available are excluded from the calculation carried out according to this methodology, since they are included in the calculation described at the point iv) below.

ii) Emissions from warehousing and storage were calculated based on expenditure using CEDA 2023 factors;

iii) Transport of capital goods. In this case the calculation is based on the capex expenditure used in category 2 and allocated to transport for 5% using CEDA 2023 factors. The percentage of local supply was used to allocate emissions from road transport, assigning the remaining expenditure to the average of the emission factors for shipping, road and air transportation;

iv) Transport of finished products paid by Sogefi and inbound transport of raw materials for the plants where the data on kilometers and transported weight is available: in this case the emissions were calculated with the distance-based method using DEFRA 2024 emission factors;

- *Category 5*: this category includes emissions due to the disposal of waste produced by the organization. The proportion of waste produced by type and by production sites was based on management estimates, as no punctual data is available. Nevertheless, the estimates made reasonably should not differ significantly from punctual data. The calculation is based on the amount of waste generated during the year, multiplying it by DEFRA 2024 factors selected by the type of waste and type of disposal declared. Emissions due to recycling have been considered as zero assuming that the quantification is carried out in the purchase phase of the recycled product;
- *Category 6*: business travel emission is accounted using primary emission or route data provided by travel agencies. Where primary emission data from travel agencies were not available, emissions were calculated considering distances travelled using DEFRA 2024 factors. For business travel through car rental where information on distance travelled or emissions was not available, the number of rental days was considered, estimating a daily distance travelled of 50 km. For this category, it should be noted that data was not collected in 2023, since non-material compared to the total scope 3 emissions;
- *Category 7*: this category includes emissions associated with the home-work distance traveled by employees. The calculation is based on means of transportation types and average distances communicated by the employees in the internal survey, multiplied by specific emission factors DEFRA 2024;
  For 583 employees, for whom the questionnaire data was not available (18%), an estimate was made of the percentage of the transportation means used, the km traveled and the days per week worked from the office/site, multiplying the km/year by the relative emission factor, based on the data collected (2,747 responses out of 3,330 total employees as of 12/31/2024);
- *Category 8*: the calculation related to upstream leased asset is based on expenditures for rental, categorized by expenditure type per Business Unit/plant, multiplied by CEDA 2023 emission factors per Country;
- *Category 9*: this category includes emissions from transportation paid by customers for sold products (downstream transportation) and was estimated on the basis of i) transportation services paid by the Group (upstream transportation) and ii) on the basis of Group sales data;
- *Category 12*: this category consists of emissions associated with the end-of-life disposal of products and packaging. The percentage of disposal (recycling, incineration, and landfill) of the waste categories “plastic, metals, paper and total waste” at European level is extracted from Eurostat database. As a precaution, regarding the products sold outside Europe it was assumed that all the materials are sent to landfill except for metal, for which the average of European countries was considered. Based on the weight, the Country of destination and the average composition of the products sold, the statistical information relating to the disposal methods and the corresponding DEFRA 2024 factor were associated to calculate the emissions.

In 2024 only part of Category 6 “Business travels” and Category 7 “Employee commuting” calculation has been based on primary data (i.e., data deriving from specific activities within the value chain), that for Category 6 and 7 were provided respectively by the travel agencies and the employees internal survey.

The primary data in Category 6 corresponds to 83% and in Category 7 corresponds to 73% respectively for each category.
Primary data (therefore referring to Categories 6 and 7) correspond to the overall of 0.3% of the total scope 3 emissions.

2.3 ESRS E2 – POLLUTION

2.3.1 IMPACT RISK AND OPPORTUNITY MANAGEMENT

2.3.1.1 ESRS 2 IRO-1 – Description of the processes to identify and assess material pollution-related impacts, risks, and opportunities.

Sogefi, aware of the environmental impact resulting from the automotive industry, is actively committed to reducing the environmental footprint of its operations, including planning pollution prevention processes as required by local legislation.
In fact, all sites worldwide obtained ISO 14001:2015 certification. This standard guides the implementation of an Environmental Management System (EMS) framework which covers also pollution management and provides guidelines for organizations to identify, control, and reduce their environmental impact, including air, water, and soil pollution.
More specifically, certified plants use risk analysis to identify and mitigate environmental risks and prevent pollution. This methodology enables the detection of risks in daily plant activities, including cleaning and maintenance operations, as well as during emergencies.
During the Double Materiality analysis process the Group has reviewed the employment of pollutants (according to regulation (EC) No 166/2006 - Annex II), substances of concern (according to regulation (EC) No 1272/2008) and substances of very high concern (regulation (EC) No 1907/2006 – Annex XIV) in its sites, business activities to identify the related actual and potential impacts, risks, and opportunities but the topic was deemed not material for both own operations and value chain.

As mentioned in *par. 1.1.3.2 SBM-2 – Interests and views of stakeholders*, Sogefi engages with local communities as part of its continuous stakeholder engagement process in order to prioritize health, solidarity, education, and environmental initiatives.
Moreover, Sogefi carries out an annual stakeholder survey to integrate the views of key stakeholders into the Group's strategy and business model. Potential impacts and risks related to pollution have been assessed and evaluated as described in ESRS 2 Chapter – *par. 1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities*.

2.4 ESRS E3 – WATER AND MARINE RESOURCES

2.4.1 IMPACT RISK AND OPPORTUNITY MANAGEMENT

2.4.1.1 ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks, and opportunities

Sogefi, aware of global issues related to water and marine resources, pays close attention to the quantities of water collected, consumed, and the quality of discharges, also as part of the Environmental Management System (EMS). Although Sogefi's production processes are not particularly water intensive, the Group pursues an ongoing approach to reducing overall water consumption.

All production plants are certified ISO 14001:2015.

Potential impacts and risks related to water and marine resources have been evaluated and assessed within the Double Materiality process and were identified as not material for 2024. As part of the analysis, a survey submitted to external stakeholders who deemed them non-material. (Please refer also to *par. 1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities*).

Moreover, as outlined in ***par. 1.1.3.2 SBM-2 – Interests and Views of Stakeholders***, Sogefi actively engages with local communities as part of its ongoing stakeholder engagement process, incorporating their perspectives.

2.5 ESRS E4 – BIODIVERSITY AND ECOSYSTEMS

2.5.1 IMPACT RISK AND OPPORTUNITY MANAGEMENT

2.5.1.1 ESRS 2 IRO-1 Description of processes to identify and assess material impacts, risks, dependencies, and opportunities

Sogefi, in its journey towards sustainability, recognizes the importance of biodiversity. As a company in the automotive sector, it is committed to implementing practices that reduce the environmental impact of its operations and to contributing to the preservation of natural ecosystems and the promotion of biodiversity.

As a result of the Double Materiality analysis no biodiversity impacts or risk were deemed as material. The activity, in particular referring to the financial materiality, was aligned with Sogefi's Enterprise Risk Management (ERM) which supported the identification and assessment of climate risks (among which physical and transitional risks). As of end of 2024 no relevant risks related to biodiversity have been identified.

Moreover, Sogefi Environmental Management System, certified ISO 14001:2015 in all its plants, ensures that environmental impacts on natural resources and ecosystems are continuously monitored. It must be highlighted that as part of the certification process organizations are required to address biodiversity by identifying, manage, and mitigate their environmental impacts, including those affecting ecosystems and natural habitats. The standard emphasizes a risk-based approach, guiding companies to assess how their activities may contribute to biodiversity loss, such as habitat destruction, pollution, or resource depletion, and to implement measures to minimize these risks.

A key aspect of ISO 14001:2015 is compliance with legal and regulatory requirements, ensuring that organizations adhere to biodiversity laws, conservation agreements, and habitat protection regulations. By fostering continuous improvement, the certification provides a structured framework for integrating biodiversity considerations into an organization's environmental policies and management system.

Sogefi fosters a culture of environmental awareness, engaging both internal and external stakeholders in this effort.
As mentioned in p*ar. 1.1.3.2 SBM-2 – Interests and views of stakeholders*, Sogefi engages with local communities as part of its continuous stakeholder engagement process in order to prioritize health, solidarity, education, and environmental initiatives.
Moreover, Sogefi carries out an annual stakeholder survey to integrate the views of key stakeholders into the Group's strategy and business model. Potential impacts and risks related to biodiversity have been assessed and evaluated as described in ESRS 2 Chapter – *par. 1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities*.

Even though Sogefi has sites located near biodiversity-sensitive areas, in 2024 activities related to these sites have not reported negative effects leading to the deterioration of natural habitats and the habitats of species and to the disturbance of the species for which a protected area has been designated. Sogefi's approach to biodiversity aligns with international standard (ISO 14001:2015) and environmental local legislations.

2.6 ESRS E5 – RESOURCE USE AND CIRCULAR ECONOMY

2.6.1 IMPACT RISK AND OPPORTUNITY MANAGEMENT

2.6.1.1 ESRS 2 IRO-1 Description of the processes to identify and assess material impacts, risks, and opportunities

The process to identify and assess material climate-related impacts, risks, and opportunities was carried out during the Materiality Analysis process, as elaborated on in *ESRS 2 - 1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities*. The evaluation of the ESG impacts identified, following by the definition of the relevant thresholds to determine materiality, identified the following impacts and risks as material for Circular Economy.
For the subtopic "Waste", the impact "Generation of hazardous and non-hazardous waste" was evaluated as material (very likely but with moderate impact).
As described in ESRS 2 General Disclosure Chapter of this document, Impact Materiality includes the perspective of both top management and stakeholders, involved through the stakeholder annual survey (refer also to *par. 1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities*).
Regarding the evaluation of risks and opportunities, following the definition of the thresholds to determine materiality, identified two risks as material:

- for the subtopic "Resources inflows, including resource use", the risk "Risks connected to supply chain disruptions and material shortages" was evaluated as material (high impact, likely to occur);
- for the subtopic "Waste", the risk "Risks connected to improper waste management" was evaluated as material (moderate impact, unlikely to occur).

2.6.1.2 E5-1 Policies related to resource use and circular economy

Sogefi is committed to reducing its environmental impact through continuous improvement in waste management practices. Sogefi Environmental Policy addresses key areas such as waste generation and disposal, risks associated with hazardous waste, and opportunities for resource recovery.
Environmental policy applies to all Sogefi sites and encompasses all geographies where Sogefi operates. Environmental Policy is available on Group intranet and Business Unit CEOs are responsible for policy dissemination and operational procedures implementation.
At Sogefi, waste management is structured to maximize recycling, reuse, and incineration with energy recovery, while minimizing incineration without energy recovery and landfilling. Each manufacturing plant closely monitors waste flows, classifying them into hazardous or non-hazardous categories according to each Country's specific regulations.
The Group ensures continuous monitoring through regular audits and reporting.
All Group manufacturing sites are ISO 14001:2015 certified, committing to environmental management and continuous improvement.

Sogefi's approach to managing incoming resource flows and the use of those resources aims to promote recycling, reuse and, wherever possible, the use of renewable sources, in accordance with Group Purchasing Sustainability Policy, applicable in all Group Legal Entities.
Sogefi Group requires its business partners receiving this Purchasing Sustainability Policy to submit their commitment, signed by a legal representative.
Sogefi recommends the business partner to promote and disseminate the principles outlined in this Policy throughout its supply chain and ISO 14001:2015 certification is preferrable.
Innovation activities are also focused on recycled materials and/or the possible recyclability of products at the end of their life.
Sogefi is committed to increase the use and reuse of materials for serial life products and new products under R&D development, mainly through:
- Efficiency actions: reduce consumption of raw materials for the same output;
- Promotion of the use of recyclable and recycled materials: concerning aluminum, Sogefi A&C Business Unit uses up to 32% of recycled aluminum and develops on new projects the usage of recycled plastic material; regarding steel, Suspensions Business Unit purchases include steel deriving from recycled materials and is targeting to increase the percentage (Refer to ESG targets detailed in *par. 1.1.3.1 SBM-1 - Strategy, business model and value chain*)

2.6.1.3 *E5-2 Actions and resources related to resource use and circular economy*

In 2024, Sogefi implemented several key actions to enhance waste management across all manufacturing locations. These actions included, but were not limited to, external recycling treatment of hazardous wastewater from manufacturing processes, external reuse of shot peening dust, and incineration with energy recovery of general waste. These initiatives significantly contributed to achieving an 89% waste valorization rate.

The actions taken in 2024 were part of an ongoing effort to improve waste management, with immediate implementation and continuous improvements planned for the future. Over the next years, Sogefi aims to continue improving the sorting of general waste to find additional recycling opportunities and minimize landfill. To support these initiatives, by integrating these actions into our waste management strategy, Sogefi aims to foster a culture of sustainability and resource efficiency, contributing to the achievement of ESG targets.

Sogefi has in place one target related to Circular Economy – waste valorization which measures the proportion of waste that is reused, recycled, or converted into energy through incineration with energy recovery, relative to the total amount of waste produced.
The waste valorization ratio is calculated and monitored at Group level. 2024 results are detailed in the tables below.

KPIs	**2024 Results**	**2023 Results**
Waste Valorization *ratio between valorized waste and total waste*	89.4%	88%

In 2024 the KPI calculation methodology has been refined based on best practices and, consequently, the classification of "incineration without energy recovery" has been removed from the waste valorization.

Waste valorization encompasses the following processes, aimed at reducing the amount of waste sent to landfills and to maximize the use of available resources:

- Recycling: Transforming waste into new products or materials.
- Material recovery: Reusing materials derived from waste in the manufacturing of new products.
- Energy recovery: Using waste to produce energy, such as through incineration with energy recovery.

Waste composition accounts mainly for metallic parts, plastics, paper, and general waste.

Priorities in waste management follows the waste hierarchy:

- prevention
- preparing for re-use
- recycling
- other recovery (e.g., energy recovery, including incineration)
- disposal

Refer to *par. 2.6.2.3 E5-5 Resource outflows* for further details.

2.6.2 METRICS AND TARGETS

2.6.2.1 E5-3 Targets related to resource use and circular economy

As detailed in previous paragraph, Sogefi has in place KPI targets on Circular Economy in the ESG Plan 2025 – 2028, targeting the progressive increase of waste valorization and the percentage of recycled raw material among the main Business Units purchases year on year.

KPIs	PREVIOUS ESG PLAN	2024 Results	ESG PLAN 2025 - 2028
Waste Valorization *ratio between valorized waste and total waste*	2024: 90% (+2 BP vs 2023) 2025: +2 BP vs 2024 2026: +2 BP vs 2025 2027: +2 BP vs 2026	89.4%	2025: +0.8 BP vs 2024 2026: +0.8 BP vs 2025 2027: +0.8 BP vs 2026 2028: +0.8 BP vs 2027
Percentage of Recycled Raw Material on Purchases *Ratio between recycled material purchased and total material purchased (Plastic resin for A&C; Steel for Suspensions)*	N/A	A&C: N/A Suspensions: 28%	2025: Suspensions: 30%; A&C: target introduced from 2027 2026: Suspensions: 34%; A&C: target introduced from 2027 2027: Suspensions: 38%; A&C: 5% 2028: Suspensions: 41%; A&C: 10%

Please refer to *par. 1.1.3.1 SBM-1 - Strategy, business model and value chain* for more information on ESG KPIs targets 2025 – 2028.

Waste KPI targets are aimed at maximizing valorized waste, limiting the use of potentially hazardous substances, and promoting recycling and reusable processes.
Waste KPI targets are not linked to any legislative requirements and relate to i) preparing for re-use; ii) recycling and iii) other recovery within the waste hierarchy described above.

In 2024, an additional new KPI has been developed to promote the recycled raw materials among purchases (steel and plastic resins, main raw materials categories for Suspensions and A&C respectively). Please refer to *par. 1.1.3.1 SBM-1 - Strategy, business model and value chain* for more information on ESG targets 2025 – 2028.

2.6.2.2 E5-4 Resource inflows

Raw materials account for approximately 80% of the total purchasing spending and mainly refer to steel (Suspensions), plastic resins, elastomers, mechatronics, metallic parts, and aluminum (A&C).
Current geopolitical tensions might expose Sogefi to risk of prices volatility, increase on exportation tariffs potential supply chain disruption. Sogefi has no direct operations in the conflict areas but could be potentially impacted by delays in materials deliveries shipped through the Suez channel.
The risk is considered likely due to the global uncertainty and geopolitical tensions, and therefore action plans to mitigate the risks are in place, such as supplier risk monitoring through supplier portal, dual sourcing strategies.

The Suspensions Business Unit mainly uses steel and natural rubber (mainly serve as accessories for coil springs and bars) in its production process.
In Europe, steel is mainly made from recyclable waste from the production, consumption, and recycling of steel products.
In 2024 Sogefi purchased steel, sourced from iron or scrap or a combination of the two.
Sogefi packaging also include favors cardboard boxes and wood pallets.
Suspensions Business Unit is targeting switching from CMR[15] paintings to CMR-free paintings, that allow reduction of the release of pollutant substances.
The A&C business line uses two main materials for the production:

- Technical plastic resins: Sogefi products are manufactured using a process called “injection molding” by modeling plastic resins.
- Aluminum: recycling is indirect as Sogefi suppliers use up to 40% recycled aluminum into their manufacturing process.

100% of materials are technical materials; no biological materials are in use in Sogefi.

Below is represented the resources inflows of 2024 and 2023 by the Business Units.

Resource inflows by weight

		2024			2023		
Type of resources inflows	U.o.M.	Air&Cooling	Suspensions	Group	Air&Cooling	Suspensions	Group
Metallic components	t	3,596	16,494	20.090	4,316	17,773	22,089
Aluminium	t	4,738	4	4.742	4,742	0	4,742
Paper and cardboard	t	3,709	3,798	7.507	6,203	4,043	10,246
Rubber	t	1,369	2,635	4.004	1,473	2,804	4,277
Plastics	t	3,260	279	3.539	3,748	295	4,043
Media	t	97	8	105	127	0	127
Foam	t	18	0	18	4	0	4
Plastic resins	t	17,180	146	17.326	19,704	945	20,649
Steel	t	0	124,667	124,667	0	134,058	134,058
Mechatronics	t	1,191	0	1,191	1,137	0	1,137
Total	**t**	**35,158**	**148,031**	**183,190**	**41,454**	**159,918**	**201,372**

15 Containing carcinogenic, mutagenic, and reprotoxic substances.

2.6.2.3 E5-5 Resource outflows

In the table below is represented the waste generated by type of waste.
Waste generated - Diverted from disposal include recycling or re-use of the waste; waste generated - Directed to disposal include landfill, incineration, or other type of waste elimination.

Total waste generated				
	U.o.M.	2024	2023	Trend
Waste diverted from disposal	**t**	**15,326**	**16,028**	**-4%**
Waste directed to disposal	**t**	**3,024**	**3,967**	**-24%**
Total waste generated	**t**	**18,350**	**19,995**	**-8%**

Waste generated - Diverted from disposal				
	U.o.M.	2024	2023	Trend
Preparation for reuse	t	23	10	126%
Recycling	t	605	401	51%
Other recovery operations	t	-	-	-
Hazardous waste	**t**	**628**	**411**	**53%**
Preparation for reuse	t	852	757	13%
Recycling	t	13,846	14,860	-7%
Other recovery operations	t	-	-	-
Non-hazardous waste	**t**	**14,698**	**15,617**	**-6%**
Total	**t**	**15,326**	**16,028**	**-4%**

Non-hazardous waste accounts for most of the total waste, slightly decreasing compared to 2023 (reduction of 6%).

As shown in the table hazardous waste are mainly recycled (605 tons on a total of 628 tons of hazardous waste).
The total waste generated diverted from disposal decreased compared to 2023 (15,226 tons in 2024 compared to 16,028 tons in 2023) considering a general reduction o the total waste generated in 2024 (18,350 tons vs 19,995 tons in 2023), thanks to the improvement of internal processes.

Waste generated - Directed to disposal

	U.o.M.	2024	2023	Trend
Incineration	t	388	683	-43%
Landfill	t	189	216	-13%
Other disposal operations	t	770	1,258	-39%
Hazardous waste	**t**	**1,347**	**2,157**	**-38%**
Incineration	t	807	921	-12%
Landfill	t	806	882	-9%
Other disposal operations	t	64	7	853%
Non-hazardous waste	**t**	**1,677**	**1,810**	**-7%**
Total	**t**	**3,024**	**3,967**	**-24%**

Hazardous waste reduced in 2024 to 1,347 tons (38% reduction compared to 2023), while non-hazardous waste decreased by 7%.

Landfill and other disposal were subject to improvement actions implemented in 2024 in recycling processes.
Sogefi does not produce any radioactive waste according to the art. 3,7) of Directive 2011/70/Euratom.
Each Sogefi's plant closely monitors individual waste flows and classifies them into hazardous or non-hazardous categories, in accordance with local specific Regulations.

Waste data is collected on a monthly basis by every site and monitored by HSE Director through dedicated tool.

Non recycled waste on the total waste generated amounts to 21%, in 2023 improving compared to 2023 (24%).

Non-recycled waste

	U.o.M.	2024	2023	Trend
Non-recycled waste	t	3,899	4,734	-18%
Total waste generated	**t**	**18,350**	**19,995**	**-8%**
Percentage of non-recycled waste	%	21%	24%	-10%

For waste composition refer to par. *2.6.1.3 E5-2 Actions and resources related to resource use and circular economy*

3. SOCIAL INFORMATION

3.1 ESRS S1 – OWN WORKFORCE

3.1.1 STRATEGY

3.1.1.1 ESRS 2 SBM-2 - Interests and views of stakeholders

Sogefi ESG Plan integrates the stakeholders view, including Sogefi employees.
In particular, the Group Sogefi annually performs employee satisfaction surveys and calculates gender equality index to identify areas for improvement and adjust internal policies accordingly.
For further details on interests and views of stakeholders refer to *Chapter ESRS 2* – par. *1.1.3.2 SBM-2 – Interests and views of stakeholders.*

3.1.1.2 ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

The Sustainability Statement covers – to the extent necessary to ensure the understanding of the business activity, its trends, performance, and related impacts – the environmental, social, personnel-related issues, respect for human rights and the fight against active and passive corruption that are relevant considering the Group's activities and characteristics, as illustrated in the Double Materiality section in this document.

According to ESRS Standards, in this chapter Sogefi workforce is represented as follows:

- ***Employees***: personnel in Sogefi's payroll, including long-term absents. Employees are composed by management, white collars (office staff) and blue collars (blue collars category include direct workers, whose roles or tasks are expressly involved with the production lines and indirect workers, not directly manufacturing but contributing through supervision, maintenance, technical support, etc.);
- ***Non-employees***: supervised workers, that include personnel from external agencies working in Sogefi sites (e.g. manufacturing facilities), where Sogefi supervises the working hours.

Sogefi counts 3,330 employees in 14 Countries at the end of 2024 (3,338 in 2023).

Non-employees supervised workers (419 as of end of 2024) are mainly blue collars (97%) recruited by temporary agencies and working in Sogefi worldwide premises to absorb fluctuations of customers' demand.

Material impacts
Sogefi has identified potential material impacts on the workforce within the Double Materiality:

IMPACTS	IMPACT DESCRIPTION	NATURE OF IMPACT	TYPE OF IMPACT
Work-related accidents and illness	Production processes could result in work-related accidents, long-term work-related illness and violate workers' human right to safe working conditions	Individual incident/impact	Negative
Lack of improvement of employees' development	Inadequate trainings or programs to update people skills with potential consequence of missing career development	Individual incident/impact	Negative
Potential episodes of discrimination and harassment	Failure to ensure dignity, equality, and fairness for all people, leading to violation of basic human rights	Individual incident/impact	Negative
Irregular work and violation of human rights within the workforce	Violation of human rights within the company, such as the right to freedom of association and collective bargaining, child labor, forced or compulsory labor	Generalized impact	Negative
Breaches of IT systems and loss of data	Non-compliance with privacy and data security procedures and regulations causes computer system breaches and data loss, also putting the privacy of employees and external stakeholders at risk	Individual incident/impact	Negative
Employee satisfaction and cohesion	Contributing to employee satisfaction and cohesion through engagement initiatives also ensuring adequate working time, wages, work-life balance, as well as respect for human rights (e.g., right to freedom of association, collective bargaining, and social dialogue)	Generalized impact	Positive

More specifically the positive impact on employee satisfaction and cohesion is due to the fact that Sogefi promotes stable employment and long-term contracts: almost all employees have permanent employment contracts (99%) and remunerations above the legal minimum in each country where it operates.
79% of Sogefi employees are covered either by national collective bargain agreements (in accordance with labor regulations in force in the countries where the Group is present) or specific company bargain agreements.

The Group ensures the satisfaction of its employees annually through opinion surveys. The participation rate in the 2024 survey at Group level was 80% with on average 70% of votes from Sogefi Group employees being “agree” or “completely agree” with the subjects addressed: i) innovation and strategic orientation; ii) adherence to Sogefi values; iii) safety matters iv) employee experience; v) trust and commitment; vi) managers effectiveness; vii) performance improvement.
Based on 2023 Opinion Survey results, priority actions were defined based on employee expectations.

Material risks

Sogefi has identified potential material risks arising from impacts and dependencies on own workforce within the Double Materiality, as described below:

RISK	DESCRIPTION
Risks connected to severe work accidents	Risks related to potential severe injuries of employees with impact on business continuity, legal actions, and extra costs for medical assistance
Risks connected to lack of availability of skilled workers	Risks related to Sogefi's ability to attract, retain talents, and develop skills
Risks connected to violation of human rights (i.e. Child or forced labor)	Risks related potential legal actions, regulatory fines leading to reputational damage
Risks connected to cyber-attacks on employees' data	Risks related to the theft or disclosure of sensitive data and information leading to reputational damages and employee legal proceedings

For further details on the material impacts risks and opportunities please refer to par. *1.1.3.3 SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model*.

Based on historical data Sogefi does not consider its operations in the geographies where operates at significant risk of incidents of forced labor or compulsory labor; in 2024, in line with previous year, no incidents was reported – refer to *par. 3.1.3.10 S1-17 - Incidents, complaints and severe human rights impacts.*

3.1.2 IMPACTS, RISKS AND OPPORTUNITIES MANAGEMENT

3.1.2.1 S1-1 - Policies related to own workforce

Sogefi has adopted framework of policies and procedures applicable to all Group's Legal Entities to define and transmit in a clear and transparent way the values that must inspire the organization in carrying out its activities and achieving its objectives.

Group Code of Ethics

Group Code of Ethics approved by Company Board of Directors on February 26, 2018 establishes the values and guiding principles for the Group's operations, emphasizing ethical behaviour and social responsibility. Adherence to this Code is crucial for the Group's success and reputation. It encompasses fair business practices, corporate governance, human capital protection, external relationships, and environmental protection.

The Group ensures the dissemination of the Code to all recipients and has established a Supervisory Body responsible for monitoring compliance, investigating violations, and proposing appropriate sanctions. Refer par. to *4.1 G1 Business Conduct chapter* for further details.

Human Rights Policy

In accordance with international standards such as the United Nations Declaration on Human Rights and the International Labor Organization (ILO) Declaration on Human Rights about principles and fundamental rights of workers, Group Human Rights Policy (approved by Group Chief Executive Officer on April 23, 2021) establishes the respect, throughout the value chain, for working principles and conditions which safeguard human dignity, not tolerating offensive behaviors or conducts to moral or personal beliefs.

Sogefi is committed to integrate the respect for fundamental human rights into all its business decisions and practices, including forced labor and child labor. The Human Rights policy ensure fair working conditions and prohibit discrimination and harassment, uphold freedom of association and collective bargaining, and promoting health and safety prevention and protection at work.

Sogefi is aware of its impact on local communities and is dedicated to respecting local cultures and values, as well as engaging with local stakeholders on human rights issues. Sogefi actively promotes respect for human rights throughout its supply chain and requires its business partners to adhere to these principles.

With the aim of increase the awareness of Group policies Human Resources and Sustainability Departments activated a training program in multiple languages to improve the organization's acknowledgement of ethical and integrity values (refer also to par. *3.1.3.7 S1-13 - Training and skills development metrics*).

Sogefi's Human Rights Policy emphasizes the elimination of all forms of forced, compulsory, and labor, as well as the elimination of discrimination and harassment. The policy also highlights the importance of respecting fair employment and occupation conditions, freedom of association and collective bargaining, and occupational health and safety.

Starting from 2025, Human Rights Policy respect will be specifically ascertained through audit activities at local level on sample basis, in accordance with Group ESG target (refer to par. *3.1.3.1 S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*)

Health & Safety Policy

At Sogefi, the health and safety of employees is top priority. Sogefi promotes a culture of accident prevention and risk awareness at all levels of the Company and has implemented a specific Health & Safety Policy, approved by Group Chief Executive Officer on April 23, 2021.

The Group is committed to complying with safety regulations, improving working conditions through risk assessments and action plans, and encouraging responsible behavior. Locally, employees are actively involved in the health and safety management systems through committees.

Sogefi carefully monitors the frequency and severity of work accidents and conducts deep investigations of each incident. This proactive approach enables risk prevention and proper action plans development.

Production plants have dedicated Health, Safety, and Environmental (HSE) officers responsible for implementing Group Health and Safety policies under the plant director's supervision.

Local management, along with HSE officers, analyzes risks and existing safety controls to identify improvement actions and share them within the Group. Specific safety training sessions are held at every plant to increase employee safety knowledge and minimize risks at each production stage.

Plants regularly communicate the number of accident-free days, and Group communication channel shares and encourage good practices.

Monthly accident reports are prepared by Human Resources department and analyzed by the executive committee to quickly implement global safety measures.

3.1.2.2 S1-2 - Processes for engaging with own workforce and workers' representatives about impacts

Engagement activities with employees are carried out under the supervision and coordination of Group HR Director through annual employee well-being opinion survey.
The survey covers social, performance and well-being topics including employee engagement, managers' effectiveness, performance improvement, Group strategic direction and values.
Sogefi annually reviews the internal opinion survey results to define action plans at local level as appropriate and based on specific needs. In 2024, efforts have been focused on training, local/global internal communication, and sustainable development initiatives.
2024 survey results showed that the implementation of the action plans deriving from 2023 survey was effective as survey topic ratings were stable versus the previous year.

3.1.2.3 S1-3 - Processes to remediate negative impacts and channels for own workforce to raise concerns

Any stakeholder may report critical issues, unethical or illegal behavior using the Group's whistleblowing channel, as described in the section *"4.1 G1 - Business Conduct*" of this document.
Internal investigations based on reports received are performed by Internal Audit Function.
Detailed actions are defined considering the matter reported and the severity of the incident involving Group HR Director supported by Internal Audit Function and Legal Department as needed.
Sogefi is committed to protect whistle-blowers form retaliation, ensuring that no employee shall be punished, dismissed, or subjected to any discriminatory measure because they testified in good faith or because they related these actions in accordance with the Group Whistleblowing Procedure.

3.1.2.4 S1-4 - Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

The applicable risks impacts and opportunities described above are subject to actions to reduce the potential magnitude.
Regarding work-related accidents and illness, Group KPIs on Accident Frequency Rate is regularly monitored by Group HSE and Group HR Directors and lessons learned and best practices are regularly shared with the Group to reduce the risk of accident occurrence.
Actions described lead to reduction of work-related accidents compared to (8 versus 14 in 2023 – refer to par. *3.1.3.8 S1-14 - Health and safety metrics* for further details)
Regarding employee's development, a Yearly Global Talent Review process is in place, identifying and confirming critical talent and skills. Retention/development measures (e.g. promotions) are adapted and updated accordingly.

In addition, key skills are being identified at local level to define adequate succession plans and ensure business continuity, with the aim of rapidly restoring efficiency for key positions in case of turnover.
Group KPIs on number of training hours per employee are regularly tracked by Group HR Director to monitor the progress and ensure and maintain proper level of professional knowledge.
Regarding discrimination and harassment, regular training on ethics is carried out throughout the Group to ensure employees alignment with Sogefi values. Training progress is monitored by HR Function at local level.
With reference to irregular work and violation of human rights within the workforce new KPI and related target will be introduced from 2025 to ensure Human Rights Policy respect throughout the Group (refer to the following paragraph *3.1.3.1 S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)*.

Lastly, with reference to the Breaches of IT systems and loss of data, whose risks and impacts are connected to S1 Own workforce, Sogefi has in place regular monitoring activities and periodic risk analysis to evaluate existing or new threats, assess prevention / protection actions, also in line with GDPR requirements.
Sogefi uses different tools to protect and prevent cyberattacks; trainings and awareness campaigns are regularly launched covering Group employees.
With reference to Breaches of IT systems and loss of data a new KPI and related target will be introduced from 2025 (refer to the following paragraph *3.1.3.1 S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities)*.

In the table below are showed the 2024 KPIs pertaining to social area results.

KPIs	**2024 Results**	**2023 Results**	**Trend**
People satisfaction *Results of Annual Opinion Survey on employee satisfaction*	70.6/100	70/100	*Refer to par. 3.1.2.1 S1-1 - Policies related to own workforce; 3.1.2.3 S1-3 - Processes to remediate negative impacts and channels for own workforce to raise concerns*
Accident frequency rate *Number of accident of employees and supervised workers with lost time divided by million hours worked*	1.1	1.8	*Refer to par. 3.1.3.8 S1-14 - Health and safety metrics*
Number of Training Hours per Employee per Year	26h	30h	*Refer to par. 3.1.3.7 S1-13 - Training and skills development metrics*
Gender Equality Index *Pay equity Index by gender, expressed in score out of 100*	64.3/100	63.8/100	*Refer to par. 3.1.3.5 S1-9 - Diversity metrics*

3.1.3 METRICS AND TARGETS

3.1.3.1 S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Sogefi has set new sustainability targets for the period 2025 - 2028, in line with CSRD and ESRS 2 MDR-T requirements.
Regarding S1 Own Workforce, two new KPIs were introduced (Number of Legal Entities audited on Human Rights Policy respect; Percentage of SOGEFI sites TISAX certified – *refer to below table*), together with implementation and monitoring plans to improve progress monitoring and ensure transparency and compliance with regulations.

ESRS TOPIC		KEY PERFORMANCE INDICATORS	PREVIOUS ESG PLAN	2024 Results	ESG PLAN 2025 - 2028
SOCIAL	ESRS S1 Own Workforce	People satisfaction *Results of Annual Opinion Survey on employee satisfaction*	2024: 70/100 2025: 71/100 2026: 71/100 2027: 72/100	70.6/100	2025: +0.5 vs 2024 (71.1/100) 2026: +0.5 vs 2025 (71.6 /100) 2027: 72/100 2028: 72/100
		Accident frequency rate *Number of accident of employees and supervised workers with lost time divided by million hours worked*	2024: < 1.3 2025: < 1.3 2026: < 1.3 2027: < 1.3	1.1	2025: < 1.3 2026: < 1.3 2027: < 1.3 2028: < 1.3
		Number of Training Hours per Employee per Year	2024: > 25h 2025: > 25h 2026: > 25h 2027: > 25h	26h	2025: > 25h 2026: > 25h 2027: > 25h 2028: > 25h
		Gender Equality Index *Pay equity Index by gender, expressed in score out of 100*	2024: 64/100 2025: 65/100 2026: 66/100 2027: 67/100	64.3/100	2025: 65/100 2026: 66/100 2027: 67/100 2028: 68/100
		Number of Legal Entities audited on Human Rights Policy respect	N/A	N/A	2025: 3 2026: 3 2027: 4 2028: 4
		Percentage of SOGEFI sites TISAX certified	N/A	91%	2025: 91% 2026: 91% 2027: 91% 2028: 91%

ESG targets are applicable to the Group and have been discussed with Top management and approved by Board of Directors.
Own workforce or workforce's representatives were not engaged directly in identifying Sogefi targets.
Update on Accident Frequency Rates targets are presented to workforce' representatives during periodic meetings with local teams.

For additional details on Targets definition and approval process please refer to par. 1.1.3.1 *SBM-1 - Strategy, business model and value chain.*

3.1.3.2 S1-6 - Characteristics of the undertaking's employees

Sogefi 3,330 employees are distributed among four continents: 56% of employees are based in Europe (1,876 employees), 15% in Asia, 17%, in North America and 12% in South America.
Starting from 2024 a new tool for ESG reporting has been implemented, enabling HR data upload by each site on a regular basis and central Functions monitoring during the year.
Below are represented the key figures of workforce (breakdown by Country, gender, and type of
contract).

Please note that the data shown are point figures and that there are no estimates in the following tables.

Total number of employees (headcount) by country

Number of employees	as of 31 December 2024			as of 31 December 2023			Trend (on Total figures)
	Male	Female	Total	Male	Female	Total	
France	620	204	824	636	217	853	-3%
Italy	189	20	209	200	23	223	-6%
Netherlands	25	1	26	25	2	27	-4%
Spain	174	30	204	195	30	225	-9%
Germany	246	9	255	239	12	251	2%
United Kingdom	31	9	40	37	10	47	-15%
Romania	202	116	318	206	106	312	2%
China	347	115	462	358	127	485	-5%
Canada	205	70	275	202	75	277	-1%
India	53	1	54	52	3	55	-2%
USA	27	2	29	26	4	30	-3%
Argentina	224	6	230	218	6	224	3%
Brazil	127	24	151	137	21	158	-4%
Mexico	135	118	253	93	78	171	48%
Total	**2,605**	**725**	**3,330**	**2,624**	**714**	**3,338**	**0%**

As showed in the table above, Sogefi workforce is slightly decreasing compared to 2023 in several Countries where it operates, except for Mexico where new direct workers hiring exceeded previous year trend.

Total number of employees (headcount) broken down by contract type and gender

Number of employees	as of 31 December 2024			as of 31 December 2023			Trend
	Male	Female	Total	Male	Female	Total	
Number of permanent employees	2,603	721	3,324	2,613	711	3,324	0%
Number of temporary employees	2	4	6	11	3	14	-57%
Number of non-guaranteed hours employees	-	-	-	-	-	-	-
Total	**2,605**	**725**	**3,330**	**2,624**	**714**	**3,338**	**0%**

Sogefi has no non-guaranteed hours employees in 2024, in line with previous year. Employees contracts type is mainly full time (99% in 2024, in line with 2023), as detailed in the table below.

Total number of employees (headcount) broken down by contract type and gender

Number of employees	as of 31 December 2024			as of 31 December 2023			Trend
	Male	Female	Total	Male	Female	Total	
Full time	2,586	708	3,294	2,600	697	3,297	0%
Part time	19	17	36	24	17	41	-12%
Total	**2,605**	**725**	**3,330**	**2,624**	**714**	**3,338**	**0%**

The Company is nevertheless open to part-time contracts to facilitate work-life balance of its employees.

Regarding employee turnover, in 2024 Sogefi's overall departure rate is stable (21%) compared to in 2023 (20%), despite the sale of Filtration Business Unit.
Sogefi is promoting the retention of key resources and developing the attractiveness of the Group within a difficult context of strong competitiveness in the automotive market.

Rate of employee turnover

Number and rate of employee turnover	as of 31 December 2024		as of 31 December 2023	
	Terminated employees	Turnover rate	Terminated employees	Turnover rate
Male	430	17%	465	18%
Female	269	37%	198	28%
Total	**699**	**21%**	**663**	**20%**

3.1.3.3 S1-7 - Characteristics of non-employees in the undertaking's own workforce

In the table below is represented the detail non-employee's workers, that include personnel from external agencies working in Sogefi sites (e.g. manufacturing facilities), where Sogefi supervises the working hours.

Number of non-employees in own workforce

	as of 31 December 2024			as of 31 December 2023			Trend
	Male	Female	**Total**	Male	Female	**Total**	
Non-employee workers	382	37	**419**	333	65	**398**	5%

At the end of 2024, non-employees workers account to 419 (versus 398 in 2023) and are mainly represented by blue collars recruited by temporary agencies as described in the previous paragraphs.
Data reported are punctual data as of 31 December 2024, no estimation is present in the tables.

3.1.3.4 S1-8 - Collective bargaining coverage and social dialogue

79% of Sogefi employees are covered either by national collective bargain agreements (in accordance with labor regulations in force in the countries where the Group is present) or specific company bargain agreements, as detailed in the table below.

Employees covered by collective bargaining agreements

		as of 31 December 2024		
		Number of employees	Number of employees covered by collective bargaining	% Employees covered by collective bargaining
European Economic Area	France	824	824	100%
	Italy	209	209	100%
	Netherlands	26	26	100%
	Spain	204	204	100%
	Germany	255	228	89%
	Romania	318	318	100%
Extra EEA	UK	40	-	0%
	China	462	-	0%
	Canada	275	226	82%
	India	54	16	30%
	USA	29	-	0%
	Argentina	230	230	100%
	Brazil	151	151	100%
	Mexico	253	214	85%
Total		**3,330**	**2,646**	**79%**

Employees covered by collective bargaining agreements

		as of 31 December 2023		
		Number of employees	Number of employees covered by collective bargaining	% Employees covered by collective bargaining
European Economic Area	France	853	853	100%
	Italy	223	223	100%
	Netherlands	27	27	100%
	Spain	225	225	100%
	Germany	251	235	94%
	Romania	312	312	100%
Extra EEA	UK	47	5	11%
	China	485	-	0%
	Canada	277	225	81%
	India	55	16	29%
	USA	30	-	0%
	Argentina	224	224	100%
	Brazil	158	158	100%
	Mexico	171	147	86%
Total		**3,338**	**2,650**	**79%**

The overall percentage of employees covered by collective bargaining agreements for each country in which the Group operates results in line with 2023, with 79% coverage (2,646 employees out of 3,330 in 2024).
The coverage is mainly linked to historical and legal requirement depending on different geographies, that can vary from Country to Country.
Employees coverage by workers representative are linked to the countries' historical evolutions in which the Group operates and union presence. In the table below is represented the coverage by geographical area in 2024 and 2023.

Social dialogue

		as of 31 December 2024	
		Number of employees covered by workers' representatives	% Employees covered by workers' representatives
European Economic Area	France	821	100%
	Italy	79	38%
	Netherlands	26	100%
	Spain	204	100%
	Germany	255	100%
	Romania	318	100%
Extra EEA	UK	-	0%
	China	-	0%
	Canada	-	0%
	India	16	30%
	USA	-	0%
	Argentina	203	88%
	Brazil	151	100%
	Mexico	214	85%
Total		**2,287**	**69%**

Note: Only 2024 data is presented as it is a new material data point

69% of Sogefi employees worldwide are covered by workers' representatives, with higher rates in European Countries.

In Sogefi, no Group Work committees are in place.

3.1.3.5 S1-9 - Diversity metrics

As outlined in the Group's Code of Ethics, Sogefi is steadfastly committed to establishing and maintaining working relationships with its employees based on respect for fundamental rights.
The Group fosters a workplace that is favorable, fair, and open to diversity, allowing everyone to express their full potential.

Sogefi ethical approach begins during the hiring process, ensuring that all individuals, regardless of factors such as age, gender identity and sexual orientation, disability, state of health or social origin, have the opportunity to apply without discrimination.

Regarding the employee distribution by gender, in 2024 men represent 78% (2,605 employees) and women 22% (726 employees) of the total workforce.
Female management and office staff positions are equal to 9% and 29% respectively of the corresponding categories.
Gender distribution remains quite stable compared to 2023 (725 women out of 3,330 total workforce, accounting for 22% in 2024 versus 21% in 2023) over the years and reflects the typical characteristics of the automotive industry.

Below are represented Group employees by category.

Group employees by category 2024

Number of employees	as of 31 December 2024		
	Male	Female	**Total**
Management	30	3	**33**
White collars	583	233	**816**
Blue collars	1,992	489	**2,481**
Total	**2,605**	**725**	**3,330**
Percentage of management	*1%*	*0%*	***1%***
Percentage of white collars	*18%*	*7%*	***25%***
Percentage of blue collars	*60%*	*15%*	***75%***

Group employees by category 2023

Number of employees	as of 31 December 2023		
	Male	Female	Total
Management	30	5	35
White collars	585	256	841
Blue collars	2,009	453	2,462
Total	**2,624**	**714**	**3,338**
Percentage of management	*1%*	*0%*	*1%*
Percentage of white collars	*18%*	*8%*	*25%*
Percentage of blue collars	*60%*	*14%*	*74%*

Below are represented Group employees by age (< 30 years; 30-50 years; > 50 years) and categories (management; white collars; blue collars)

Group employees by age 2024

Number of employees	as of 31 December 2024			
	<30	30-50	>50	**Total**
Management	-	19	14	**33**
White collars	78	504	234	**816**
Blue collars	281	1,458	742	**2,481**
Total	**359**	**1,981**	**990**	**3,330**
Percentage of management	*0%*	*1%*	*0%*	***1%***
Percentage of white collars	*2%*	*15%*	*7%*	***25%***
Percentage of blue collars	*8%*	*44%*	*22%*	***75%***

Group employees by age 2023

Number of employees	as of 31 December 2023			
	<30	30-50	>50	**Total**
Management	-	15	20	**35**
White collars	78	536	227	**841**
Blue collars	283	1,444	735	**2,462**
Total	**361**	**1,995**	**982**	**3,338**
Percentage of management	*0%*	*0%*	*1%*	***1%***
Percentage of white collars	*2%*	*16%*	*7%*	***25%***
Percentage of blue collars	*8%*	*43%*	*22%*	***74%***

Distribution of employees by age in 2024 is stable compared to 2023: among its 3,330 employees, 59% fall within the age range of 30 to 50 years. Young people under 30 constitute 10% of the workforce, primarily as blue collar (8%) and office staff (2%).

3.1.3.6 S1-10 - Adequate wages

In line with 2023, Sogefi employees are 100% paid with adequate wages based on local Regulations applicable in Countries where Sogefi operates.

Employees who do not receive adequate wages

				as of 31 December 2024
		Number of employees	Number of employees who do not receive adequate wages	% Employees not receiving adequate wages
European Economic Area	France	824	-	0%
	Italy	209	-	0%
	Netherlands	26	-	0%
	Spain	204	-	0%
	Germany	255	-	0%
	Romania	318	-	0%
Extra EEA	UK	40	-	0%
	China	462	-	0%
	Canada	275	-	0%
	India	54	-	0%
	USA	29	-	0%
	Argentina	230	-	0%
	Brazil	151	-	0%
	Mexico	253	-	0%
Total		**3,330**	**-**	**0%**

Employees who do not receive adequate wages

			as of 31 December 2023	
		Number of employees	Number of employees who do not receive adequate wages	% Employees not receiving adequate wages
European Economic Area	France	853	-	0%
	Italy	223	-	0%
	Netherlands	27	-	0%
	Spain	225	-	0%
	Germany	251	-	0%
	Romania	312	-	0%
Extra EEA	UK	47	-	0%
	China	485	-	0%
	Canada	277	-	0%
	India	55	-	0%
	USA	30	-	0%
	Argentina	224	-	0%
	Brazil	158	-	0%
	Mexico	171	-	0%
Total		**3,338**	**-**	**0%**

3.1.3.7 S1-13 - Training and skills development metrics

The employee performance evaluation process contributes to employee's career development and talent management.
In this regard, a performance review web-based system is in place at Group level (Annual Performance and Development Review- APDR), covering Management, White Collars and Blue Collars (Indirect Workers); direct workers evaluation is performed locally on paper forms.
The evaluation process includes: (i) a self-assessment by the employee; (ii) a dedicated one-to-one meeting between employee and its direct manager to discuss yearly performance and next year expectations; (iii) manager completion of the overall employee assessment, share with the employee and then to the Human Resources Department.

To underline the importance of corporate culture, the performance appraisal takes into account the Group's three core values: integrity, results-orientation, and teamwork.
The objectives for the following year are defined together by the employee and the related Manager, including training planning and development plans, if any.
The Human Resources Department centrally oversees and keeps track of the key skills of its employees via the information system "Icare-myHR" in which employees are invited to update their profiles regularly.
In Sogefi, performance and career development reviews are organized annually in February, considering the performance of the previous year and the objectives for the new year.
The table below shows the participation to performance and career development reviews by gender and employee categories, calculated based on the employees in force in 2023 and still in the Company at the end of 2024.

Number of employees that participated in performance and career development reviews

	as of 31 December 2024		
	Male	Female	**Total**
Management	24	3	**27**
White collars	546	231	**777**
Blue collars	1,398	339	**1,737**
Total	**1,968**	**573**	**2,541**

Note: Only 2024 data is presented as it is a new material data point

With respect to total workforce as of 31 December 2024, 82% of Management and 95% of White Collars took part to the performance and career development review process, in consideration of turnover and new hired in 2024.

Regarding Blue Collars, the performance review is managed locally in accordance with legal requirements and country-specific indications. In 2024, 70% of blue collars worldwide took part to the APDR process.

Training and development guidelines are defined and shared by Group HR function with local teams, which then plan training and development operating actions, accordingly, incorporating their specific needs.
A varied range of training courses, including technical courses, safety, quality system, language proficiency, management skills and regulatory compliance requirements updates are available.
Training techniques combine in-person and remote sessions (e-learning). In 2024, a e-learning platform has been implemented in France, Canada, USA, Italy, and China.
In 2025 the training platform will be extended in Germany, Spain, Brazil, Argentina, with the aim of ensuring uniform training on a large scale and promoting accessibility to more training courses for majority of Group employees.
Participation in training courses in 2024, broken down by gender and employee category, was as follows:

Average number of training hours per employee	as of 31 December 2024		
	Male	Female	**Total**
Management	28	17	**27**
White collars	28	26	**28**
Blue collars	23	33	**25**
Total	**24**	**31**	**26**

The Company regularly monitors the progress of trainings by employee, with a yearly target of 25 hours of training per employee; in 2024 the KPI target has been achieved, as detailed in par. *3.1.3.1 S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*.

3.1.3.8 S1-14 - Health and safety metrics

Sogefi workforce is 100% covered by health and safety management systems, based on applicable local legal requirements, as detailed below:

Workforce covered by health and safety management systems

Number of people	as of 31 December 2024			as of 31 December 2023		
	Employees	Non-employee workers	**Total**	Employees	Non-employee workers	**Total**
Workforce covered by health and safety management systems	3,330	419	**3,749**	3,338	398	**3,736**
% workforce covered by health and safety management systems	100%	100%	**100%**	100%	100%	**100%**

As of end of 2024, 8 plants of the Group are certified ISO 45001:2018 and a specific roadmap has been defined to increase the number of Group plant certified each year, in line with ESG targets (refer to par.*1.1.3.1 SBM-1 - Strategy, business model and value chain*).
As described in par. *3.1.2.1 S1-1 - Policies related to own workforce*, health and safety prevention and protection at work are Sogefi priorities. In this regard, Sogefi implemented Health and safety metrics that are monitored regularly by Group HSE and Group HR Directors, including Work-related injuries and illnesses.
The metrics are reported below:

Work-related injuries and illnesses

	as of 31 December 2024			as of 31 December 2023			Trend
	Employees	Non-employee workers	**Total**	Employees	Non-employee workers	**Total**	
Number of fatalities as a result of work-related injuries	-	-	-	-	-	-	0%
Number of fatalities as a result of work-related ill health	-	-	-	-	-	-	0%
Number of recordable work-related accidents	5	3	**8**	9	5	**14**	-43%
Number of hours worked	5,852,892	1,695,280	**7,548,172**	6,199,079	1,709,244	**7,908,323**	-4%
Recordable work-related injury rate	0.85	1.77	**1.06**	1.45	2.93	**1.77**	-40%
Number of recordable cases of work-related illnesses	15	-	**15**	6	-	**6**	150%
Number of days lost due to work-related injuries	210	343	**553**	N/A	N/A	N/A	N/A
Number of days lost due to work-related illnesses	1,950	0	**1,950**	N/A	N/A	N/A	N/A

reported in 2023

In 2024, 8 injuries occurred in the workplace, with an overall decrease of 43% compared to 2023, taking into consideration Sogefi employees and non-employees categories.
The number of accidents is related to the Suspensions Business Unit, both in employees and supervised workers.
Regarding work-related illnesses, their number increased to 9 in 2024, compared to 6 in 2023. The ergonomic and workplace improvement programs implemented in the previous years are expected to positively impact the next future by reducing these risks and exposures in the long term.

3.1.3.9 S1-16 - Remuneration metrics (pay gap and total remuneration)

Sogefi is committed to promoting gender equality within the organization.
The company evaluates its entities based on the gender equality index mandatory by the French Law and voluntarily extending it to all Group Legal Entities, to evaluate all sites, with the objective to enhance professional equality between women and men among the Group.

For this purpose, the Group calculates the Gender Equality Index, expressed in a scale out of 100 and calculated based on five criteria:

i) the average pay between women and men;
ii) individual annual salary increases between women and men;
iii) internal promotions between women and men;
iv) women’s pay rises after maternity leave, and
v) the number of women among the ten highest salaries in the Company in the reference year.

The index is part of ESG KPIs and target pertaining Social area and is therefore regularly monitored and reported (refer also to paragraph *3.1.3.1 S1-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities*).
In 2024 Group Gender Equality Index scored 64.3/100 (versus 63.8/100 in 2023).

With regards to remuneration metrics, below is represented gender pay gap by geographical area and employee categories. The gender pay gap is influenced by automotive industry specific factors and historical trend that negatively impacted the pay gap.
Gender pay gap is represented in percentage as difference of compensation between male and female employees.

Gender pay gap (broken down by geographic area and employee category)

Gender pay gap - base salary	as of 31 december 2024			as of 31 december 2023		
	Management	White collars	Blue collars	Management	White collars	Blue collars
Europe	21%	17%	6%	-4%	21%	12%
North America	N/A	22%	7%	N/A	22%	7%
South America	N/A	26%	22%	N/A	29%	0%
Asia	N/A	27%	-33%	N/A	11%	0%
Total	**10%**	**22%**	**7%**	**2%**	**22%**	**8%**

Gender pay gap (broken down by geographic area and employee category)

Compensation levels - total remuneration (including supplementary or variable components)	as of 31 december 2024			as of 31 december 2023		
	Management	White collars	Blue collars	Management	White collars	Blue collars
Europe	1%	23%	5%	-7%	11%	16%
North America	N/A	24%	19%	N/A	22%	13%
South America	N/A	24%	17%	N/A	35%	0%
Asia	N/A	31%	-40%	N/A	25%	-40%
Total	**-5%**	**25%**	**7%**	**2%**	**22%**	**6%**

In 2024, the annual total remuneration ratio scores 19.7. The ratio is calculated comparing the highest paid individual within the Group and the median annual total remuneration for all Group employees (excluding the highest-paid individual).

3.1.3.10 S1-17 - Incidents, complaints, and severe human rights impacts

In 2024 no incidents related to discrimination harassment and human rights was reported.

Incidents of discrimination

	U.o.M.	2024	2023
(a) Incidents of discrimination, including harassment	n.	-	-
(b) Complaints filed through channels for people in the undertaking's own workforce to raise concerns (including grievance mechanisms) and, where applicable, to the National Contact Points for OECD Multinational Enterprises related to the matters defined in paragraph 2 of this Standard, excluding those already reported above	n.	-	-
(c) Total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above, and a reconciliation of such monetary amounts disclosed with the most relevant amount presented in the financial statements	€	-	-

Identified cases of severe human rights incidents

	Unit of measure	2024	2023
(a) Number of severe human rights incidents connected to the undertaking's workforce	n.	-	-
(a) Number of severe incidents related to human rights connected to the company's workforce that constitute cases of non-compliance with the United Nations Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises.	n.	-	-
(b) Total amount of fines, penalties, and damage compensation for the above incidents, together with a reconciliation of the monetary amounts indicated with the most relevant amount in the financial statements.	€	-	-

Refer to Chapter *G1 – BUSINESS CONDUCT*, par. *4.1.2 Impact risks and opportunities management* for details on Whistleblowing Procedure and to par. *S1-4 - Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions.*

3.2 ESRS S2 – WORKERS IN THE VALUE CHAIN

3.2.1 STRATEGY

3.2.1.1 ESRS 2 SBM-2 Interests and views of stakeholders

Sogefi carries out an annual stakeholder survey to integrate the views of key stakeholders into the Group's strategy and business model, including customers and suppliers.
Workers in the value chain are represented by Sogefi customers and supplier's workforce; their interests are integrated in the Double Materiality, where impacts risks and opportunities are assessed as described in ESRS 2 Chapter – *par. 1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities*.

3.2.1.2 ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Impacts related to the workers in the value chain (identified as customers and supplier's workforce) have been assessed within the Double Materiality, as described in *ESRS 2 Chapter – par. 1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities*.

Impact:
- Contribution to the improvement of protection of the human and labor rights along the value chain.

Risks:
- Risks connected to violation of human rights along the value chain (i.e. Child or forced labor);
- Risks connected to cyber-attacks along the value chain.

In 2024, in line with previous year, no incidents was reported to Sogefi regarding violation of human rights concerning workers in the value chain – refer to *par. 3.1.3.10 S1-17 - Incidents, complaints and severe human rights impacts.*
Sogefi takes in serious consideration any potential individual incident or event involving human rights protection within the value chain. In fact, Group Human Rights Policy and Group Code of Conduct are shared with business partners who are required to adhere to the principles contained.
As of end of 2024, no value chain workers with particular characteristics or working in particular contexts were identified as being at greater risk of harm.

3.2.2 IMPACT, RISK AND OPPORTUNITY MANAGEMENT

3.2.2.1 S2-1 - Policies related to value chain workers

Sogefi Group conducts its business in compliance with applicable laws and regulations, and in accordance with the highest standards of integrity and ethical behavior, as reflected in the Sogefi Code of Ethics, Code of Business Conduct and Group internal policies.

Sogefi also integrates corporate culture and values into its operations and encourages its partners in the value chain to do the same, through distribution of Code of Ethics, Code of Business Conduct and Group Human Rights policy.
In addition, within supplier assessment, Sogefi inquiries on suppliers existing certifications (such as ISO 14001, ISO 45001, ISO50001, Ecovadis or equivalent).

Refer to *par. 4.1.2.1 G1-1 - Business conduct policies and corporate culture* and *par. 3.1.2.1 S1-1 - Policies related to own workforce* for additional details on Sogefi policy framework to manage its material impacts, risks and opportunities including value chain workers.

3.2.2.2 S2-3 - Processes to remediate negative impacts and channels for value chain workers to raise concerns

Sogefi Whistleblowing Procedure defines the operating procedures so that any individual (Sogefi employee or workers in the value chain) can report a breach or suspected breach to Code of Ethics and Code of Business Conduct principles.
The procedure is available on Sogefi website and the dedicated whistleblowing channel is accessible by third parties on the website.
Refer to *par. 4.1.2.1 G1-1 - Business conduct policies and corporate culture* for additional details.

3.2.2.3 S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

Before being accredited, Group suppliers must validate the Group's Code of Business Conduct.
Sogefi takes in serious consideration any potential individual incident or event involving human rights protection within the value chain. In fact, Group Human Rights Policy is shared with business partners who are required to adhere to the principles contained.
Additionally, Sogefi recommends the certification ISO 45001 to its suppliers.

Whistleblowing reports received, including reports received from external parties, are independently investigated by Internal Audit Function and external experts, when needed.
The Control, Risk & Sustainability Committee and the Board of Directors are updated on a regular basis by the Supervisory Body on whistleblowing reports, as described in *par. 4.1.2.1 G1-1 - Business conduct policies and corporate culture.*
Sogefi is committed to work responsibly, through a business model that identifies respect for fundamental human rights as a key element along all its business practices.
Considering that historically there have not been received reports on workers in the value chain rights violations, Sogefi is not currently planning further actions to address the risk of Risks connected to violation of human rights along the value chain (i.e. Child or forced labor).
Regarding IT risks, defense measures are constantly monitored and adapted by Group IT Function, to prevent data breach of value chain data in Sogefi possession.

For this purpose, in 2024 a new KPI related to cyber security has been introduced, with the objective of maintaining the current certification level within the Group (refer to par. *1.1.3.1 SBM-1 - Strategy, business model and value chain*).

3.2.3 METRICS AND TARGETS

3.2.3.1 S2-5 - Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities

Sogefi periodically assesses and monitors the risks related to workers in the value chain, in consideration of the potential legal and reputational consequences of the associated risks.

Sogefi has not specific targets in place in regard to risks connected to violation of human rights along the value chain and risks connected to cyber-attacks along the value chain, in consideration of the actions in place to promote human rights respects among its own workforce and business partners, as well as the IT risks monitoring and cyber security measures established.

4. GOVERNANCE INFORMATION

4.1 ESRS G1 – BUSINESS CONDUCT

4.1.1 GOVERNANCE

4.1.1.1 ESRS 2 GOV-1 – The role of the administrative, management and supervisory bodies

Sogefi Group recognizes the importance of ethical behavior and social responsibility in the conduct of its corporate and business activities and undertakes to respect the legitimate interests of its stakeholders and of the community in which operates.

Sogefi Board of Directors promotes fair business practices principles, compliance with applicable laws and regulations, honesty and fairness, impartiality and equal opportunities, respect of integrity, transparency, and good faith, through the Group Code of Ethics.

The Group Code of Ethics applies to all Sogefi Group Companies and its principles and provisions are binding on all Directors, employees and business partners who have business relation with the Group, including temporary contracts.

Members of Board of Directors are required to comply with the Code of Ethics principles when taking any form of decisions or action in regard to the business operated by Group Companies.

4.1.2 IMPACT RISKS AND OPPORTUNITIES MANAGEMENT

4.1.2.1 G1-1 - Business conduct policies and corporate culture

Sogefi's corporate culture is built on commitment to ethical behavior, compliance with laws, and high standards of integrity. These foundational principles are shared through Sogefi Code of Ethics and Code of Business Conduct.

The company aims to integrate these values into every aspect of its operations and encourages its business partners to do the same.

Sogefi policy framework to manage its material impacts, risks and opportunities related to business conduct and corporate culture include:

- *Code of Ethics*, approved by Board of Directors on February 26, 2018 whose guiding principles and values include: i) Compliance with the law; ii) Honesty and fairness; iii) Impartiality and equal opportunity; iv) Transparency and completeness of information; v) data confidentiality protection vi) Prevention of conflicts of interest. Sogefi Group monitors the effective application of the Code, through Internal Audit Function and Supervisory Body. The Code is available on Company website;
- *Code of Business Conduct*, approved by Group Chief Executive Officer on April 23, 2021whose key areas include: i) Business Ethics (including anti-corruption and bribery, fair competition, and transparency); ii) working conditions (including safe working conditions, prohibition of forced and child labor, promotion of non-discrimination and freedom of association). The Code is available on Company website

- *Whistleblowing Group Procedure*, approved by Board of Directors on December 15, 2023 (last update) allowing anonymous reporting of violation of Code of Ethics, Code of Business Conduct or other applicable law and internal policies.

The above described Group policies relate to the following material impacts and risks:

- Risks connected to violations of ethics and anticorruption laws
- Impacts related to illegal conduct, possible cases of corruption and non-compliance with laws and regulations

Guiding principles and provisions of Code of Ethics and Code of Business Conduct are binding on all directors, employees and partners who work with the Group under contractual agreement, including temporary staff.
Sogefi recognizes as an essential principle the respect for the laws and compliance with the applicable regulations in all the Countries in which it operates. It does not therefore tolerate any form of corruption by its employees or by any third parties having business relations with the Group, including inadmissible payments or undue benefits to or from officials third parties.
Sogefi recommends the business partner to promote and disseminate the principles outlined in the Code of Conduct throughout its supply chain and requires business partners to accept and submit their commitment.
In addition, Sogefi is formalizing a corporate policy on Anti-corruption, consistently with United Nations Convention against Corruption. The Company plans to complete the policy in 2025 as defined within ESG KPIs and related targets (refer to par. *1.1.3.1 SBM-1 - Strategy, business model and value chain*).

Additionally, Sogefi adopts a Whistleblowing Procedure, that defines the operating procedures so that any individual (Sogefi employee or external stakeholder) can report a breach or suspected breach to Code of Ethics and Code of Business Conduct principles.
The Whistleblowing Procedure (updated in 2023 following the entry into force of Legislative Decree No. 24 of 2023, in implementation of European Directive 1937/2019) and approved by Board of Directors, is published on the Company's website and on the Group's intranet page.
Any violation or suspected violation of the applicable laws or the Code of Ethics principles or any other internal rule /procedure in force within the Group are encouraged to be reported through the dedicated whistleblowing channel, that guarantees anonymity and that is available on Company website.
Reports received, including business conduct incidents, incidents of corruption and bribery are independently investigated by Internal Audit Function and external experts, when needed.
The Control, Risk & Sustainability Committee and the Board of Directors are updated on a regular basis on whistleblowing reports.
Sogefi is committed to protect whistle-blowers form retaliation, ensuring that no employee shall be punished, dismissed, or subjected to any discriminatory measure because they testified in good faith or because they related these actions in accordance with the Group Whistleblowing Procedure.

At the beginning of 2024, a specific training on Sogefi Group Policies, including in particular the Code of Ethics, the Code of Business Conduct, and the Whistleblowing procedure, was organized and implemented at the Group level. This training aimed to demonstrate the practical application of the Group's policies in the daily operations of the Company.

The training was carried out for Group employees, including functions that are most at risk in respect of corruption and bribery (i.e., employees dealing with third parties and public authorities). For managers and office employees, the training was delivered through e-learning, while factory workers attended in-person sessions. The training was conducted in both English and French, with subtitles in the languages of the various countries where Sogefi operates.
A final assessment was used to validate the knowledge acquired by Sogefi employees.

4.1.2.2 G1-2 - Management of relationships with suppliers

In order to achieve its sustainability goals, the Group is collaborating with suppliers who respect high quality standards, comply with current environmental and safety regulations, and ensure compliance with ethical, social and governance principles, in accordance with Group Purchasing Sustainable Development Policy in place.
In accordance with the Group's Purchasing Procedures, formalized in the Suppliers Manual adopted by each Business Unit, the supplier selection process, and the subsequent definition of purchasing conditions are based on an objective evaluation of individual characteristics: quality, price, financial performance, contractual and sustainability aspects. Specifically, Sogefi has implemented a digitalized supplier evaluation process to assess supplier ESG performance and drive a “green and sustainable” supplier base that will evolve according to market trends, regulatory requirements, and the type of finished product. In particular, the supplier evaluation process now incorporates new sustainability requirements, based on the following key points: i) use of recycled materials (recycling resin, regrinding materials, recycling scraps, use of 100% recycled packaging, etc.); ii) reduction of carbon impact (use of renewable energy, suppliers closer to Sogefi plants, optimized filling of trucks, ISO 50001 Energy Management certification, etc.); iii) reduction of environmental impact (e.g., water consumption reduction initiatives, ISO14001 certification); iv) Human rights / Ethics aspects (Sogefi Code of Business Conduct acceptance, internal policies, etc.).
At Sogefi, social and environmental criteria are taken into account for selection of supply-side contractual partners; supply chain management is subject to increased vigilance during extraordinary events such as the geopolitical tensions of recent years, which may lead us to adapt our supplier system. As a consequence, Sogefi may face difficulties in the supply of certain materials or components and/or longer delivery times. The Group has thus strengthened the supplier selection and monitoring process in order to identify, where possible, alternative suppliers for the most critical raw materials/components to reduce the possible risk of dependency on only a few suppliers. Particular attention is paid to assessing the financial strength and compliance with adequate quality standards of our supplier panel in order to avoid failures of our strategic suppliers.
In continuity with the Double Materiality analysis carried out, the identified material impact “*Delayed or missing payments to suppliers*” has been taken into consideration for Sogefi. As such, the Group verifies conformity in its supplier payment practices.
Refer also to *par. 4.1.2.5 G1-6 - Payment practices*

4.1.2.3 G1-3 - Prevention and detection of corruption and bribery

In order to prevent, detect, and address allegations or incidents of corruption and bribery Sogefi has established a Model of Organization, Management and Control in accordance with the Italian Legislative Decree 231/2001 (the "Organizational Model"): the Organizational Model is periodically updated to ensure its compliance with any regulatory change and organizational structure.
Board of Directors designated a Supervisory Body responsible for supervising and controlling the compliance and effective implementation of the Organizational Model by the recipients, reporting any deficiency, and relevant update procedure.
Periodic trainings on the Organizational Model are organized.

Active and passive corruption, as well as bribery, are not tolerated in Sogefi, in line with the Group's Code of Ethics principles and Code of Business Conduct (refer to paragraph *4.1.2.1 G1-1 - Business conduct policies and corporate culture*).

Sogefi currently does not have a specific policy on anti-corruption and/ or anti-bribery in place.
In compliance with MDR-T Disclosure requirements, specific targets have been introduced regarding ESRS G1 Business Conduct in regard to the new KPI "*Anti-corruption policy implementation and testing*". (refer to paragraph *4.1.2.3 G1-3 - Prevention and detection of corruption and bribery)*
Targets the implementation of Group Anti-corruption Policy in 2025 and verifications on a sample basis of Policy respect at Legal Entity level in the ESG Plan 2026 - 2028 reference period, through testing activities (target on number of Legal Entities tested each year – refer to paragraph *1.1.3.1 SBM-1 - Strategy, business model and value chain*).
Training sessions on the Anti-corruption Policy will be organized for the Group following the policy implementation.

4.1.2.4 G1-4 - Confirmed incidents of corruption or bribery

In 2024, no incidents of corruption have been reported, or has the Company been involved in litigation in regards of corruption.
Furthermore, there has not been any investigation by competent public authorities that identified exposures to the Group.

Incidents of corruption or bribery

Number of incidents	Unit of measure	2024 Results	2023 Results
Number of convictions for violations of laws against active and passive corruption	n.	-	-
Amount of fines imposed for violations of laws against active and passive corruption	€	-	-

Refer also to paragraph *G1-3 - Prevention and detection of corruption and bribery*

4.1.2.5 G1-6 - Payment practices

Sogefi procurement process rely on standard payment practices: payments to suppliers must be made in accordance with the agreed contract terms, that can vary depending on market, Countries and from supplier to supplier.
Below are represented the Group average number of days for invoices payments.

Payment practices

	Unit of measure	2024 Results	2023 Results
(a) the average time the undertaking takes to pay an invoice from the date when the contractual or statutory term of payment starts to be calculated, in number of days	Number of days	52	55

The number of days indicated are calculated considering the invoice dates and the payment dates for all invoices paid within the year in the Group Legal entities.

Payment practices

Standard payment terms	2024	2023
	Percentage of payments aligned to standard terms	
Number of payments	54%	47%

In 2024 payments aligned to payment terms account for 54%, compared to 47% in 2023.
The percentage includes payments of direct and indirect suppliers of the Group; payment terms are not dependent on the supplier category; no differentiation is made for small and medium enterprises.
In 2024, Sogefi was not involved in any legal proceedings related to late payments, in line with the previous year.

4.1.3 ADDITIONAL ENTITY SPECIFIC INFORMATION

4.1.3.1.Driving eco-innovation also towards sustainable mobility and solutions

In the current context of technological transition, Sogefi could:

i) lose market share due to failure to develop innovative technologies and solutions required by the market or following the introduction of distinctive new products by competitors, and/or
ii) incur extra costs for the development of new products.

In order to reduce the risks associated with ineffective adaptation of the business model to market, regulatory and technological changes, Sogefi invests in Research and Development and implements market monitoring and benchmarking actions, constantly comparing itself with its customers and suppliers.
These risks could have a significant impact on the long-term sustainability of the business and are therefore carefully monitored by the relevant corporate functions.

Below are reported the General Disclosure information regarding the Entity Specific "Driving eco-innovation also towards sustainable mobility and solutions" matter, including references to Sustainability Report paragraphs where the information is already disclosed.

ESRS 2 – General disclosures

Disclosure required by ESRS 2	
ESRS 2 – GOV-1 Roles and responsibilities and access to expertise and skills with regard to the entity-specific sustainability matter	Board of Directors does not exercise direct management of innovation processes and opportunities; however, the topic is typically managed by the Business Unit CEOs with BU R&D functions
ESRS 2 – GOV-2 Information related to the entity-specific sustainability matter provided to and addressed by the undertaking's administrative, management and supervisory bodies	Sogefi has implemented an internal control and risk management system that involves specific roles and responsibilities, in accordance with the Corporate Governance Code and that defines periodic communications to the Board of Directors Refer to *1.1.2.5 GOV-5 – Risk management and internal controls over sustainability reporting*; *1.1.2.1 GOV-1 – The role of the administrative, management and supervisory bodies*
ESRS 2 – GOV-3 Integration of the entity-specific sustainability matter in incentive schemes	Refer to *1.1.2.3 GOV-3 Integration of sustainability-related performance in incentive schemes*
ESRS 2 – GOV-4 Entity-specific due diligence processes	Refer to *1.1.2.4 GOV-4 Statement on due diligence*.
ESRS 2 – GOV-5 Risk management and internal controls over the sustainability process, including the entity-specific sustainability matter	Refer to *1.1.2.5 GOV-5 – Risk management and internal controls over sustainability reporting*.
ESRS 2 – SBM-1 Strategy relating to the entity-specific sustainability matter	The introduction of innovative solutions represents a strategic lever to strengthen the company's competitiveness, positioning it as a leading player in the sustainable technologies market. For more information refer to *1.1.3.1 SBM-1 - Strategy, business model and value chain*
ESRS 2 – SBM-2 Interests and views of stakeholders with respect to the entity-specific sustainability matter	Sogefi attaches great importance to dialogue with its stakeholders and monitors closely their opinions and expectations. Regarding innovation, customers are the main stakeholder. For more information on stakeholder engagement and integration of stakeholders' interests and views refer to *1.1.3.2 SBM-2 – Interests and views of stakeholders.*
ESRS 2 – SBM-3 Description and interaction with strategy and business model and other information required by paragraph 48 of ESRS 2 on the material impacts, risks and opportunities connected with the entity-specific matter	With regard to the entity-specific matter "*Driving eco-innovation also towards sustainable mobility and solutions*" Sogefi has identified one applicable risk and one applicable impact: - Impact: reducing environmental impacts through strategic partnerships, new technologies and investment in research and development towards low-carbon mobility solutions. - Risk: risks related to the lack of innovation and business acquisition on new technologies. Ineffective technological innovation, or that isn't in line with market demand (e.g., E-Mobility) and customer needs.

Disclosure required by ESRS 2	
	For more information refer to *1.1.2.5 GOV-5 – Risk management and internal controls over sustainability reporting*.
ESRS 2 – IRO-1 Description of the process to identify and assess the entity-specific material impacts, risk, and opportunities	Refer to *1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities.*

Sogefi Group Strategic Plan, approved by the Board of Directors includes R&D roadmap to develop innovative solutions and e-mobility product development to meet customer demand.

R&D roadmaps are differentiated and specific by Business Unit and include competitor benchmark, aligning internal technologies with market trends. Regarding Air&Cooling Business Unit, the aim is to maintain and strengthen expertise in the complex injection molding of plastic parts.

Efforts are also directed at enhancing capabilities in plastic-to-aluminum integration and developing efficient, high-quality production processes (e.g. laser welding technique). To minimize risks during the product development phase, the Group adopts a proactive approach by anticipating customer needs.

Regarding Suspensions business line the ongoing Technical Roadmap focuses on developing innovative design solutions aimed at reducing noise and vibration, optimizing weight savings, and creating competitive glued pad technologies, as well as actions to anticipate future regulation evolution regarding sustainability (e.g. CMR free paint, solvent free glue, chemicals for surface treatment).
The R&D team conducts regular updates with Project Managers to track market trends, competitor innovations, and skill enhancements. This ensures the Group remains proactive and strategically driven, rather than solely responding to customer demands.

Regarding the entity specific matter Driving eco-innovation also towards sustainable mobility and solutions has been set a target on the metric "Percentage of R&D spending on e-mobility products" which is calculated as ratio between R&D spending on e-mobility products (i.e. electric / hybrid / fuel cell) and total R&D spending.

KPIs	**2024 Results**	**ESG PLAN 2025 - 2028**
Percentage of R&D spending on e-mobility products *Ratio between R&D spending on e-mobility products (i.e. electric / hybrid / fuel cell) and total R&D spending*	59%	2025: 59% 2026: 59.5% 2027: 60% 2028: 60.5%

Below are represented the KPI results as of end of 2024:

KPIs	2024 Results	2023 Results
% of sales for EMobility products (i.e., electric / hybrid / fuel cell) on total sales	28%	21%
% of orders' value for E-Mobility products (i.e., electric / hybrid / fuel cell) on total order intake value	66%	36%
% of R&D spending on E-Mobility products (i.e., electric / hybrid / fuel cell) on total annual R&D spending (Gross of grants received)	59%	47%
Number of new patents registered per year	31	31

For more information regarding the target definition process please refer to par. *1.1.3.1 SBM-1 - Strategy, business model and value chain.*

4.1.3.2 Customer satisfaction including quality and warranty issues

Sogefi is committed to the adoption of the highest national and international technical standards and is consistently adapting its processes to the best practices, so to ensure that products are aligned with customers' expectations.
Products defects and/or non-compliance with standards could lead to recall campaigns which, although financially mitigated by the specific international insurance programs in place, would have a negative reputational impact and on the customers relations.

Below are reported the General Disclosure information regarding the Entity Specific "Customer satisfaction including quality and warranty issues" matter, including references to Sustainability Report paragraphs where the information is already disclosed.

ESRS 2 – General disclosures

Disclosure required by ESRS 2	
ESRS 2 – GOV-1 Roles and responsibilities and access to expertise and skills with regard to the entity-specific sustainability matter	The Board of Directors does not exercise direct control over customer satisfaction issues including quality and warranty issues. Business Unit Quality Directors are in charge of monitor satisfaction through specific KPIs, as well as ongoing training and benchmarking activities to ensure compliance with quality standards and respond to any complaints.
ESRS 2 – GOV-2 Information related to the entity-specific sustainability matter provided to and addressed by the undertaking's administrative, management and supervisory bodies	Sogefi has implemented an internal control and risk management system that involves specific roles and responsibilities, in accordance with the Corporate Governance Code and that defines periodic communications to the Board of Directors. Refer to *1.1.2.5 GOV-5 – Risk management and internal controls over sustainability reporting*; *1.1.2.1 GOV-1 – The role of the administrative, management and supervisory bodies.*
ESRS 2 – GOV-3 Integration of the entity-specific sustainability matter in incentive schemes	Refer to *1.1.2.3 GOV-3 – Integration of sustainability-related performance in incentive schemes.*

Disclosure required by ESRS 2	
ESRS 2 – GOV-4 Entity-specific due diligence processes	Refer to *1.1.2.4 GOV-4 – Statement on due diligence*
ESRS 2 – GOV-5 Risk management and internal controls over the sustainability process, including the entity-specific sustainability matter	Refer to *1.1.2.5 GOV-5 – Risk management and internal controls over sustainability reporting.*
ESRS 2 – SBM-1 Strategy relating to the entity-specific sustainability matter	Sogefi places customer satisfaction including quality and warranty issues at the core of its business model ensuring the main national and international technical reference standards are applied to guarantee production processes aligned with best industry practices. Among 2024 ESG KPIs a specific target was set on the percentage of Sogefi sites certified on Environmental, Quality and Health & Safety systems certified according to international standards (IATF16949, ISO14001, ISO45001). For more information on targets refer to *1.1.3.1 SBM-1 - Strategy, business model and value chain*
ESRS 2 – SBM-2 Interests and views of stakeholders with respect to the entity-specific sustainability matter	Sogefi attaches great importance to dialogue with its stakeholders and monitors closely their opinions and expectations. Regarding customer satisfaction including quality and warranty issues, customers are the main stakeholder. For more information on stakeholder engagement and integration of stakeholders' interests and view refer to *1.1.3.2 SBM-2 – Interests and views of stakeholders*
ESRS 2 – SBM-3 Description and interaction with strategy and business model and other information required by paragraph 48 of ESRS 2 on the material impacts, risks and opportunities connected with the entity-specific matter	Sogefi has identified two impacts and a risk with regard to "Customer satisfaction including quality and warranty issues": - Impacts: Cases of non-compliance and warranty issues can result in financial losses, legal consequences, and a decline in customer trust, ultimately affecting the company's reputation and long-term sustainability; Non-satisfaction of customers' expectations on quality standards and delivery time. - Risk: Risks connected to lack of product's reliability and/or conformity: this risk can lead to reputational damage, and potential regulatory penalties, impacting the company's market position and operational efficiency. For more information refer to *1.1.2.5 GOV-5 – Risk management and internal controls over sustainability reporting*.
ESRS 2 – IRO-1 Description of the process to identify and assess the entity-specific material impacts, risk, and opportunities	Refer to *1.1.4.1 IRO-1 – Description of the process to identify and assess material impacts, risks, and opportunities*

As part of quality risk management, Sogefi conducts a comprehensive risk assessment according to the industry standard Failure Mode Effects Analysis (FMEA). This assessment identifies and evaluates potential risks related to design and processes, as well as the impact of projects on product quality, production, the environment, health, and safety. The analysis covers the entire production life cycle.
The Group employs specific KPIs to analyses and monitor overall quality performance and customer satisfaction. When necessary, an escalation process is activated to address any problems identified.
Each year, targets are set for each KPI at the plant level. These KPIs are collected and reviewed monthly and the results are discussed during meetings between plant teams

and top management. Key functions, including Operations, Human Resources, Sales, Quality, R&D and Purchasing, actively participate in these discussions to ensure alignment and continuous improvement.

Group Quality Policy

As evidence of the importance given by the Sogefi Group to the issue of quality and customer satisfaction, the Group has a dedicated Quality Policy.

Having a quality policy enables Sogefi to achieve several key objectives, including:

- Establishing a clear direction towards quality objectives and aligning Sogefi's operations with its mission, vision, and goals;
- Demonstrating commitment to customers and meeting customer expectations;
- Ensuring compliance with applicable regulations and assessing potential risks and related and appropriate control systems;
- Fostering continuous improvement**,** encouraging ongoing evaluation and enhancement of processes, products, and services and meeting ISO 9001 Standard**.**

The quality policy is established and shared by Sogefi Group's Top Management, have worldwide scope.
Provision for product warranties are detailed in Consolidated Financial Statements – Explanatory and Supplementary Notes (*Current provisions, non-current provisions and other payables* paragraph*).*

Targets
Regarding the entity specific matter "Customer satisfaction including quality and warranty issues" has been set a target on the metric percentage of Sogefi sites certified on Environmental, Quality and Health & Safety systems certified according to international standards (IATF16949, ISO14001, ISO45001).

KPIs	2024 Results	ESG PLAN 2025 - 2028
Percentage of SOGEFI sites certified on Environmental, Quality and Health & Safety systems certified according to international standards (IATF16949, ISO14001, ISO45001)	QL: 100% EV: 100% HS: 8 sites	2025: QL: 100% |EV: 100% |HS: 9 sites 2026: QL: 100% |EV: 100% |HS: 10 sites 2027: QL: 100% |EV: 100% |HS: 11 sites 2028: QL: 100% |EV: 100% |HS: 12 sites

Quality KPI is monitored at Group Level. Below are represented 2024 results, with 2023 comparative data.

KPIs	2024 Results	2023 Results
Percentage of SOGEFI sites certified on Environmental, Quality and Health & Safety systems certified according to international standards (QL:IATF16949, EV: ISO14001, HS:ISO45001)	QL: 100% EV: 100% HS: 8 sites	QL: 100% EV: 100% HS: 6 sites

For more information regarding the target definition process please *refer to par. 1.1.3.1 SBM-1 - Strategy, business model and value chain.*

ANNEX – FILTRATION

As mentioned in par. *1.1.1.1 BP-1 General basis for preparation of sustainability statement*, on May 31, 2024, Sogefi completed the sale of its Filtration Business Unit.
In order to ensure reporting continuity and coherence towards Sogefi's 2023 Non-Financial Statement, the data pertaining to Filtration Business Unit (until May 2024) are presented below.

Since the Filtration Business Unit was sold prior to the end of the calendar year, the tables provided below have been reported only where there is applicable and complete data.

E1-5 | Energy Consumption and Mix

Energy consumption from fossil sources			
Energy consumption	U.o.M.	2024	2023
Total energy consumption from fossil sources	MWh	26,179	61,873
The undertaking with operations in high climate impact sectors shall further disaggregate their total energy consumption from fossil sources by:			
Fuel consumption from coal and coal products	MWh	-	-
Fuel consumption from crude oil and petroleum products	MWh	186	-
Fuel consumption from natural gas	MWh	7,288	14,164
Fuel consumption from other fossil sources	MWh	-	-
Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources	MWh	18,705	47,709

Energy consumption from renewable sources			
Energy consumption	U.o.M.	2024	2023
Fuel consumption for renewable sources including biomass (also comprising industrial and municipal waste of biologic origin), biofuels, biogas, hydrogen from renewable sources	MWh	55	-
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	MWh	-	-
Consumption of self-generated non-fuel renewable energy	MWh	627	1,235
Total energy consumption from renewable sources	MWh	681	1,235

Total energy consumption					
Energy consumption	U.o.M.	2024	%	2023	%
Total energy consumption	MWh	26,860	100%	63,108	100%
Total energy consumption from fossil sources	MWh	26,179	97%	61,873	98%
Total consumption from nuclear sources	MWh	-	-	-	-
Total energy consumption from renewable sources	MWh	681	3%	1,235	2%

Energy production			
Energy production	U.o.M.	2024	2023
Energy production from non-renewable sources	MWh	-	-
Energy production from renewable sources	MWh	627	1,235

E1-6 | Gross Scopes 1, 2 and Total GHG Emissions

Scope 1 GHG emissions			
GHG emissions	U.o.M.	2024	2023
Gross Scope 1 GHG emissions	tCO_{2e}	1,375	2,664

Scope 2 GHG emissions			
GHG emissions	U.o.M.	2024	2023
Gross Scope 2 GHG emissions (Location-based)	tCO_{2e}	6,269	14,340

Gross Scope 2 GHG emissions (Market-based)	tCO_{2e}	6,587	16,835

Total GHG emissions (Scope 1 and 2)

GHG emissions	U.o.M.	2024	2023
Total GHG emissions (with Scope 2 Location-based)	tCO_{2e}	7,644	17,005
Total GHG emissions (with Scope 2 Market-based)	tCO_{2e}	7,962	19,499

E5-5 – Resource outflows

Total waste generated - Directed to disposal

	U.o.M.	2024	2023
Waste diverted from disposal	**t**	2,140	6,163
Waste directed to disposal	**t**	1,055	2,618
Total waste generated	**t**	**3,195**	**8,781**

Waste generated - Diverted from disposal

	U.o.M.	2024	2023
Preparation for reuse	t	-	-
Recycling	t	49	91
Other recovery operations	t	-	-
Hazardous waste	**t**	**49**	**91**
Preparation for reuse	t	91	223
Recycling	t	2,000	5,848
Other recovery operations	t	-	-
Non-hazardous waste	**t**	**2,091**	**6,072**
Total	**t**	**2,140**	**6,163**

Waste generated - Directed to disposal			
	U.o.M.	2024	2023
Incineration	t	67	179
Landfill	t	13	23
Other disposal operations	t	99	293
Hazardous waste	**t**	**179**	**495**
Incineration	t	817	1,956
Landfill	t	55	138
Other disposal operations	t	4	29
Non-hazardous waste	**t**	**876**	**2,123**
Total	**t**	**1,055**	**2,618**

Non-recycled waste			
	U.o.M.	2024	2023
Non-recycled waste	t	1,146	2,841
Total waste generated	**t**	**3,195**	**8,781**
Percentage of non-recycled waste	%	36%	32%

Radioactive waste			
	U.o.M.	2024	2023
Hazardous waste	t	228	586
of which radioactive waste	t	-	-

S1-14 | Health and safety metrics

Work-related injuries and illnesses

	as of 31 December 2024			as of 31 December 2023		
	Employees	Non-employee workers	Total	Employees	Non-employee workers	Total
Number of fatalities as a result of work-related injuries	N/A	N/A	N/A	-	-	-
Number of fatalities as a result of work-related ill health	N/A	N/A	N/A	-	-	-
Number of recordable work-related accidents	3	0	3	4	1	5
Number of hours worked	1,551,076	1,670,138	3,221,214	3,634,200	3,691,902	7,326,102
Recordable work-related injury rate	2	0	1	1	0	1
Number of recordable cases of work-related illnesses	N/A	N/A	N/A	3	0	3
Number of days lost due to work-related injuries	43	N/A	43	N/A	N/A	-
Number of days lost due to work-related illnesses	N/A	N/A		N/A	N/A	-

OTHER INFORMATION

RELATED PARTY TRANSACTIONS

The Company's Board of Directors has established a Related Party Transactions Committee and adopted the Procedure for Related Party Transactions (the "Procedure"), which establishes the principles of conduct and the rules adopted by Sogefi S.p.A. to ensure the transparency and substantive and procedural fairness of transactions with its related parties carried out by the Company directly or through its subsidiaries. The Procedure was last updated on 28 June 2021, subject to the favourable opinion of the Committee for Related Party Transactions, in order to incorporate the changes introduced by Consob Regulation no. 21624 of 10 December 2020 and has been in force since 1 July 2021.

The Procedure is available on the Company's website at www.sogefigroup.com, in the "Investor – Corporate Governance" section.

According to the Procedure, the Committee for Related Party Transactions, on the basis of information received from the Executive responsible for preparing corporate accounting documents, examines the report on:

i. individual Transactions of Greater Importance concluded during the financial year;

ii. any other Transaction with Related Parties, pursuant to article 2427, paragraph 1, of the Italian Civil Code, concluded in the financial year, which have had a significant impact on the Company's financial position or results;

iii. any modification or development of the Related Party Transactions described in the last annual report that had significant effects on the financial position or results of the companies during the financial year.

As a result of the analysis carried out, it should be noted that: (i) there were no Transactions of Greater Importance concluded during the year; (ii) there were no other Related Party Transactions, pursuant to article 2427, first paragraph, of the Italian Civil Code, concluded during the year, which had a material effect on the Company's financial position or results, (iii) there were no changes in, or developments relating to, the Related Party Transactions described in the previous annual report which had a material effect on the Company's financial position or results during the year.

Information on the most important economic transactions and balances with related parties is provided in the explanatory and supplementary notes to the consolidated financial statements, in the section entitled "Related Party Transactions", as well as in the explanatory and supplementary notes to the statutory financial statements.

Dealings between Group companies are conducted at arm's length, taking into account the quality and type of services rendered.

In accordance with Art. 2497-bis of Italian Civil Code, we point out that Sogefi S.p.A. is subject to management and coordination by its parent company CIR S.p.A.

CORPORATE GOVERNANCE

The (Annual Report on Corporate Governance) for 2024 was approved on 28 February 2025, at the meeting of the Board of Directors that was called to approve the draft financial statements for the year ended 31 December 2024, and is made available to

Shareholders as provided for by the law. The Report will also be available on the Company's website (www.sogefigroup.com, in the (Investor – Corporate Governance section).

The Report also contains the information prescribed by Art. 123-bis of Italian Financial Consolidated Law, including information on ownership structures and compliance with the code of conduct that the Company has adopted. The overall "Corporate Governance" framework of the Company is substantially in line with the principles and recommendations contained in the Corporate Governance Code for Listed Companies introduced, in its latest version, in January 2020, by the Corporate Governance Committee to which Company Associations, Borsa Italiana S.p.A. and Assogestioni belong.

As regards Italian Legislative Decree no. 231/2001, which brings domestic regulations on administrative liability of legal entities into line with the international conventions signed by Italy, in February 2003 the Board of Directors adopted a Code of Ethics for the Sogefi Group (as subsequently amended and integrated). The Code clearly defines the values that the Group believes in as the basis on which to achieve its objectives. It lays down rules of conduct which are binding on directors, employees and others who have ongoing relations with the Group.

On 26 February 2004 the Company also adopted an (Organization, Management and Control Model as per Italian Legislative Decree no. 231 of 8 June 2001) following the guidelines of the decree, with a view to ensuring conditions of fairness and transparency in the carrying on of the company's affairs and business activities. The Organisation, Management and Control Model was formally updated in October 2023 following the Board of Directors' approval of the Company's new Whistleblowing Procedure, which incorporated the provisions of Italian Legislative Decree No. 24/2023.

A Supervisory Body was also set up with the task of monitoring the functioning, effectiveness and observance of the Model, as laid down in the decree.

TREASURY SHARES

As at 31 December 2024, the Parent Company has 1,082,735 treasury shares in its portfolio (having a nominal value of Euro 0.52), corresponding to 0.90% of share capital. In 2024, treasury shares decreased after they were assigned to beneficiaries of stock-based compensation plans.

DECLARATIONS PURSUANT TO ARTICLES 15 AND 16 OF MARKET REGULATION (ADOPTED WITH CONSOB REGULATION NO. 20249 OF 28 DECEMBER 2017)

In accordance with the obligations set forth in article 2.6.2. of the Regulations of Borsa Italiana [Italian Stock Exchange], and with reference to the requirements referred to in articles 15 and 16 of Consob Resolution no. 20249 of 28 December 2017, it is hereby stated that there are no circumstances such as to prevent the listing of Sogefi stock on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. insofar as: Sogefi S.p.A. (the "Company") has obtained the articles of association and the composition and powers of the related control bodies from foreign subsidiaries based in countries that are not part of the European Union and are of material significance to the Company; the same foreign subsidiaries provide the Company's auditor with information necessary to perform annual and interim audits of Sogefi and use an administrative/accounting system appropriate for regular reporting to the Management and to the auditors of the Company of the consolidated income statement, balance and financial data necessary for the preparation of the consolidated financial statements.

Sogefi S.p.A. will also publish the financial statements of foreign subsidiaries (based in non-European countries and with material significance to the Company), prepared for the purpose of the consolidated financial statements as at 31 December 2024, in accordance with the procedures indicated in the Consob regulation.

In consideration of the fact that Sogefi is subject to policy guidance and coordination by its parent company CIR – Compagnie Industriali Riunite S.p.A., it is also hereby stated that there are no circumstances such as to prevent the listing of Sogefi stock on the Mercato Telematico Azionario organised and managed by Borsa Italiana S.p.A. insofar as the Company has fulfilled its publication obligations pursuant to article 2497-*bis* of Italian Civil Code.

Sogefi has independent decision-making powers in relations with customers and suppliers, and does not hold a cash pooling system with CIR. The Company has a cash pooling system with its subsidiaries that satisfies the interest of the company. This situation enables the Group’s finances to be centralised, thus reducing the need to utilise funding from banks, and therefore minimising financial expense.

The Company has set up the Control, Risk and Sustainability Committee, the Committee for Related Party Transactions and the Appointment and Remuneration Committee, all of which are currently composed exclusively of Independent Directors.

Lastly, it is hereby stated that the Company’s Board of Directors comprised eight members, six of which are Independent Directors, and therefore a sufficient number to guarantee that their contribution has an adequate weight when taking board decisions.

EXEMPTION FROM THE OBLIGATION TO PUBLISH INFORMATION DOCUMENTS UNDER ARTICLE 70, PARAGRAPH 8 AND ARTICLE 71, PARAGRAPH 1-BIS OF THE RULES FOR ISSUERS

In relation to art. 70, paragraph 8 and art. 71, paragraph 1-bis of Consob Regulation no. 11971/99, the Board of Directors resolved to make use of the exemption from the obligation to publish the information documents required for significant transactions consisting in mergers, spin-offs, capital increases by means of the conferral of assets in kind, takeovers and transfers.

OTHER

SOGEFI S.p.A. has its registered office at Via Ciovassino 1, Milan (Italy) and its offices at Avenue Claude Monet 1, Guyancourt (France).

The Sogefi stock has been listed on the Milan Stock Exchange since 1986 and has been traded on the STAR segment (now Euronext STAR Milan) since January 2004.

This report, which relates to the period 1 January to 31 December 2024, was approved by the Board of Directors on 28 February 2025.

PROPOSED ALLOCATION OF NET PROFIT FOR THE YEAR

The financial statements as of December 31, 2024, which we submit for your approval, show a net profit of Euro 210,738,943.41. In this regard, we propose:
- to distribute a unit dividend of Euro 0.15 for each 119,059,698 share currently in circulation (excluding treasury shares in compliance with Article 2357-ter, paragraph 2, of the Civil Code) for a total of Euro 17,858,954.70 noting that the total distribution amount will change if the number of shares in circulation changes by the date of the General Meeting.
- to allocate the remaining amount of Euro 192,879,988.71 to the “Retained Earnings” reserve,.

The dividend will be paid from 14 May 2025, with the ex-dividend date of coupon no. 35 on 12 May 2025 and the “record date” (date of entitlement to payment of the dividend itself, pursuant to art. 83-terdecies of Legislative Decree no. 58 of 24 February 1998) on 13 May 2025.

Milan, 28 February 2025

For THE BOARD OF DIRECTORS
The Executive Chairwoman
Monica Mondardini

ANNEX: NOTES RECONCILING THE FINANCIAL STATEMENTS SHOWN IN THE REPORT ON OPERATIONS AND THE FINANCIAL STATEMENTS CONTAINED IN THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AND THE PARENT COMPANY'S STATUTORY FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IAS/IFRS

Notes relating to the Consolidated Financial Statements

(a) The heading agrees with the sum of the line items “Manufacturing and R&D overheads”, “Distribution and sales fixed expenses” and “Administrative and general expenses” of the Consolidated Income Statement;

(b) the heading agrees with the sum of the line items “Losses (gains) on disposal”, “Exchange (gains) losses” and “Other non-operating expenses (income)”, with the exception of the amount relating to write-downs of tangible and intangible fixed assets of the Consolidated Income Statement;

(c) the heading agrees with the sum of the line items “EBIT”, “Depreciation and Amortization” and the write-downs of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)” of the Consolidated Income Statement;

(d) the heading agrees with the sum of the line items “Depreciation and amortization” and the write-downs of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)” of the Consolidated Income Statement;

(e) the heading mainly includes the sum of the line items “Result for the period” (excluding the Operating results, net of tax effects, of the discontinued operations), “Net income (loss) of held for sale activities, net of tax effects”, “Non-controlling interests”, “Depreciation, amortization and writedowns”, “Accrued costs for stock-based incentive plans”, “Provisions for risks and restructuring” and “Post-retirement and other employee benefits” in the Consolidated Cash Flow Statement with the exception of the financial component relating to pension funds and the deferred taxes included in the item “Income taxes”;

(f) the heading is included in line item “Other medium/long-term assets/liabilities” in the Consolidated Cash Flow Statement;

(g) the heading agrees with the sum of the line items “Losses/(gains) on disposal of fixed assets and non-current assets held for sale”, “Cash receipts from the sale of property, plant and equipment and disposal of non-current assets held for sale” and “Cash receipts from the sale of intangible assets” in the Consolidated Cash Flow Statement;

(h) the heading agrees with the line items “Exchange differences” in the Consolidated Cash Flow Statement, excluding exchange differences on medium/long-term financial receivables and payables;

(i) these headings differ from those shown in the Consolidated Cash Flow Statement as they refer to the total net financial position and not just to cash and cash equivalents;

(j) The following is a reconciliation between the “Free cash flow from discontinued operations” contained in the Report on Operations and the “Total cash flow from discontinued operations” (of the Consolidated Statement of Cash Flows), as presented in Note 35 “Profit (loss) from discontinued operations, net of tax effects”;

(in million of Euro)	31 May 2024
Total cash flow from discontinued operations (from Board of Director's report on operations)	**266.3**
Exit from consolidated lease liabilities	18.7
Repayment of financial debts	12.0
Operating profit of activity discontinued before tax and interest	22.3
Other changes	(1.4)
Net income (loss) of held for sale activities (from Board of Director's report on operations)	**317.9**

(l) the heading agrees with the sum of the line items “Inventories”, “Trade receivables”, “Other receivables”, “Current tax assets”, “Other assets” and “Assets held for sale” in the Consolidated Statement Of Financial Position;

(m) the heading agrees with the sum of the line items “Trade and other payables”, “Current tax liabilities”, “Other current liabilities” and “Liabilities directly related to assets held for sale” in the Consolidated Statement Of Financial Position;

(n) the item corresponds to the line “Other financial assets held for sale” included in the line “Other financial assets - non-current” in the Consolidated Statement of Financial Position;

(o) the heading agrees with the sum of the line items “Land”, “Property, plant and equipment”, “Other tangible fixed assets”, “Rights of use”, “Intangible assets”, “Other receivables” and “Deferred tax assets” in the Consolidated Statement Of Financial Position;

(p) the heading agrees with the sum of the line items “Current provisions”, “Non-current provisions” and “Deferred tax liabilities” in the Consolidated Statement of Financial Position;

(q) the heading agrees with the line item “Other payables” in the Consolidated Statement Of Financial Position;

(r) the heading agrees with the sum of the line items “Cash and cash equivalents”, “Other financial assets – current”, “Other financial assets - non-current” (excluding the amount of “Other financial assets held for sale”), “Financial receivables – non-current”, “Bank overdrafts and short-term loans”, “Current portion of medium/long-term financial debts and other loans”, “Current financial payables for rights of use”, “Other short-term liabilities for derivative financial instruments", "Non-current bank liabilities", "Non-current portion of medium/long-term financial debts and other loans", "Medium/long-term financial payables for rights of use" and "Other medium/long-term liabilities for derivative financial instruments" in the Consolidated Statement Of Financial Position.

Notes relating to the Parent Company's Statutory Financial Statements

(s) the heading agrees with the line "Non-financial Services", in the Statement of Financial Position of the Parent Company;

(t) the heading agree with the sum of the lines "Trade receivables", "Other receivables", "Current tax assets" and "Other assets" of the Parent Company's Balance Sheet;

(u) the heading agrees with the sum of the line items "Trade and other payables" ("Debiti commerciali e altri debiti"), "Tax payables" ("Debiti per imposte") in the Parent Company's statutory Statement Of Financial Position;

(v) the item corresponds to the line "Investments in controlled companies" of the Parent Company's Balance Sheet and Financial Position

(w) with the sum of the line items "Investment property: Land", "Investment property: Other property", "Other tangible fixed assets", "Rights of use", "Intangible assets", "Other receivables" and "Deferred tax assets" in the Statement Of Financial Position of the Parent Company;

(x) the heading agreeswith the line "Total other long-term liabilities" of the Parent Company's Balance Sheet and Financial Position;

(y) the heading is included in line items "Net profit" ("Utile netto d'esercizio"), "Income taxes" ("Imposte sul reddito"), "Dividends" ("Dividendi"), "Net financial expenses" ("Oneri finanziari netti"), "Writedown/Writeup of equity investments in subsidiaries" ("Svalutazione/Rivalutazione partecipazioni in società controllate"), "Depreciation and amortization" ("Ammortamenti immobilizzazioni materiali e immateriali"), "Change in fair value of investment properties" ("Variazione fair value investimenti immobiliari"), "Accrued costs for stock-based incentive plans" ("Accantonamenti costi per piani di incentivazione basati su azioni"), "Exchange differences on private placement" ("Differenze cambio su private placement"), "Exchange differences on cross-currency swaps" ("Differenze cambio su Cross currency swap"), "Net change in provision for employment termination indemnities" ("Variazione netta fondo trattamento di fine rapporto"), "Current income taxes collected/(paid)" ("Imposte correnti sul reddito incassate/(pagate)), "Dividends collected" ("Dividendi incassati") and "Net financial expenses paid" ("Proventi/Oneri finanziari netti pagati") of the Parent Company's statutory Cash Flow Statement;

(z) the item is included in the lines "Change in net working capital", "Change in tax receivables/payables", "Other medium/long-term assets/liabilities", "Current income taxes collected/(paid)" and "Income taxes" of the Parent Company's Cash Flow Statement

(aa) the item is included in the line "Other medium/long-term assets/liabilities" and "Provision for costs for share-based incentive plans" of the Parent Company's Financial Statement

(bb) these items differ from those shown in the Parent Company's Financial Statement as they refer to the total net financial position and not just to liquid assets.

DEFINITION OF PERFORMANCE INDICATORS AND NET FINANCIAL DEBT

In accordance with recommendation ESMA (ESMA/2015/1415) published on 5 October 2015, the criteria used for constructing the main performance indicators deemed by the management to be useful for the purpose of monitoring Group performance are provided below.

EBITDA: EBITDA is calculated as the sum of “EBIT”, “Depreciation and Amortization” and the impairment losses of tangible and intangible fixed assets included in the item “Other non-operating expenses (income)”.

“Other non-operating expenses (income)” include amounts that do not relate to ordinary business activities such as:

- writedowns of tangible and intangible fixed assets
- imputed cost of Stock Grant plans
- accruals to provisions for legal disputes with employees and third parties
- product warranty costs
- strategic consulting services

Normalised EBITDA (used to calculate covenants): it is calculated by summing “EBITDA” and the following expenses and revenues arising from non-ordinary operations: “Restructuring costs” and “Losses (gains) on disposal”.

“Restructuring costs” include voluntary redundancy incentives for all employee categories (managers, clerical staff, blue collar workers) and costs relating to the shutdown of a plant or the discontinuation of individual business lines (personnel costs and related costs associated with shutdown).

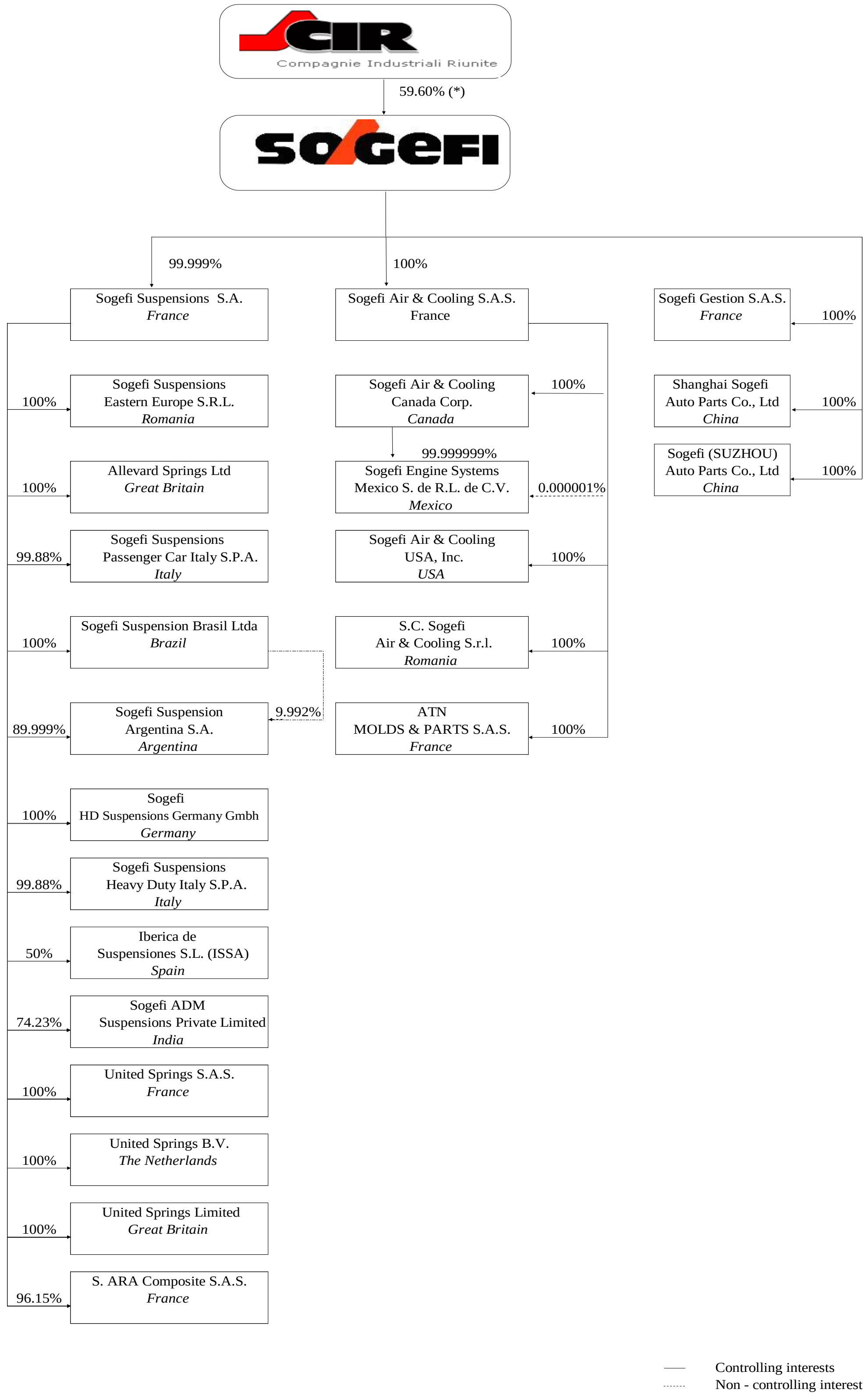
“Losses (gains) on disposal” include the difference between the net book value of sold assets and selling price.

“Net financial indebtedness” is calculated by adding up the following items from the Statement Of Financial Position: “Cash and cash equivalents”, “Other financial assets – current”, “Financial receivables – non-current”, “Other financial assets - non-current” (excluding the amount of “Other financial assets held for sale”), “Bank overdrafts and short-term loans”, “Current portion of medium/long-term financial debts and other loans”, “Current financial payables for rights of use”, “Other short-term liabilities for derivative financial instruments”, “Non-current bank liabilities”, “Non-current portion of medium/long-term financial debts and other loans”, “Medium/long-term financial payables for rights of use”, “Other medium/long-term liabilities for derivative financial instruments”.

As regards the Parent Company Sogefi S.p.A, the amount of “Net financial indebtedness” shown in the Report on Operations differs from the “Net financial indebtedness” shown in the table prepared in accordance with Consob Communication no. DEM/6064293 of 28 July 2006, as recalled by ESMA in Communication no. ESMA32-382-1138 of 4 March 2021, due to the amount of non-current intercompany financial receivables recognised in the item “Loans and financial receivables similar to loans - of which, from subsidiaries” in the Statement of Financial Position.

Please note that as at 31 December 2024 there were no non-recurring expenses as defined in Consob Communication DEM/6064293 of 28 July 2006.

SOGEFI GROUP STRUCTURE: CONSOLIDATED COMPANIES



(*) 60.18% of shares outstanding (excluding treasury shares).

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)

ASSETS	*Note*	12.31.2024	12.31.2023
CURRENT ASSETS			
Cash and cash equivalents	5	57,327	78,185
Other financial assets	6	6,868	5,136
Inventories	7	85,118	138,231
Trade receivables	8	88,738	166,900
Other receivables	8	14,901	13,408
Tax receivables	8	29,531	28,101
Other assets	8	2,799	3,357
ASSETS HELD FOR SALE	14	-	-
CURRENT ASSETS		285,282	433,318
NON-CURRENT ASSETS			
Land	9	3,741	9,755
Property, plant and equipment	9	277,108	358,887
Other tangible fixed assets	9	4,013	6,213
Rights of use	9	41,780	59,692
Intangible assets	10	106,465	203,371
Other financial assets	11	4,358	6,818
Financial receivables	12	-	2,761
Other receivables	12	5,144	31,465
Deferred tax assets	13	23,690	33,009
TOTAL NON-CURRENT ASSETS		466,299	711,971
TOTAL ASSETS		751,581	1,145,289

The “Explanatory and supplementary notes to the consolidated financial statements” are an integral part of these consolidated financial statements.

LIABILITIES	*Note*	12.31.2024	12.31.2023
CURRENT LIABILITIES			
Bank overdrafts and short-term loans	15	326	659
Current portion of medium/long-term financial debts and other loans	15	13,297	63,280
Short-term financial debts for rights of use	15	9,858	12,689
Other short-term liabilities for derivative financial instruments	15	12	2
Trade and other payables	16	200,134	334,037
Tax payables	16	4,545	10,675
Other current liabilities	17	24,214	38,272
Current provisions	18	17,443	12,383
LIABILITIES RELATED TO ASSETS HELD FOR SALE	14	-	-
TOTAL CURRENT LIABILITIES		269,829	471,997
NON-CURRENT LIABILITIES			
Financial debts to bank	15	64,014	184,437
Non current portion of medium/long-term financial debts and other loans	15	407	45,196
Medium/long-term financial debts for rights of use	15	35,635	52,715
Other medium/long-term financial liabilities for derivative financial instruments	15	-	-
Non-current provisions	18	15,709	23,844
Other payables	18	39,743	56,449
Deferred tax liabilities	13	18,961	23,344
TOTAL NON-CURRENT LIABILITIES		174,469	385,985
SHAREHOLDERS' EQUITY			
Share capital	19	62,461	62,461
Reserves and retained earnings (accumulated losses)	19	90,813	152,629
Group net result for the year	19	141,288	57,766
TOTAL SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE HOLDING COMPANY		294,562	272,856
Non-controlling interests	19	12,721	14,451
TOTAL SHAREHOLDERS' EQUITY		307,283	287,307
TOTAL LIABILITIES AND EQUITY		751,581	1,145,289

The “Explanatory and supplementary notes to the consolidated financial statements” are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)

	Note	2024		2023 (*)	
		Amount	*%*	*Amount*	*%*
Sales revenues	21	1,022,277	100.0	1,039,684	100.0
Variable cost of sales	22	724,922	70.9	751,324	72.3
CONTRIBUTION MARGIN		297,355	29.1	288,360	27.7
Manufacturing and R&D overheads	23	91,378	8.9	97,057	9.3
Depreciation and amortization	24	78,131	7.6	77,945	7.5
Distribution and sales fixed expenses	25	15,152	1.5	14,866	1.4
Administrative and general expenses	26	55,884	5.5	54,790	5.3
Restructuring costs	28	6,982	0.7	5,712	0.6
Losses (gains) on disposal	29	(1,961)	(0.2)	(63)	-
Exchange (gains) losses	30	(449)	-	5,247	0.5
Other non-operating expenses (income)	31	6,573	0.6	7,226	0.6
EBIT		45,665	4.5	25,580	2.5
Financial expenses	32	24,564	2.4	26,246	2.6
Financial (Income)	32	(9,853)	(0.9)	(11,429)	(1.1)
Losses (gains) from equity investments	33	-	-	-	-
RESULT BEFORE TAXES		30,954	3.0	10,763	1.0
Income taxes	34	12,982	1.2	4,399	0.3
NET INCOME (LOSS) OF OPERATING ACTIVITIES		17,972	1.8	6,364	0.7
Net income (loss) from discontinued operations, net of tax effects	35	125,881	12.3	54,559	5.2
NET RESULT INCLUDING THIRD PARTY		143,853	14.1	60,923	5.9
Loss (income) attributable to non-controlling interests		(2,565)	(0.3)	(3,157)	(0.3)
GROUP NET RESULT		141,288	13.8	57,766	5.6
Earnings per share (EPS) (Euro):	37				
Basic		1.189		0.488	
Diluted		1.189		0.488	

(*) The values for the 2023 financial year, relating to "Assets held for sale", have been reclassified following the application of IFRS 5 "Non-current assets held for sale and discontinued operations" to the line "Income (loss) from discontinued operations, net of tax effects".

The "Explanatory and supplementary notes to the consolidated financial statements" are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of Euro)

	Note	2024	2023
Net result before non-controlling interests		143,853	60,923
Other Comprehensive Income			
Items that will not be reclassified to profit or loss			
- Actuarial gain (loss)	*19*	1,171	(946)
- Tax on items that will not be reclassified to profit or loss	*19*	(288)	(2,216)
Total items that will not be reclassified to profit or loss		*883*	*(3,162)*
Items that may be reclassified to profit or loss			
- Profit (loss) booked to cash flow hedging reserve	*19*	(2,747)	(2,520)
- Tax on items that may be reclassified to profit or loss	*19*	659	605
- Profit (loss) booked to translation reserve	*19*	3,212	(16,110)
Total items that may be reclassified to profit or loss		*1,124*	*(18,025)*
Other Comprehensive Income		*2,007*	*(21,187)*
Total comprehensive result for the period		145,860	39,736
Attributable to:			
- Shareholders of the Holding Company		143,266	36,622
- Non-controlling interests		2,594	3,114

The “Explanatory and supplementary notes to the consolidated financial statements” are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Euro)

	2024	2023(*)
Cash flows from operating activities		
Net result	141,288	57,766
Adjustments:		
- non-controlling interests	2,565	3,157
- depreciation, amortization and writedowns	79,728	87,980
- expenses recognised for share-based incentive plans	178	404
- capital gain disposal filtration	(112,162)	-
- losses/(gains) on disposal of fixed assets and non-current assets held for sale	(1,961)	(63)
- provisions for risks, restructuring and deferred taxes	7,750	2,289
- post-retirement and other employee benefits	(606)	(365)
- Net financial expenses	14,711	14,818
- income tax	12,982	4,398
- change in net working capital	5,662	(28,444)
- other medium/long-term assets/liabilities	6,374	(5,399)
CASH FLOWS FROM OPERATING ACTIVITIES	**156,509**	**136,541**
Interest paid	(18,662)	(21,523)
Income tax paid	(10,952)	(10,509)
Cash flow from discontinued operating activities	(31,445)	19,763
NET CASH FLOWS FROM OPERATING ACTIVITIES	**95,450**	**124,272**
INVESTING ACTIVITIES		
Interest received	5,145	6,094
Net financial position of entities acquired / sold during the year	-	1,131
Price paid for business combination	(2,153)	(1,300)
Purchase of property, plant and equipment	(61,726)	(57,157)
Purchase of intangible assets	(11,096)	(9,033)
Net change in other securities	1,274	(2,330)
Sale of property, plant and equipment and business held for sale	2,761	8,811
Sale of intangible assets	189	-
Cash flow from investment activities from discontinued operating activities	(9,170)	(22,431)
Amount received for business transfers	321,882	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	**247,106**	**(76,215)**
FINANCING ACTIVITIES		
Dividends paid to Holding Company shareholders and non-controlling interests	(136,736)	(6,303)
New (repayment of) bonds	(52,506)	(22,903)
New (repayment of) long-term loans	(146,147)	(33,931)
New (repayment of) finance leases	-	(643)
New (repayment of) finance leases IFRS16	(9,110)	(9,588)
Cash flow from financing activities from discontinued operating activities	(14,978)	(10,329)
NET CASH FLOWS FROM FINANCING ACTIVITIES	**(359,477)**	**(83,697)**
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(16,921)**	**(35,640)**
Balance at the beginning of the period	77,526	116,594
Exchange differences	(3,604)	(3,428)
BALANCE AT THE END OF THE PERIOD (**)	**57,001**	**77,526**

(*) 2023 values have been restated following the application of IFRS5 principle "Non current assets held for sales and discontinued operations".
(**) The heading agrees with the sum of the line items "Cash and cash equivalents" under current assets and "Bank overdrafts and other short-term loans" under current liabilities.

The "Explanatory and supplementary notes to the consolidated financial statements" are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(in thousands of Euro)

	Attributable to the shareholders of the parent company														*Third*	*Total*
	Share capital	*Share premium reserve*	*Reserve for treasury shares*	*Treasury shares*	*Legal reserve*	*Share-based incentive plans reserve*	*Translation reserve*	*Cash flow hedging reserve*	*Actuarial gain/loss reserve*	*Tax on items booked in Other Comprehensive Income*	*Other reserves*	*Retained earnings*	*Net result for the period*	*Total*		
Balance at December 31, 2022	*62,461*	*19,445*	*4,444*	*(4,444)*	*12,640*	*978*	*(51,369)*	*5,267*	*(27,364)*	*9,661*	*12,201*	*157,184*	*29,562*	*230,666*	*16,822*	*247,488*
Allocation of 2022 net profit:																
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-	-	-		-	-	(6,303)	(6,303)
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	29,562	(29,562)	-	-	-
Recognition of share-based incentive plans	-	-	-	-	-	404	-	-	-	-	-	-	-	404	-	404
Other changes	-	931	(931)	931	-	(438)	-	-	-	-	-	4,671	-	5,164	818	5,982
Comprehensive result for the period																
Fair value cash flow hedging instruments	-	-	-	-	-	-	-	(2,520)	-	-	-	-	-	(2,520)	-	(2,520)
Actuarial gain (loss)	-	-	-	-	-	-	-	-	(946)		-	-	-	(946)	-	(946)
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	(1,611)	-	-	-	(1,611)	-	(1,611)
Currency translation differences	-	-	-	-	-	-	(16,067)	-	-	-	-	-	-	(16,067)	(43)	(16,110)
Result for the period	-	-	-	-	-	-	-	-	-	-	-	-	57,766	57,766	3,157	60,923
Total Comprehensive result for the period	-	-	-	-	-	-	*(16,067)*	*(2,520)*	*(946)*	*(1,611)*	-	-	*57,766*	*36,622*	*3,114*	*39,736*
Balance at December 31, 2023	*62,461*	*20,376*	*3,513*	*(3,513)*	*12,640*	*944*	*(67,436)*	*2,747*	*(28,310)*	*8,050*	*12,201*	*191,417*	*57,766*	*272,856*	*14,451*	*287,307*
Allocation of 2023 net profit:																
Legal reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends	-	(15,771)	-	-	(148)	(300)	-	-	-	-	(10,625)	(106,488)	-	(133,332)	(3,404)	(136,736)
Retained earnings	-	-	-	-	-	-	-	-	-	-	-	57,766	(57,766)	-	-	-
Recognition of share-based incentive plans	-	-	-	-	-	178	-	-	-	-	-	-	-	178	-	178
Other changes	-	(4,450)	(1,034)	1,034	-	(450)	-	-	-	-	2,874	13,620	-	11,594	(920)	10,674
Comprehensive result for the period																
Fair value cash flow hedging instruments	-	-	-	-	-	-	-	(2,747)	-	-	-	-	-	(2,747)	-	(2,747)
Actuarial gain (loss)	-	-	-	-	-	-	-	-	1,171		-	-	-	1,171	-	1,171
Tax on items booked in Other Comprehensive Income	-	-	-	-	-	-	-	-	-	371	-	-	-	371	-	371
Currency translation differences	-	-	-	-	-	-	3,183	-	-	-	-	-	-	3,183	29	3,212
Result for the period	-	-	-	-	-	-	-	-	-	-	-	-	141,288	141,288	2,565	143,853
Total Comprehensive result for the period	-	-	-	-	-	-	*3,183*	*(2,747)*	*1,171*	*371*	-	-	*141,288*	*143,266*	*2,594*	*145,860*
Balance at December 31, 2024	*62,461*	*155*	*2,479*	*(2,479)*	*12,492*	*372*	*(64,253)*	-	*(27,139)*	*8,421*	*4,450*	*156,315*	*141,288*	*294,562*	*12,721*	*307,283*

The “Explanatory and supplementary notes to the consolidated financial statements” are an integral part of these consolidated financial statements.

EXPLANATORY AND SUPPLEMENTARY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS: CONTENTS

A) GENERAL ASPECTS

SOGEFI is an Italian Group that is market leader in the field of components for motor vehicles, specializing in engine and cabin filtration systems, air intake and engine cooling systems, and suspension components.
SOGEFI is present in 3 continents and 14 countries, with 24 production sites, 4 R&D centres and 9 sales offices. It is a multinational group and a partner of the world's largest motor vehicle manufacturers.

The Parent Company Sogefi S.p.A., registered with the Company Register of Milan - Monza - Brianza - Lodi (Italy), has its registered office in Via Ciovassino No. 1, Milan, Italy, and its operating headquarters in 1, Avenue Claude Monet, Guyancourt (France).
The Sogefi stock has been listed on the Milan Stock Exchange, organised and managed by Borsa Italiana S.p.A. since 1986 and has been traded on the STAR segment since January 2004.
The Parent Company, Sogefi S.p.A., is subject to management and coordination of its parent company CIR – Compagnie Industriali Riunite S.p.A.

1. CONTENT AND FORMAT OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements at 31 December 2024 have been prepared in accordance with article 154-*ter* of Italian Legislative Decree no. 58/1998 and have been drawn up in compliance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002, as well as with the measures issued in implementation of article 9 of Italian Legislative Decree no. 38/2005.
These financial statements have been prepared in accordance with Consob resolution no. 11971/1999 as subsequently amended, in particular by resolutions no. 14990 of 14 April 2005 and no. 15519 of 27 July 2006, and include the consolidated accounting schedules of the Group and explanatory and supplementary notes, prepared according to the IFRS international accounting standards issued by the IASB (International Accounting Standards Board) and endorsed by the European Union. IFRS means all the (International Financial Reporting Standards) (IFRS), all the (International Accounting Standards) (IAS) and all the interpretations of the (International Financial Reporting Interpretations Committee) (IFRS IC, formerly IFRIC), previously named the (Standing Interpretations Committee) (SIC).
It is specifically reported that the IFRS have been applied in a consistent manner to all the periods presented in this document, with the specifications indicated below for newly applied standards.

The financial statements have been prepared on the basis of the conventional historical cost principle, except for the measurement of certain financial assets and liabilities, including derivatives instruments, where the application of the fair value principle is mandatory.

The financial statements used for consolidation purposes are those prepared by the Boards of Directors for approval by the Shareholders of the individual companies or specific accounting statements prepared for consolidation purposes that have been duly reclassified and adjusted to comply with International Financial Reporting Standards (IAS/IFRS), and Group accounting policies.

The directors of Sogefi S.p.A. are responsible for applying the provisions of the European Commission Delegated Regulation (EU) 2019/815 on regulatory technical standards relating to the specification of the European Single Electronic Format (ESEF) (hereinafter the “Delegated Regulation”) to the consolidated financial statements, which are included in the annual financial report.

The consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation and are authorised for publication by a resolution of the Board of Directors passed on 28 February 2025. These financial statements will be submitted for approval to the Shareholders' meeting of Sogefi S.p.A. on 24 April 2025.

1.1 Format of the consolidated financial statements

As regards to the format of the consolidated financial statements, the Company has opted to present the following types of accounting statements:

Consolidated Statement of Financial Position
The Consolidated Statement of Financial Position is presented in two sections, showing assets on one side and liabilities and equity on the other.
Assets and liabilities are in turn shown in the consolidated financial statements on the basis of their classification as current or non-current.

An asset/liability is classified as current when it satisfies one of the following criteria:

- it is expected to be realised/settled or it is expected to be sold or consumed in the normal cycle of operations, or
- it is held primarily for the purpose of trading, or
- it is expected to be realised/settled within twelve months after the reporting period.

If none of the above conditions are met, the assets/liabilities are classified as non-current.

Finally, liabilities are classified as current when the entity does not have unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Consolidated Income Statement
Costs shown in the Consolidated Income Statement are aggregated by function, while also making a distinction between fixed and variable costs.

The Consolidated Income Statement also provides the following intermediate aggregates in order to give a clearer understanding of the typical results of normal manufacturing activities, the financial side of the business and the impact of taxation:

- Contribution margin;
- EBIT (earnings before interest and tax);
- Result before taxes;
- Profit (loss) from operations;
- Net result before non-controlling interests;
- Profit (loss) of the Group

Consolidated Statement of Other Comprehensive Income
The Consolidated Statement of Other Comprehensive Income includes all the changes occurring in Other comprehensive income of the year, generated by transactions other than those conducted with shareholders and in compliance with specific IAS/IFRS accounting principles.
The Group has chosen to present these changes in a separate table to the Consolidated Income Statement.
The changes in Other comprehensive income are shown before the related tax effect with the aggregate amount of the income taxes on said variations being recognised in a single item. Those components that may or may not be reclassified to Consolidated Income Statement at a later time are listed separately in the table.

Consolidated Cash Flow Statement
A Consolidated Cash Flow Statement split by area of formation of the various types of cash flow as indicated in international accounting standards is included.
The Consolidated Cash Flow Statement has been prepared using the indirect method.
Please note that in this cash flow statement, the change in working capital may not coincide with the difference between the opening and closing statement of financial position figures because of exchange differences: in fact, cash flows generated are converted using the average exchange rate for the year, while the difference between the opening and closing consolidated statement of financial position figures in Euro may be influenced by changes in exchange rates at the beginning and end of the year, which have little to do with the generation or absorption of cash flow within working capital. The exchange differences generated by opening and closing statements of financial position are booked to "Exchange differences".
Cash flows arising from the collection and payment of interest are classified as operating cash flows. Dividends paid are classified as cash flows from financing activities.

Consolidated Statement of Changes in Equity
A Consolidated Statement of Changes in Equity is included as required by international accounting standards, showing separately the net result for the period and any change that was not charged through the Income Statement, but directly to the consolidated Other comprehensive income on the basis of specific IAS/IFRS, as well as transactions with shareholders in their role as shareholders.

1.2 Content of the consolidated financial statements

The Consolidated Financial Statements as at 31 December 2024 include the Parent Company Sogefi S.p.A. and the directly or indirectly controlled subsidiaries.
Section H of these Notes gives a list of the companies included in the scope of consolidation and the percentages held.

These financial statements are presented in Euro and all figures are rounded up or down to the nearest thousand Euro, unless otherwise indicated.
The consolidated financial statements (prepared on a line-by-line basis) include the financial statements of Sogefi S.p.A., the Parent Company, and of all the Italian and foreign companies under its direct or indirect control, which is normally identified as control over the majority of the voting rights.

During the year the following changes occurred in the scope of consolidation and events relating to interests in subsidiaries occurred during the year:

- disposal of the Filtration division in May 2024. The effects resulting from this transfer are described in Note 35 “Income (loss) from discontinued operations, net of tax effects”.
- in the first half of 2024, the subsidiary Sogefi Air & Cooling S.A.S. acquired the remaining 49% stake in the share capital of the French company ATN Molds & Parts S.A.S.. Please be reminded that, as at 31 December 2023, Sogefi had already negotiated the deferred purchase of 29% (at a price per share equal to that defined for the purchase of the 51% stake) and subordinated the remaining 20% stake to a put option. The 29% share, subject to the deferred purchase, had been considered as already acquired by the company; therefore, for the purpose of representing equity as at 31 December 2023, this share had been posted to the Group's equity. The 20% share subject to the put option was deemed to be attributable to third parties as at 31 December 2023. This share, amounting to Euro 894 thousand, was reclassified from shareholders' equity attributable to non-controlling interests to shareholders' equity attributable to the Group as at 31 December 2024 following the exercise of the option and the acquisition of the remaining 20% of the subsidiary's share capital for a consideration of Euro 878 thousand;
- the company Allevard Springs Ltd was put into liquidation. The liquidation process is expected to end in financial year 2025.

1.3 Group composition

As required by IFRS 12, Group composition as at 31 December 2024 and 31 December 2023 was as follows:

Business Unit	*Region*	*Wholly-owned subsidiaries*	
		December 31, 2024	December 31, 2023
Air&Cooling	Canada	1	1
	France	2	1
	Mexico	1	1
	Romania	1	1
	China (*)	2	2
	USA	1	1
Filtration	Italy	-	1
	France	-	1
	Great Britain	-	1
	Spain	-	1
	Slovenia	-	1
	USA (**)	-	1
	India	-	1
	Morocco	-	1
Suspensions	France	2	2
	Italy	2	2
	Great Britain	2	2
	Germany (****)	1	1
	The Netherlands	1	1
	Romania	1	1
	Brazil	1	1
	Argentina	1	1
Sofegi Gestion S.A.S.	France	1	1
TOTAL		20	27

(*) This subsidiary works also for Suspensions business unit.
(**) This subsidiary works also for Air&Cooling business unit.
(***) These subsidiaries of the filtration business unit left the consolidation perimeter on May 2024.

Business Unit	*Region*	*Non-wholly-owned subsidiaries*	
		December 31, 2024	December 31, 2023
Air&Cooling	Francia (****)	-	1
Suspensions	France	1	1
	Spain	1	1
	India	1	1
TOTAL		3	4

(****) This subsidiary (ATN Molds & Parts S.A.S.) was acquired 100% during the first half of 2024.

2. *CONSOLIDATION PRINCIPLES AND ACCOUNTING POLICIES*

The main accounting principles and standards applied in preparation of the consolidated financial statements and of the Group aggregate financial disclosures are set forth below.

Going concern

These consolidated financial statements have been prepared in accordance to the going concern assumption, as the Directors have verified the non-existence of financial, performance or other indicators that could give rise to doubts as to the Company's ability to meet its obligations in the foreseeable future.

The risks and uncertainties relating to the business are described in the dedicated sections in the Report on Operations. A description of how the Group manages financial risks, including liquidity and capital risk, is provided in Note 38 "Financial instruments and financial risk management".

2.1 Consolidation principles

The financial statements as at 31 December 2024 of the companies included in the scope of consolidation, prepared in accordance with Group accounting policies with reference to IFRS, have been used for consolidation purposes.
The scope of consolidation includes subsidiaries, joint ventures and associates.

All the companies over which the Group has the direct or indirect power to determine the relevant activities (i.e., the financial and operating policies) – in other words, those companies that determine the highest exposure to variable returns – are considered subsidiaries. In particular, the company Iberica de Suspensiones S.L. (ISSA) – which is 50% owned – is treated as a subsidiary because the Group controls the majority of votes of the board of directors, which is the corporate body tasked with deciding on the entity's relevant activities.
The assets, liabilities, costs and revenues of the individual consolidated companies are fully consolidated on a line-by-line basis, regardless of the percentage owned, while the carrying value of consolidated investments held by the Parent Company and other consolidated companies is eliminated against the related share of equity.
All intercompany balances and transactions, including unrealised profits deriving from transactions between consolidated companies, are eliminated. Unrealised losses are eliminated, except when a loss represents an impairment indicator to be recognised in the Income Statement.

The financial statements of the subsidiaries are drawn up using the currency of the primary economic environment in which they operate ("functional currency"). The consolidated financial statements are presented in Euro, the functional currency of the Parent Company and hence the currency of presentation of the consolidated financial statements of the Sogefi Group.
The procedures for translation of the financial statements expressed in foreign currency other than the Euro are the following:

- the items of the Consolidated Statement of Financial Position are translated into Euro at the year-end exchange rates;
- the Income Statement items are translated into Euro using the year’s average exchange rates;
- differences arising from the translation of equity's opening balance with year-end exchange rates are recorded in the translation reserve account, together with any difference between the net result of income statement and statement of financial position;
- whenever a subsidiary with a different functional currency from Euro is disposed of, any exchange difference included in line item Other comprehensive income is reclassified to the Income Statement;
- dividends paid by companies that use functional currencies other than the Euro are converted at the average exchange rate of the previous year for the company that pays the dividend and at the current exchange rate for the company that receives the dividend; exchange differences between the two amounts are recorded to the translation reserve account.

The following exchange rates have been used for translation purposes:

	2024		2023	
	Average	*12.31*	*Average*	*12.31*
US dollar	1.08	1.04	1.08	1.11
Pound sterling	0.85	0.83	0.87	0.87
Brazilian real	5.82	6.43	5.40	5.36
Argentine peso	1070.81	1070.81	892.92	892.92
Chinese renminbi	7.79	7.58	7.66	7.85
Indian rupee	90.50	88.93	89.29	91.90
New romanian Leu	4.97	4.97	4.95	4.98
Canadian dollar	1.48	1.49	1.46	1.46
Mexican peso	19.83	21.55	19.19	18.72
Moroccan dirham	10.76	10.51	10.96	10.93

A joint venture is an entity for which strategic financial and operating decisions concerning the relevant activities of the company are made with the unanimous approval of the controlling parties.
An associate company is an entity in which the Group is able to exert a significant influence, but without being able to control its relevant activities.
Investments in joint ventures and associates are consolidated applying the equity method, which means that the results of operations of associates and any changes in line item Other comprehensive income of the joint ventures and associates are reflected in the consolidated Income Statement and in Consolidated Statement of Other Comprehensive Income. If the carrying value exceeds the recoverable amount, the carrying value of the investment in the joint venture or in the associate company is adjusted by booking the related loss to the Income Statement.

2.2 Business combinations

Business combinations are recognised under the acquisition method. According to this method, the consideration transferred to a business combination is measured at fair value calculated as the aggregate of the acquisition-date fair value of the assets

transferred and liabilities assumed by the Company and of the equity instruments issued in exchange for the control of the acquired entity.
On the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition-date fair value; the following items represent exception to the above and are valued according to their reference principle:

- deferred tax assets and liabilities;
- assets and liabilities relating to employee benefits;
- liabilities or equity instruments relating to share-based payments of the acquired entity or share-based payments relating to the Group, issued as a replacement of contracts of the acquired entity;
- assets held for sale and discontinued assets and liabilities.

Goodwill is measured as the surplus between the sum of the consideration transferred to the business combination, the value of non-controlling interests and the fair value of previously-held equity interest in the acquiree with respect to the fair value of the net assets transferred and liabilities assumed as at the acquisition-date. If the fair value of the net assets transferred and liabilities assumed as at the acquisition-date exceeds the sum of the consideration transferred, the value of non-controlling interests and the fair value of the previously-held equity interest in the acquiree, said surplus is immediately booked to the Income Statement as gain resulting from said transaction.
The share of non-controlling interests as at the acquisition-date may be measured at fair value or as a proportion of the fair value of net assets in the acquiree. The measurement method adopted is decided on a transaction-by-transaction basis.

2.3 Accounting policies

The following accounting policies have been applied in the consolidated financial statements as at 31 December 2024.

Cash and cash equivalents

Cash and cash equivalents are those held to meet short-term cash needs, rather than for investment or other purposes. For an investment to be considered as cash or cash equivalent, it must be able to be readily converted into a known amount of cash and must be subject to an insignificant risk of change in value.

Inventories

Inventories are stated at the lower of purchase or manufacturing cost, determined on a weighted average cost basis, and realisable value based on market trends, net of variable selling costs.
Manufacturing cost includes raw materials and all direct or indirect production-related expenses. Financial expenses are excluded. Obsolete and slow-moving inventories are written down according to their realisable value.

Receivables included in current assets

Receivables are initially recognised at fair value of the consideration to be received, which usually corresponds to the nominal value shown on the invoice, adjusted (if

necessary) to their estimated realisable value by making provision for doubtful accounts. Subsequently, receivables are measured at amortised cost, which generally corresponds to their nominal value.
The recoverability of receivables is assessed on the basis of expected credit losses. Expected losses are based on the difference between the contractually due cash flows and the cash flows the group expects to receive over the life of the receivable. The Group has defined a system based on historical information of prospective elements, with reference to specific types of debtors, as a tool for determining expected losses.
Receivables assigned through without-recourse *factoring* transactions after which the related risks and benefits are definitively transferred to the assignee are derecognised from the statement of financial position at the time of transfer. Receivables assigned through recourse *factoring* transactions are not derecognised.

Property, plant and equipment and other tangible fixed assets

They mainly relate to industrial sites. Assets are shown at historical cost, net of accumulated depreciation and accumulated impairment losses.
Cost includes related charges, together with the portion of direct and indirect expenses reasonably attributable to individual assets.

They are depreciated each month on a straight-line basis using rates that reflect the technical and economic remaining lives of the related assets.

The depreciable value is the cost of an asset less its residual value, where the residual value of an asset is the estimated value that the entity could receive currently from its disposal, if the asset was already in the condition expected at the end of its useful life net of estimated disposal costs.
Depreciation is calculated from the month that the asset becomes available for use, or when it is potentially able to provide the economic benefits expected of it.

The annual average depreciation/amortisation rates applied are as follows:

	%
Land	n.a.
Industrial buildings and light constructions	2.5-12.5
Plant and machinery	7-14
Industrial and commercial equipment	10-25
Other assets	10-33.3
Tooling	25
Assets under construction	n.a.

Land, assets under construction and payments on account are not depreciated.

Ordinary maintenance costs are charged to the Income Statement.
Maintenance costs that increase the value, functions or useful life of fixed assets are recorded directly as the increase in the value of the assets to which they refer and depreciated over their residual useful lives.
Gains or losses on the disposal of assets are calculated as the difference between the sales proceeds and the net book value of the asset and are charged to the Consolidated Income Statement for the period.

Grants are shown in the Statement of Financial Position as an adjustment of the book value of the asset concerned. Grants are then recognised as income over the useful life of the asset by effectively reducing the depreciation charge each year.

Rights of use

The standard IFRS 16 provides a new definition of lease and introduces a criterion based on the control (right of use) of an asset to differentiate between lease and service agreements according to: asset identification, right to replacement of the asset, right to obtain all economic benefits arising out of use of the asset and right to control the use of the asset underlying the agreement.
The standard introduces a single lessee accounting model for recognising and evaluating lease agreements, which provides for the underlying asset to be recognised in assets and counterbalanced by a financial liability. Lessees may elect to not recognise agreements for low-value assets or with a term of up to 12 months as leases.
The Group recognises right of use assets that do not meet the definition of investment property under item “rights of use” and lease liabilities are booked to item “financial payables for rights of use” in the statement of financial position.
On the effective date of the lease agreement, the Group recognises the right of use asset and the lease liability. The right of use asset is initially measured at cost and subsequently at cost less accumulated depreciation and impairment losses, and adjusted to reflect the revaluation of the lease liability.
The Group measures the lease liability at the present value of payments due for lease agreements not paid on the effective date, discounted at the marginal borrowing rate. The lease liability is subsequently adjusted by adding accrued interest and subtracting the lease payments made, and is revalued in the event of changes in future lease payments due to a changing index or rate, in the event the amount that the Group expects to pay as a guarantee on the residual value changes, or when the Group changes its valuation for the reporting period or in the event of a call, extension or termination option.

Intangible assets

An intangible asset is only recognised if it is identifiable and verifiable, it is probable that it will generate economic benefits in the future and its cost can be measured reliably.
Intangible assets with a finite life are valued at purchase or production cost, net of amortization and accumulated impairment losses.

The annual average depreciation/amortisation rates applied are as follows:

	%
Development costs	20-33.3
Industrial patents and intellectual property rights, concessions, licences, trademarks	10-33.3
Customer relation	5
Trade name	5
Software	20-50
Other	20-33.3
Goodwill	n.a.
Assets under construction	n.a.

Amortization is based on the asset's estimated useful life and begins when it is available for use.

Research and development expenses
Research expenses are charged to the income statement as incurred in accordance with IAS 38.
Development expenses relating to specific projects are capitalised when their future benefit is considered reasonably certain by virtue of a customer's commitment; they are then amortised over the entire period of future profits expected to be earned by the project in question.
The capitalised value of the various projects is reviewed annually - or more frequently if there are particular reasons for doing so - analysing its recoverable amount to assess if there have been any impairment losses.

Trademarks and licences
Trademarks and licences are valued at cost, less amortization and accumulated impairment losses. The cost is amortised over the shorter of the contract term and the finite useful life of the asset.

Customer Relations
Customer relations represent the value of the customer portfolio of the Systèmes Moteurs Group and the company ATN Molds & Parts S.A.S. at the acquisition date as determined during the Purchase Price Allocation process.

Brand name
Brand name represents the value of the "Systèmes Moteurs" brand name at the acquisition date as determined during the Purchase Price Allocation process.

Software
The costs of software licences, including related charges, are capitalised and shown in the financial statements net of amortization and any accumulated impairment losses.

Goodwill
Goodwill resulting from business combinations is initially recognised at cost as at the acquisition-date, as detailed in the paragraph above entitled "Business combinations".
Goodwill is not amortised but is tested annually for impairment, or more frequently if specific events or changed circumstances indicate a potential loss in value. Unlike other intangible assets, reversal of an impairment loss is not allowed for goodwill.
For impairment test purposes, goodwill was allocated to each of the Cash Generating Units (CGU) due to benefit from the acquisition.
The Sogefi Group currently encompasses four CGUs: Air & Cooling, Car Suspension, Industrial Vehicles Suspension and Precision Springs.
The goodwill currently on the books only concerns the CGUs Air & Cooling and Car Suspension.

Impairment losses of tangible and intangible fixed assets

If there are indications of possible losses in value, tangible and intangible fixed assets are subjected to impairment test, estimating the asset's recoverable amount and comparing it with its net book value. If the recoverable amount is less than the book

value, the latter is reduced accordingly. This reduction constitutes an impairment loss, which is booked to the income statement.
For goodwill and any other intangible fixed assets with indefinite useful life, an impairment test is carried out at least once a year.
With the exception of goodwill, if a previous writedown is no longer justified, a new recoverable amount is estimated, providing it is not higher than what the carrying value would have been if the writedown had never been made. This reversal is also booked to the Income Statement.

Equity investments in other companies and other securities

For a more complete discussion of the principles regarding financial assets, which include shareholdings in other companies and other securities, please refer to the Note specifically prepared (paragraph 3 “Financial assets”).

Non-current assets held for sale and discontinued operations

Non-current assets or disposal groups consisting of assets and liabilities are classified as held for sale when it is highly probable that their book value will be recovered mainly through a sale transaction rather than through their continued use and the business or group being disposed of is available for immediate sale in its current condition.
The assets or the disposal group are usually stated at the lower of book value and fair value net of selling costs. Any impairment loss of a disposal group is allocated first to goodwill and then proportionally to the remaining assets and liabilities, with the exception of inventories, financial assets, deferred tax assets, employee benefits, investment property and biological assets, which continue to be valued in accordance with other Group accounting policies. Impairment losses arising from the initial classification of an asset as held for sale and subsequent valuation differences are recognised in the profit or loss for the period.
Once classified as held for sale, intangible assets and property, plant and equipment cease to be amortised and equity investments recognised using the equity method are no longer recorded using that method.
Non-current assets and groups being disposed of classified as held for sale are considered “discontinued operations” if, alternatively:
(i) they represent a significant independent line of business or a significant geographical area of business;
(ii) they are part of a plan to divest a significant stand-alone line of business or a significant geographic area of business; or
(iii) they relate to a subsidiary acquired solely for the purpose of its sale.
The results of discontinued operations, as well as any gain/loss realised on disposal, are shown separately in the Consolidated Income Statement and in Consolidated Cash Flow Statement in a separate item, net of related tax effects, also for the periods considered for comparison.

Loans

Loans are initially recognised at cost, represented by the fair value received, net of related loan origination charges.

After initial recognition, loans are measured at amortised cost by applying the effective interest rate method.
The amortised cost is calculated taking account of issuing costs and any discount or premium envisaged at the time of settlement.

Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to exchange and interest rate risks. Embedded derivatives are separated from their host contracts and accounted for separately when the related host contract is not a financial asset and when certain criteria are met.
Derivative financial instruments are initially measured at fair value. After initial recognition, derivatives are measured at fair value and any changes are usually recognised in the profit or loss for the year.
The Group designates certain derivatives as hedging instruments to hedge variability in cash flows arising from highly probable forecast transactions connected with fluctuating exchange and interest rates, and certain derivatives and non-derivative financial liabilities as hedges of the exchange risk for a net investment in a foreign operation.
At the beginning of the designated hedging relationship, the Group documents its risk management objectives and hedging strategy, as well as the economic relationship between hedged item and hedging instrument and whether it is expected that changes in the cash flows of the hedged item and hedging instrument will offset each other.

Cash flow hedging
When a derivative financial instrument is designated as a hedge of the exposure to the variability of cash flows, the effective portion of the changes in the fair value of the derivative is reported as a component of Other Comprehensive Income and presented in the cash flow hedging reserve. The effective portion of the changes in the fair value of the derivative that is recognised in Other Comprehensive Income is limited to the change in fair value of the hedged item (at present value) accumulated since the beginning of the hedge. The ineffective portion of the changes in the fair value of the derivative is taken immediately to profit or loss for the year.
In a hedging relationship, the Group designates only the fair value change of the spot element of the forward contract as a hedging instrument in a cash flow hedging relationship. The fair value change of the forward element of the forward foreign exchange contract (swap points) is accounted for separately as costs of hedging and recognised in Shareholders’ equity, in the costs of hedging reserve.

If a planned hedged transaction entails the subsequent recognition of a non-financial asset or liability, such as inventories, the amount accrued in the cash flow hedging and costs of hedging reserves is included directly in the initial cost of the asset or liability at recognition.
For all other hedged planned transactions, the amount must be reclassified from the cash flow hedging and costs of hedging reserves to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss for the period.
If the hedge no longer meets the eligibility criteria, upon reaching maturity date or if the hedge is sold or exercised, hedge accounting is discontinued prospectively. When hedge accounting is discontinued for cash flow hedges, the amount accrued in the cash

flow hedging reserve is left in Shareholders' equity until (a) if the hedge is for a transaction that entails the recognition of a non-financial asset or liability, it is included in the cost of the non-financial asset or liability at initial recognition, or (b) for other cash flow hedges, it is reclassified to profit or loss for the period in the same period or periods during which the hedged expected future cash flows affect the profit or loss for the period.
If no hedged cash flows are expected, the amount must be reclassified immediately from the cash flow hedging and costs for hedging reserves to profit or loss for the year.

Trade and other payables

Payables are initially recognised at fair value of the consideration to be paid and subsequently at amortised cost which, generally, corresponds to their nominal value.

Provisions for risks and charges, contingent liabilities and contingent assets

Provisions for risks and charges are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
On the other hand, no provision is made in the case of risks for which there is only a possibility that a liability may arise (contingent liabilities). In this case, the risk is disclosed in the notes on commitments and risks without making any provision.
Provisions relating to corporate reorganizations are only set aside once they have been approved and raised a valid expectation to the parties involved.
A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent assets are not recognised unless the receipt of the related benefits is virtually certain. Where the receipt of benefits is probable, contingent assets are disclosed in the section "Contingent Assets/Liabilities".

Post-retirement and similar employee benefits

Group employees have defined-benefit and/or defined-contribution pension plans, depending on the conditions and local practices of the countries in which the group operates.

The Group's responsibility is to finance the pension funds for the defined-benefit plans (including the employment termination indemnities currently applicable in Italy) and the annual cost recognised in the Income Statement are calculated on the basis of actuarial valuations that use the projected unit credit method.

The liability relating to benefits to be recognised on termination of employment recorded in the Consolidated Statement of Financial Position represents the present value of the defined-benefit obligation, less the fair value of the plan assets. Any net assets determined are recognised at the lowest of their value and the present value of available repayments and reductions of future contribution to the plan.

The Group recognises actuarial gains and losses and books them to "Other comprehensive income" immediately, so that the full net amount of the provisions for the defined benefits (net of plan assets) is recognised in the Consolidated Statement of

Financial Position. Any changes in the defined benefit provision and plan assets over the previous period must be subdivided into three components: the cost components of work performed during the reporting period must be recognised in the Income Statement as service costs; net interest costs calculated by applying the appropriate discount rate to the opening balance of defined benefit provision net of assets must be booked to Income Statement as net financial expenses and the actuarial gains and losses resulting from the remeasurement of assets and liabilities must be booked to “Other comprehensive income”. In addition, the return on assets included in net financial expenses must be calculated using the discount rate applicable to liabilities and no longer the expected return on the assets. The difference between actual return on plan assets and the return calculated as described above is booked to “Other comprehensive income”.

In the event of an amendment to the plan that changes the benefits relating to past service or in the event of the application of a new plan relating to past service, the costs relating to past service are booked to the Income Statement (under service costs). In the event of an amendment to the plan that significantly reduces the number of employees involved in the plan or that changes the clauses of the plan in such a way that a significant part of future service due to employees will no longer accrue the same benefits or will accrue them but to a lesser extent, the profit or loss relating to said reduction is immediately booked to the Income Statement (under service costs).

All of the costs and income resulting from the measurement of funds for pension plans are booked to the Income Statement by functional area of destination, with the exception of the financial component relating to non-financed defined-benefit plans, which is included in Financial expenses.

The costs relating to defined-contribution plans are booked to the Income Statement when incurred.

Other long-term benefits

Other long-term employee benefits relate to the French subsidiaries and include “Jubilee or other long-service benefits” that are not expected to be paid fully within the twelve months following the end of the reporting period during which the employee has rendered service for those benefits.

The valuation of other long-term benefits usually does not present the same degree of uncertainty as post-employment benefits. This is why IAS 19 requires a simplified method of accounting for such benefits. Unlike the accounting method required for post-employment benefits, this method (which requires actuarial valuation) does not require discounting effects to be taken to Other comprehensive income.

Stock-based incentive plans

With regard to “Stock-based incentive plans“ (Stock Grants), as envisaged by IFRS 2, the Group calculates the fair value of the option at the granting date, booking it to the Income Statement as a cost over the vesting period of the benefit. The *ad hoc* equity reserve in the Consolidated Statement of Financial Position has been increased. This imputed cost is measured by specialists with the help of suitable economic and actuarial models.

Deferred taxation

Deferred taxes are calculated on the taxable/deductible temporary differences between the book value of assets and liabilities and their tax bases, and classified under non-current assets and liabilities.
Deferred tax assets are accounted for only to the extent that it is probable that sufficient taxable profits will be available in the future against which they can be utilised.
The carrying amount of the deferred tax assets shown in the financial statements is subject to an annual review.
Deferred tax assets and liabilities are calculated at the tax rates expected to apply in the period when the differences reverse under the law of the countries in which the Group operates, considering current rates and those enacted or substantially enacted at the end of the reporting period.
Deferred tax liabilities are calculated on taxable temporary differences relating to equity investments in subsidiaries, associates and joint ventures, except where the Company can control the reversal of such temporary differences and it is probable that they will not reverse in the foreseeable future.
Current and deferred taxes are recognised in the income statement, except for those relating to items directly charged or credited to Other comprehensive income or other equity items, in which case tax effect is recognised directly under Other comprehensive income or equity.

Participation in CIR’s group tax filing system (applicable to Italian companies)

In the year 2022, the Parent Company Sogefi S.p.A. and its subsidiary Sogefi Filtration Italy S.p.A. renewed their participation in the CIR Group tax filing system for the three-year period 2022-2024. In 2023, the subsidiaries Sogefi Suspensions Heavy Duty Italy S.p.A. and Sogefi Suspensions Passenger Car Italy S.p.A. renewed their adhesion to CIR Group tax filing system for the three-year period 2023-2025. Following the sale of the Filtration Business Unit, the subsidiary Sogefi Filtration Italy S.p.A. no longer participates in the tax filing system of the CIR Group.
Each company joining to the group Italian tax filing system transfers its tax profit or loss to the parent company. The parent company recognises a credit corresponding to the IRES (Italian tax on company income) that companies have to pay (debit for the transferor company). On the contrary, for companies that booked tax losses, the parent company recognises a debt corresponding to the IRES for the part of loss actually offset at group level (credit for the transferee company). In connection with the Group tax filing system, those companies that record non-deductible net financial expenses may use the excess tax benefits available for offset of other Group companies (thus making such expenses deductible) for a consideration. Such consideration, in an amount proportionate to the resulting tax benefit and applicable to excess tax benefits arising in Italy only, has been paid to the parent company CIR and is treated as expense for those companies that obtain the excess tax benefit and as revenue for those that transfer it.

Treasury shares

Treasury shares are deducted from equity. The original cost of treasury shares and the profit/loss resulting from their subsequent sales are recognised as changes in equity.

Revenues recognition

The IFRS 15 standard provides for a revenue recognition model, which is applicable to all agreements made with customers, with the exception of those falling under the scope of application of other IFRSs, such as leases, insurance contracts and financial instruments.
The main steps for revenue recognition according to the new model are:
- identifying the agreement in place with the customer;
- identifying the performance obligations under the agreement;
- defining the transaction price;
- price allocation to the performance obligations under the agreement;
- revenue recognition criteria when the entity satisfies each performance obligation.

Supply of “tooling” and “prototypes” does not meet the requirements to be identified as a separate performance obligation, so related revenues will be recognised on the same duration as the performance obligation identified by the supply of goods.
Revenues from services rendered are recognised at the time the services are provided.

Income Statement Overview

Variable cost of sales
This represents the cost of goods sold. It includes the cost of raw and ancillary materials and goods for resale, as well as variable manufacturing and distribution costs, including the direct labour cost of production.

Manufacturing and R&D overheads
This category includes manufacturing overheads such as indirect labour cost of production, maintenance costs, consumable materials, building rents, and industrial equipment involved in production.
Also included are all R&D overheads, net of any development costs that are capitalised because of their future benefits and excluding amortization which is booked to a separate item in the Consolidated Income Statement.

Distribution and sales fixed expenses
These are costs that are essentially insensitive to changes in sales volumes, relating to personnel, promotion and advertising, external warehousing, rentals and other sales and distribution activities. This category, therefore, includes all fixed costs identified as being incurred after finished products have been stocked in the warehouse and directly related to their sale and distribution.

Administrative and general expenses
This category includes fixed labour costs, telephone expenses, legal and tax consulting fees, rents and rentals, cleaning, security and other general expenses.

Restructuring costs and other non-operating expenses/income
These are figures that do not relate to the Group's normal business activities or refer to non-ordinary activities and are expressly disclosed in the notes if they are of a significant amount.

Operating grants

These are credited to the Consolidated Income Statement when there is a reasonable certainty that the company will meet the conditions for obtaining the grant and that the grants will therefore be received.

Financial income and expenses

Interest income and expenses are recognised in the Consolidated Income Statement as financial income/expense following their assessment on an accrual basis.

Dividends

Dividend income is recorded when the right to receive it arises. This is normally at the time of the shareholders' resolution that approves distribution of the dividends.

Dividends to be distributed are recognised as a payable to shareholders immediately after they have been approved.

Current taxes

Current taxes are booked on the basis of a realistic estimate of taxable income calculated according to current tax legislation in the country concerned, taking account of any exemptions and tax credits that may be due.

Earnings per share (EPS)

Basic EPS is calculated by dividing net result for the period attributable to the ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the period, net of treasury shares.
Diluted EPS is obtained by adjusting the weighted average number of shares outstanding to take account of all potential ordinary shares that could have a dilutive effect.

Translation of foreign currency items

Functional currency
The functional currency of the Parent Company is the Euro and this is the presentation currency in which the consolidated financial statements are prepared and published.
Group companies prepare their financial statements in their own functional currency; these financial statements are then translated into euros (EUR) for the purpose of preparing the consolidated financial statements.

Accounting for foreign currency transactions
Foreign currency transactions are initially translated at the exchange rate ruling on the transaction date.
At the end of the reporting period, monetary assets and liabilities expressed in foreign currency are retranslated at the period-end exchange rate.
Non-monetary foreign currency items valued at historical cost are translated at the exchange rate ruling on the transaction date.
Non-monetary items carried at fair value are translated at the exchange rate ruling on the date this value was determined.

IAS 29 - Financial reporting in hyperinflationary economies

The financial statements of the consolidated Argentine companies were prepared at 31 December 2024 in the functional currency taking into account the effects of the application of IAS 29 “Financial Reporting in Hyperinflationary Economies”, so as to present the operating result and the statement of financial position reflecting purchasing power at the end of the period under consideration.
IAS 29 adoption was required starting with periods ending after 30 June 2018.

This standard does not establish an absolute inflation rate above which hyperinflation is deemed to occur. Under the IFRS, the need to restate the financial statements must be evaluated. Conditions that may indicate hyperinflation exists include:

a) the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency. Local currency held is immediately invested to maintain purchasing power;
b) the general population regards monetary amounts not in terms of the local currency but in terms of a relatively stable foreign currency. Prices may be quoted in that currency;
c) sales and purchases on credit take place at prices that compensate for the expected loss of purchasing power during the credit period, even if the period is short;
d) interest rates, wages and prices are linked to a price index; and
e) the cumulative inflation rate over three years approaches or exceeds 100%.

Accordingly, the financial statements of the consolidated Argentine companies for the period ending 30 June 2018 and subsequent periods were prepared by applying IAS 29 because the cumulative inflation rate in Argentina over the last three years (2022-2024) amounts to approximately 1,227%.

Non-monetary amounts in the statement of financial position are restated by applying the change in the general price index occurred from the date of recognition in the financial statements to the end of the period. Monetary amounts are not restated because they are expressed in the unit of measurement current at the end of the period. All items in the Income Statement are expressed in terms of the unit of measurement current at the end of the period, applying the change in the general price index occurred since revenue and expense were initially recognised in the financial statements.

The following items of the income statement and non-monetary items were restated as a result of the application of this standard: “Tangible fixed assets”, “Intangible fixed assets", "Inventories", "Deferred tax liabilities", "Tooling contract liabilities" (liabilities recognised as a result of adopting IFRS 15).

Critical estimates and assumptions

Various estimates and assumptions regarding the future have to be made when preparing financial statements. They are the best estimates possible at the end of the reporting period. Given their nature, they could lead to a material difference in statement of financial position items in future years.

The main items affected by these estimates are as follows:

- goodwill (Euro 47.0 million) – impairment test: for the purpose of determining the value in use of the Cash Generating Units, the Group took into account the expected performance as determined based on the budget for 2025 for the period under consideration and the forecasts included in the 2025-2028 strategic plan (adjusted to eliminate any estimated benefits from future projects and reorganisations on a precautionary basis) and the 2025-2028 projections (which are a derivation of the 2025-2028 strategic plan) for the CGU Car Suspension. The 2025 budget, the 2025-2028 strategic plan and the 2025-2028 projections of future cash flows for the Car Suspension CGU were approved by the Board of Directors on 13 December 2024, 27 January 2025 and 28 February 2025, respectively. The impairment test, based on such forecasts, did not indicate any impairment;

- pension plans (Euro 11.7 million, of which Euro 11.7 million recognised to liabilities and Euro 0 million to assets): included in "Non-current provisions" and in "Other non-current receivables": actuarial consultants who offer their consulting services to the Group use different statistic assumptions in order to anticipate future events for the purpose of estimating pension plan expenses, liabilities and assets. Such assumptions concern discount rate, future wage inflation rates, mortality and turnover rates;

- recoverability of deferred tax assets on tax losses (Euro 5.2 million compared to Euro 10 million in the previous year) recognised to "Deferred tax assets": as at 31 December 2024, deferred tax assets on tax losses incurred during the current and previous years were accounted for to the extent that it is probable that taxable income will be available in the future against which they can be utilised. Such probability is also determined based on the fact that such losses have originated mainly under extraordinary circumstances that are unlikely to occur again in the future and that the same could be recovered throughout an unlimited or long-term time frame;

- derivatives (Euro 0 million in assets and Euro 12 thousands in liabilities): the fair value of derivatives (relating to interest and exchange rates) was estimated with the aid of external consultants based on valuation models commonly used in the industry, in line with the requirements of IFRS 13 (calculation of DVA - debit valuation adjustment).

Below are the most relevant impacts on climate change, the Ukraine and Middle East conflict and the macroeconomic environment, as requested by ESMA in the document

“European common enforcement priorities for 2024 annual financial reports” of 24 October 2024.

Impacts of climate change

As specified in the Report on Operations, under “Consolidated Sustainability Reporting pursuant to Legislative Decree 125/2024”, the Group with reference to the risks associated with climate change has updated its assessments as follows:

- physical risk: in 2024, the Group updated the Physical climate risks assessment to assess the impact of climate change on its local production sites, considering a short-term (2030) and a long-term (2050) time horizon, in line with the regulatory requirements of the Taxonomy, as outlined in “Consolidated Sustainability Reporting pursuant to Legislative Decree 125/2024”. From the analysis of the results of the Physical climate risks assessment, and taking into account the mitigation actions implemented (the relative financial impacts in 2024 are equal to: costs of Euro 0.2 million and capex of Euro 0.4 million), no significant physical risks related to climate change were identified that would require impairment of fixed assets or structural interventions by the Group. Furthermore, in 2024, the Group’s facilities were not subject to extreme events that caused significant damage. Therefore, the Group did not deem it necessary to introduce any specific adjustments with reference to physical risk in the Strategic Plan 2025-2028 or in the terminal value.

- risks related to technological innovation (or transition risks) are, on the other hand, considered significant and are linked to the conversion plans to hybrid/electric mobility of several jurisdictions, primarily the European Union, the United States and China. In this regard, the Group formulated a plan for the development of new e-mobility products (included in the 2025 Budget and 2025-2028 Strategic Plan approved by the Board of Directors on 13 December 2024 and 27 January 2025, respectively, and used for the impairment test approved on 28 February 2025) and set targets for R&D investment on e-mobility products in line with the current trend (approx. 60%). The Group Strategic Plan also includes investments for enhancing energy efficiency, costs for increasing the share of electricity from renewable sources (through “I-RECs” - International Renewable Energy Certificates) and investments for the reduction of GHG emissions in line with the target defined by the Group (as indicated in section *1.1.3.1 Strategy, Business Model and Value Chain* of “Consolidated Sustainability Reporting pursuant to Legislative Decree 125/2024”). As of now, the Group has not yet set greenhouse gas (GHG) emission reduction targets aligned with limiting global warming to 1.5°C, in accordance with the Paris Agreement and achieving climate neutrality by 2050. However, the Group will develop a structured emission reduction plan (transition plan) to effectively address climate change, as described in paragraph “2.2.3.1 E1-4 Objectives relating to climate change mitigation and adaptation” of the “Consolidated Sustainability Statement pursuant to Legislative Decree 125/2024”.
  The Group then considered the resilience of the two businesses areas to the transition to electric mobility also in the medium to long term (i.e. for the period after 2028). The Air & Cooling business unit is most affected by the transition to electric mobility; thanks to its specific technical and production skills, this

business unit has the opportunity to respond to the current and future needs of the electric mobility market. The strategic plan foresees a progressive increase in sales for e-mobility with a different trend in the different geographic areas of activity (Europe, Nafta, China).
The Suspensions business unit, which market is independent from the evolution of the driving platform, no impact of the technological innovation risk on the business model in the medium to long term was foreseen.

During 2024, the Group also assessed the possible impacts of the risks referred to technological innovation on the useful life of tangible fixed assets, ruling out the need to make write-downs or other interventions, and found no critical issues. As a result of the analysis performed, no impact on other items of the financial statements (i.e. decommissioning and/or risk provisions) is expected.

Conflicts in Ukraine and the Middle East

For more details, please refer to the section "Impacts of the macroeconomic environment, the conflicts in Ukraine and the Middle East, and the climate change on operations" of the "Report on Operations".

Macroeconomic context

For more details, please refer to the section "Impacts of the macroeconomic environment, the conflicts in Ukraine and the Middle East, and the climate change on operations" of the "Report on Operations".

2.4 Adoption of new accounting standards

IFRS accounting standards, amendments and interpretations applicable since 1 January 2024

The following IFRS accounting standards, amendments and interpretations were first adopted by the Group as from 1 January 2024:

- The standard IFRS 16: *"Leases: Lease Liability in a Sale and Leaseback*" (issued on 22 September 2022). This amendment as at 31 December 2024 did not have any impact on the Sogefi Group's consolidated financial statements.
- Amendments 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). This amendment as at 31 December 2024 did not have any impact on the Sogefi Group's consolidated financial statements. For further information, please refer to paragraph "20. Analysis of the total financial indebtedness".
- Amendments to IAS 7*: "Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements*" (issued on 25 May 2023). This amendment as at 31 December 2024 did not have any impact on the Sogefi Group's consolidated financial statements.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union but not yet mandatory applicable and not early adopted by the Group as at 31 December 2024

The Group has not adopted the following new and amended standards that have been issued but are not yet applicable:

- Amendments to IAS 21: "*Lack of Exchangeability*" (published on 15 August 2023). These amendments are to be applied for financial periods beginning on 1 January 2025.

IFRS and IFRIC accounting standards, amendments and interpretations not yet endorsed by the European Union

At the reference date of this financial report, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below. The directors are currently evaluating the possible effects of the introduction of these changes on the Consolidated Financial Statements of the Group:

- Amendment to IFRS 9 and IFRS 7: *"Classification and Measurement of Financial Instruments"* (issued on 30 May 2024). These amendments are to be applied for financial periods beginning on 1 January 2026.
- Annual improvements to IFRS Accounting Standards - Volume 11 (issued on 18 July 2024). These amendments are to be applied for financial periods beginning on 1 January 2026.
- Amendment to IFRS 9 and IFRS 7: *"Contracts Referencing Nature-dependent Electricity"* (issued on 18 December 2024). These amendments are to be applied for financial periods beginning on 1 January 2026.
- IFRS 18: *"Presentation and Disclosure in Financial Statements"* (issued on 9 April 2024). These amendments are to be applied for financial periods beginning on 1 January 2027.
- IFRS 19: *"Subsidiaries without Public Accountability: Disclosures"* (issued on 9 May 2024). These amendments are to be applied for financial periods beginning on 1 January 2027.

3. FINANCIAL ASSETS

Classification and initial recognition

Trade receivables and debt instruments issued are recognised when they are originated. All other financial assets and liabilities are initially recognised upon trade date, i.e. when the Group becomes a party to the financial instrument.
With the exception of trade receivables that do not contain a significant financing component, financial assets are initially measured at fair value plus or minus, in the case of financial assets or liabilities not measured at fair value recognised through profit or loss for the year (FVTPL), the transaction costs directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade

receivables that do not have a significant financing component are valued at their transaction price.

Subsequent measurement

As provided for by IFRS 9, upon initial recognition, a financial asset is classified according to its valuation: amortised cost; fair value recognised in Other Comprehensive Income (FVOCI) - debt instrument; FVOCI - equity instrument; or at fair value recognised in the profit or loss for the year (FVTPL).
Financial assets are not reclassified after initial recognition, unless the Group changes its business model to manage financial assets. In this case, all affected financial assets concerned are reclassified on the first day of the first reporting period following the change in the business model.
A financial asset must be measured at amortised cost if both of the following conditions are met and it is not designated at FVTPL:
– the financial asset is held within a business model whose objective is to hold the financial assets to collect their contractual cash flows; and
– the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset must be measured at FVOCI if both of the following conditions are met and it is not designated at FVTPL:
– the financial asset is held within a business model whose objective is to collect contractual cash flows and sell financial assets; and
– the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.
At initial recognition of an equity instrument not held for trading, the Group may elect to recognise subsequent changes in fair value in the other comprehensive income. This choice is irrevocable. Such choice is made for each asset.
Any financial assets that are not classified as measured at amortised cost or at FVOCI as indicated above, are measured at FVTPL. All derivative financial instruments are included. At initial recognition, the Group may irrevocably designate a financial asset as measured at fair value through profit or loss if this eliminates or significantly reduces the accounting inconsistency that would otherwise arise from measuring the financial asset at amortised cost or at FVOCI.

Business model assessment

The Group assesses the objective of the business model within which the financial asset is held at portfolio level, as this best reflects how the asset is managed and what information is communicated to management. Such information includes:
– the criteria set out, portfolio objectives and the practical application of those criteria, including, among other things, whether the strategy of corporate management aims to collect interest on the contract, to maintain a specified interest rate profile, to align the life of financial assets with that of related liabilities or is aimed at expected cash flows or to collect cash flows by selling assets;
– how portfolio performance is evaluated and communicated to Group executives with strategic responsibilities;
– the risks that affect the performance of the business model (and of the financial assets held within the business model) and how these risks are managed;

– the method of remuneration of the company's management (for example, whether remuneration is based on the fair value of the assets under management or collected contractual cash flows); and
– the frequency, value and timing of sales of financial assets in previous years, the reasons for selling and the expectations about future sales.
Transfers of financial assets to third parties as part of transactions that do not involve derecognition are not treated as sales for the purposes of business model assessment, in line with the Group's continued recognition of these assets in the financial statements.
Financial assets that meet the definition of financial assets held for trading or whose performance is measured at fair value are measured at FVTPL.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is the fair value of the financial asset at initial recognition, whereas 'interest' is the consideration for the time value of money, for the credit risk associated with the principal amount to be repaid over a given period of time and for other basic risks and costs associated with the loan (for example, liquidity risk and administrative costs), as well as for the profit margin.
In order to determine whether contractual cash flows are solely principal and interest payments, the Group considers the contractual terms of the instrument. It assesses, among other things, whether the financial asset contains a contractual provision that changes the timing or amount of contractual cash flows such that the following condition is not met. For the purposes of this assessment, the Group takes into account:
– contingent events that would change the timing or amount of financial flows;
– clauses that could entail an adjustment of the contractual rate of the coupon, including variable rate elements;
– prepayment and extension elements; and
– clauses limiting the Group's requests for cash flows from specific assets (for example, elements without recourse).
The prepayment element is consistent with the "cash flows that are solely principal and interest payments" criterion when the amount of the prepayment basically represents the principal amount outstanding and interest accrued on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. In addition, in the case of a financial asset acquired at a significant premium or discount on the contractual nominal amount, an element that permits or requires the prepayment of an amount that basically represents the contractual nominal amount plus accrued (yet outstanding) contractual interest (which may include reasonable additional compensation for early termination of the contract) is accounted for in accordance with that criterion if the fair value of the prepayment element is not significant at initial recognition.

B) SEGMENT INFORMATION

4. OPERATING SEGMENTS

In compliance with the provisions of IFRS 8, the following information is provided by operating segments (business segments) and performance indicators that play a key role in the Group's strategic decisions.
The operating segments covered by the Segment Information are the Group’s strategic business sectors, provide different products and are managed separately from a strategic viewpoint.
As the analysis by business segments is given higher priority in the decision-making process, the analysis by geographic areas is limited to the assets and sales.

Business segments

With regard to the business segments, disclosures concerning the two business units: Air & Cooling and Suspensions. Figures for the Parent Company Sogefi S.p.A. and the subsidiary Sogefi Gestion S.A.S. are also provided for the purpose of reconciliation with consolidated values.
Please note that the asset values of the Filtration Business Unit, sold in May 2024, are reported in Note 35 “Profit (loss) from discontinued operations, net of tax effects”.

The tables below provide the Group's income statement and statement of financial position figures for 2024 and 2023:

(in thousands of Euro)	2024					
	Air&Cooling	Suspensions	Filtration	Sogefi S.p.A. / Sogefi Gestion S.A.S.	Adjustments	Sogefi consolidated f/s
TOTAL REVENUES	457,402	564,607	-	20,603	(20,335)	1,022,277
RESULTS						
EBIT	33,379	16,454	29	(3,774)	(423)	45,665
Financial expenses, net						(14,711)
Result before taxes						30,954
Income taxes						(12,982)
NET INCOME (LOSS) OF OPERATING ACTIVITIES						17,972
Net income (loss) from discontinued operations, net of tax effetcs						125,881
NET RESULT INCLUDED THIRD PARTY SHARE						143,853
Profit (loss) from third parties						(2,565)
GROUP NET RESULT						141,288
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	365,708	456,135	-	458,132	(655,683)	624,292
Equity investments in associates	-	-	-	-	-	-
Unallocated assets	-	-	-	-	127,289	127,289
TOTAL ASSETS	365,708	456,135	-	458,132	(528,394)	751,581
LIABILITIES						
Segment liabilities	220,172	285,695	-	163,181	(224,750)	444,298
TOTAL LIABILITIES	220,172	285,695	-	163,181	(224,750)	444,298
OTHER INFORMATION						
Increase in tangible and intangible fixed assets	41,884	31,850	11,412	761	(1,688)	84,219
Depreciation, amortisation and writedowns (reversal of impairment loss)	42,718	33,912	12,940	1,818	1,273	92,661

(in thousands of Euro)	2023					
	Air&Cooling	Suspensions	Filtration	Sogefi S.p.A. / Sogefi Gestion S.A.S.	Adjustments	Sogefi consolidated f/s
TOTAL REVENUES	465,423	574,511	-	24,654	(24,904)	1,039,684
RESULTS						
EBIT	37,350	5,030	-	(10,158)	(6,642)	25,580
Financial expenses, net						(14,817)
Result before taxes						10,763
Income taxes						(4,399)
NET INCOME (LOSS) OF OPERATING ACTIVITIES						6,364
Net income (loss) from discontinued operations, net of tax effetcs						54,559
NET RESULT INCLUDED THIRD PARTY SHARE						60,923
Profit (loss) from third parties						(3,157)
GROUP NET RESULT						57,766
STATEMENT OF FINANCIAL POSITION						
ASSETS						
Segment assets	421,144	492,973	410,145	715,419	(1,022,818)	1,016,863
Equity investments in associates	-	-	-	-	-	-
Unallocated assets	-	-	-	-	128,426	128,426
TOTAL ASSETS	421,144	492,973	410,145	715,419	(894,392)	1,145,289
LIABILITIES						
Segment liabilities	243,979	439,608	302,568	496,909	(625,082)	857,982
TOTAL LIABILITIES	243,979	439,608	302,568	496,909	(625,082)	857,982
OTHER INFORMATION						
Increase in tangible and intangible fixed assets	37,426	31,591	28,485	694	(3,522)	94,674
Depreciation, amortisation and writedowns (reversal of impairment loss)	39,977	40,511	32,982	(3,278)	10,769	120,961

Adjustments to "Intersegment sales" mainly refer to services provided by the Parent Company Sogefi S.p.A. and by subsidiary Sogefi Gestion S.A.S. to other Group companies (see note 39 "Related party transactions" for further details on the nature of the services provided). This item also includes intersegment sales between the business units. Intersegment transactions are conducted according to the Group's transfer pricing policy.

In the Statement of Consolidated Financial Position, the adjustments to the item "Segment assets" refer to the consolidation entry of investments in subsidiaries and intercompany receivables.
Adjustments to "Unallocated assets" mainly include the goodwill and the fixed assets revaluations resulting from the acquisitions of: the Allevard Ressorts Automobile Group, Sogefi Rejna S.p.A., the Systemes Moteurs Group and the company ATN Molds & Parts S.A.S..
"Depreciation, amortization and writedowns" include writedowns of tangible (Euro 1,385 thousand) and intangible fixed assets (Euro 105 thousand) for the most part relating to Air&Cooling Business Unit.

Information on the main customers

Revenues from sales to third parties as of 31 December 2024 accounting for over 10% of Group revenues are shown in the following table:

(in thousands of Euro)	2024			
Group	Group		BU Air&Cool.	BU Suspensions
	Amount	*%*		
Stellantis	178,679	17.5	89,283	89,396
GM	134,768	13.2	121,024	13,744
Daimler	127,680	12.5	23,478	171,887
Ford	114,025	11.2	88,213	25,812

Revenues from sales to third parties as of 31 December 2023 accounting for over 10% of Group revenues are shown in the following table:

(in thousands of Euro)	2023			
Group	Group		BU Air&Cool.	BU Suspensions
	Amount	*%*		
Stellantis	194,164	18.7	89,086	105,078
GM	148,579	14.3	135,116	13,463
Daimler	139,376	13.4	15,395	123,981
Ford	112,348	10.8	89,467	22,881

Information on geographic areas

The breakdown of revenues by geographical area is analysed in the Directors' Report and in Note 21 "Sales Revenues".

The following table shows a breakdown of total assets by geographical area of origin:

(in thousands of Euro)	2023					
	Europe	South America	North America	Asia	Adjustments	Sogefi consolida-ted f/s
TOTAL ASSETS	1,636,735	50,856	171,538	174,821	(888,661)	1,145,289

(in thousands of Euro)	2024					
	Europe	South America	North America	Asia	Adjustments	Sogefi consolida-ted f/s
TOTAL ASSETS	962,309	60,488	144,598	134,008	(549,822)	751,581

C) NOTES ON THE MAIN INCOME STATEMENT ITEMS: STATEMENT OF FINANCIAL POSITION

C 1) ASSETS

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amount to Euro 57,327 thousand versus Euro 78,185 thousand as at 31 December 2023 and break down as follows:

(in thousands of Euro)	12.31.2024	12.31.2023
Short-term cash investments	57,327	78,185
Cash on hand	-	-
TOTAL	57,327	78,185

“Short-term cash investments” earn interest at a floating rate.

For further details, please refer to the “Analysis of the total financial indebtedness” in Note 20 and to the Consolidated Cash Flow Statement included in the financial statements.

As of 31 December 2024, the Group has unused lines of credit for the amount of Euro 217,166 thousand. These funds are available for use on demand, because the conditions required for their availability are met.

As at 31 December 2024, the increase of cash and cash equivalents was equal to Euro 136 thousand.

6. OTHER FINANCIAL ASSETS

“Other financial assets” can be broken down as follows:

(in thousands of Euro)	12.31.2024	12.31.2023
Other current financial assets valued at amortized cost	2,244	1,161
Financial receivables	4,624	3,966
Assets for derivative financial instruments	-	9
TOTAL	6,868	5,136

Financial receivables mainly refer to financial instruments issued by leading Chinese banks, at the request of some customers, as payment for supplies made by the Chinese subsidiaries.
The item “Other current financial assets valued at amortized cost” amounted to Euro 2,244 thousand compared to Euro 1,161 thousand in the previous year and refers to investments made by the Argentine subsidiary Sogefi Suspension Argentina S.A. in dollar-linked bond instruments to mitigate the effects of the devaluation of the local currency.
“Assets for derivative financial instruments” amounted to Euro 0 compared to Euro 9 thousand in the previous year. Further details can be found in the analysis of financial instruments contained in Note 38 “Financial instruments and financial risk management”.

7. INVENTORIES

The breakdown of inventories is as follows:

(in thousands of Euro)	12.31.2024 *Gross*	*Write-downs*	*Net*	12.31.2023 *Gross*	*Write-downs*	*Net*
Raw, ancillary and consumable materials	50,063	3,824	46,239	76,991	4,793	72,198
Work in progress and semi-finished products	15,414	467	14,947	19,896	936	18,960
Finished goods and goods for resale	26,779	2,847	23,932	52,500	5,427	47,073
TOTAL	92,256	7,138	85,118	149,387	11,156	138,231

The gross value of inventories amounted to Euro 92,256 thousand and decreased by Euro 57,131 thousand compared to the previous year, mainly due to the sale of the Filtration Business Unit in May 2024, whose gross value of inventories as at 31 December 2023 was Euro 60,101 thousand.

Writedowns consist for the most part of accruals for raw materials that can no longer be used for current production and for obsolete or slow-moving finished goods, goods for resale and ancillary materials. The decrease in the provisions by Euro 4,018 thousand reflects the sail of the Filtration Business Unit which took place in May 2024 for Euro 5,753 thousand, the positive exchange rate effect for Euro 37 thousand, and products scrapped during the year (Euro 696 thousand) partly offset by Euro 2,394 thousand of new provisions.

8. TRADE AND OTHER RECEIVABLES

Current receivables break down as follows:

(in thousands of Euro)	12.31.2024	12.31.2023
Trade receivables	88,738	166,900
Of which:		
due to Parent Company	4,456	3,623
due to trade receivables	*86,889*	*167,426*
allowance for bad debts	*(2,607)*	*(4,149)*
Trade receivables, net	84,282	163,277
Tax receivables	29,531	28,101
Other receivables	14,901	13,408
Other assets	2,799	3,357
TOTAL	135,969	211,766

“Trade and other receivables” amounted to Euro 135,969 thousand as at 31 December 2024 compared to Euro 211,766 thousand at 31 December 2023 (of which Euro 83,140 thousand relating to the Filtration Business Unit).

It should be noted that as at 31 December 2024, the Group factored trade receivables for Euro 48,752 thousand (Euro 91,165 thousand as at 31 December 2023, of which Euro 35,390 thousand referred to the Filtration Business Unit), including an amount of Euro 41,467 thousand which was not notified (Euro 66,519 thousand as at 31 December 2023) and for which the Group continues to manage collection services. The risks and benefits related to these receivables have been transferred to the factor; therefore these receivables have been derecognised in the Statement of Consolidated Financial Position debiting the consideration received from the factoring company.
Excluding the factoring transactions (Euro 48,752 thousand as at 31 December 2024 and Euro 91,165 thousand as at 31 December 2023) and the positive effect of exchange rates (Euro 356 thousand), net trade receivables show a decrease of Euro 121,764 thousand mainly due to the sale of the Filtration business unit.

Further adjustments were booked to "Allowance for doubtful accounts" during the year for a total of Euro 922 thousand, against net utilisations of the allowance for the amount of Euro 670 thousand and Euro 1,856 thousand relating to the companies of the Filtration Business Unit sold in May 2024 and therefore no longer included in the consolidation scope (see Note 38 "Financial instruments and financial risk management" for details).Writedowns, net of provisions not used during the period, were charged to Consolidated Income Statement under the item "Variable cost of sales – Variable sales and distribution costs".
Please note that the Allowance for doubtful accounts as at 31 December 2024 includes Euro 305 thousand reflecting losses on receivables recognised upon adoption of IFRS 9 (Euro 682 thousand at 31 December 2023).

"Due from Parent Company" as at 31 December 2024 is the amount receivable from the Parent Company CIR S.p.A. arising from the participation in the Group tax filing system on the part of the Italian companies of the Group. Outstanding receivables as at 31 December 2023 (totalling Euro 3,623 thousand) collected in 2024 amounted to Euro 2,725 thousand.
See chapter F "Related party transactions" for the terms and conditions governing these receivables from CIR S.p.A.

"Tax assets" as at 31 December 2024 include tax credits due to the Group companies by the tax authorities of the various countries.
It does not include deferred taxes which are treated separately.

"Other receivables" are made up as follows:

(in thousands of Euro)	12.31.2024	12.31.2023
Amounts due from social security institutions	153	117
Amounts due from employees	71	124
Advances to suppliers	5,602	4,286
Due from others	9,075	8,881
TOTAL	14,901	13,408

Receivables due from others include the amount of Euro 4,932 thousand of the consideration for the sale of the Suspension business in Mexico, in relation to which reference is made to Note 18 of liabilities ("Current funds, Non-current funds and Other payables") and other receivables.

The item "Other assets" mainly includes accrued income and prepayments on insurance premiums, indirect taxes relating to buildings and on costs incurred for sales activities.

9. LAND, PROPERTY, PLANT AND EQUIPMENT, OTHER TANGIBLE FIXED ASSETS AND RIGHTS OF USE

The net carrying amount of tangible fixed assets as of 31 December 2024 amounted to Euro 326,642 thousand versus Euro 434,547 thousand at the end of the previous year and breaks down as follows:

(in thousands of Euro)	2024							
	Land	*Buildings, plant and machinery, commercial and industrial equipment*	*Other assets*	*Assets under construction and payments on account*	*Tooling*	*Tooling under construction*	*Right of use / finance leases IAS 17*	*TOTAL*
Balance at December 31, 2023								
Historical cost	10,199	951,918	33,203	39,604	215,715	36,499	115,762	1,402,900
Accumulated depreciation	444	720,776	26,990	651	163,065	357	56,070	968,353
Net value	9,755	231,142	6,213	38,953	52,650	36,142	59,692	434,547
Additions of the period	-	10,513	913	36,032	3,287	19,475	7,840	78,060
Disposals/reductions during the period	-	(243)	(3)	-	(185)	-	(1,214)	(1,645)
Exchange differences	56	641	(108)	(165)	291	96	914	1,725
Depreciation for the period	-	(37,597)	(1,821)	-	(23,428)	-	(9,149)	(71,995)
(Writedowns) / revaluations during the period	-	(1,278)	(12)	-	-	(78)	-	(1,368)
Variation of consolidation perimeter	(6,068)	(39,001)	(1,891)	(30,754)	(4,516)	(18,215)	(17,183)	(117,628)
Other changes	(2)	8,638	722	(5,557)	4,913	(4,648)	880	4,946
Balance at December 31, 2024	3,741	172,815	4,013	38,509	33,012	32,772	41,780	326,642
Historical cost	4,185	662,916	22,948	38,839	162,857	33,113	92,209	1,017,067
Accumulated depreciation	444	490,101	18,935	330	129,845	341	50,429	690,425
Net value	3,741	172,815	4,013	38,509	33,012	32,772	41,780	326,642

(in thousands of Euro)	2023							
	Land	*Buildings, plant and machinery, commercial and industrial equipment*	*Other assets*	*Assets under construction and payments on account*	*Tooling*	*Tooling under construction*	*Right of use / finance leases IAS 17*	*TOTAL*
Balance at December 31, 2022								
Historical cost	10,190	940,918	33,942	45,515	215,808	34,656	121,966	1,402,995
Accumulated depreciation	444	715,328	27,689	651	153,000	97	56,136	953,345
Net value	9,746	225,590	6,253	44,864	62,808	34,559	65,830	449,650
Additions of the period	-	11,990	1,448	42,786	1,249	22,952	9,666	90,091
Disposals/reductions during the period	-	(978)	(2)	(659)	(249)	-	(3,877)	(5,765)
Exchange differences	9	(3,740)	(1,095)	(1,392)	(1,389)	(1,471)	(1,455)	(10,533)
Depreciation for the period	-	(46,065)	(1,993)	-	(27,958)	-	(11,188)	(87,204)
(Writedowns) / revaluations during the period	-	(386)	(2)	-	(158)	(1,387)	(156)	(2,089)
Variation of consolidation perimeter	-	(2,251)	11	-	(812)	-	529	(2,523)
Other changes	-	46,982	1,593	(46,646)	19,159	(18,511)	343	2,920
Balance at December 31, 2023	9,755	231,142	6,213	38,953	52,650	36,142	59,692	434,547
Historical cost	10,199	951,918	33,203	39,604	215,715	36,499	115,762	1,402,900
Accumulated depreciation	444	720,776	26,990	651	163,065	357	56,070	968,353
Net value	9,755	231,142	6,213	38,953	52,650	36,142	59,692	434,547

Investments during the year amounted to Euro 78,060 thousand compared to Euro 90,091 thousand in the previous year; of which Euro 20,647 thousand related to tooling, Euro 6,475 thousand related to rights of use, Euro 41,064 thousand related to other investments, and Euro 9,874 thousand related to the Filtration Business Unit. Other investments include Euro 2,063 thousand for the new plant in Romania, Euro 13,245 thousand for the development of new products, including products for electric vehicles, Euro 2,711 thousand for the improvement of production efficiency, and Euro 23,045 thousand for miscellaneous investments, including investments to increase production capacity, replace machinery, and investments in health and safety.

Divestments/reductions for the year amount to Euro 1,645 thousand, compared to Euro 5,765 thousand for the previous year, and refer mainly to the category "Rights of use" for the early termination of certain office rental contracts.

Depreciation and amortisation for the period amounted to Euro 71,995 thousand: of these, Euro 60,912 thousand are recorded in the specific item of the Consolidated Income Statement "Depreciation and amortization" and Euro 11,083 thousand in the item "Income (loss) from discontinued operations, net of tax effects" (please refer to Note 35 for further details).
Line item "(Writedowns)/revaluations during the period" totalled Euro 1,368 thousand and mainly relates to the subsidiary Sogefi Air & Cooling S.A.S. for the write-down of a building.
Impairment losses, net of reversals, were recorded, for Euro 1,385 thousand, among the "Other non-operating expenses (income)" and in the item "Income (loss) from discontinued operations, net of tax effects" in the amount of Euro 17 thousand.

The item "Variation of consolidation perimeter" refers to the exclusion, in May 2024, from the scope of consolidation of the companies of the Filtration Business Unit.

"Other changes" refer to the completion of projects that were under way at the end of the previous year and their reclassification under the pertinent items. The item also includes the revaluation of the tangible fixed assets of the Argentine subsidiary as a result of the application of IAS 29.

The balance of "Assets under construction and payments on account" as at 31 December 2024 includes Euro 121 thousand of advances for investments.

No interest costs were capitalised to "Tangible fixed assets" during the year 2024.

Guarantees
For information on the guarantees, see Note 41 "Guarantees given".

Purchase commitments
For information on commitments, please refer to Note 41 "Guarantees given".

Rights of use

The net carrying amount of rights of use as of 31 December 2024 amounted to Euro 41,780 thousand versus Euro 59,692 thousand at 31 December 2023 and breaks down as follows:

(in thousands of Euro)	2024					
	Industrial Buildings	*Other buildings*	*Plant and machinary*	*Commercial and industrial equipment*	*Other assets*	*TOTAL*
Balance at December 31, 2023						
Historical cost	86,974	8,911	8,245	901	10,731	115,762
Accumulated depreciation	38,508	3,777	8,113	551	5,121	56,070
Net value	48,466	5,134	132	350	5,610	59,692
Additions of the period	3,496	797	165	-	3,382	7,840
Disposals/reductions during the period	(100)	(820)	-	-	(295)	(1,215)
Exchange differences	924	34	-	-	(42)	916
Depreciation for the period	(6,154)	(734)	(47)	(126)	(2,090)	(9,151)
Change in the scope of consolidation	(12,873)	(2,620)	(92)	(63)	(1,534)	(17,182)
Other changes	600	-	-	3	277	880
Balance at December 31, 2024	34,359	1,791	158	164	5,308	41,780
Historical cost	68,316	4,708	8,581	724	9,885	92,214
Accumulated depreciation	33,957	2,917	8,423	560	4,577	50,434
Net value	34,359	1,791	158	164	5,308	41,780

(in thousands of Euro)	2023					
	Industrial Buildings	*Other buildings*	*Plant and machinary*	*Commercial and industrial equipment*	*Other assets*	*TOTAL*
Balance at December 31, 2022						
Historical cost	90,202	11,664	8,590	943	10,567	121,966
Accumulated depreciation	36,127	6,196	8,173	518	5,122	56,136
Net value	54,075	5,468	417	425	5,445	65,830
Additions of the period	2,969	4,140	1	25	2,531	9,666
Disposals/reductions during the period	(865)	(2,854)	(37)	(4)	(117)	(3,877)
Exchange differences	(1,053)	(24)	(2)	-	(376)	(1,455)
Depreciation for the period	(7,267)	(1,414)	(247)	(96)	(2,164)	(11,188)
(Writedowns)/revaluations during the period	-	(154)	-	-	(2)	(156)
Variation of consolidation perimeter	529	-	-	-	-	529
Other changes	78	(28)	-	-	293	343
Balance at December 31, 2023	48,466	5,134	132	350	5,610	59,692
Historical cost	86,974	8,911	8,245	901	10,731	115,762
Accumulated depreciation	38,508	3,777	8,113	551	5,121	56,070
Net value	48,466	5,134	132	350	5,610	59,692

The increases for the period amount to Euro 7,840 thousand and mainly refer to the “Other property”, “Industrial property” categories, for renewal and execution of new contracts, and “Other assets” category. The increases concerned in particular the subsidiaries Sogefi Suspension Argentina S.A., Sogefi Suspensions S.A., Sogefi HD Suspensions Germany Gmbh and Sogefi Gestion S.A.S..

The decreases for the period, amounting to Euro 1,215 thousand, are attributable to the early termination of contracts.

Depreciation and amortisation for the period amounted to Euro 9,151 thousand: of these, Euro 7,490 thousand are recorded in the specific item of the Consolidated Income Statement and Euro 1,661 thousand in the item “Income (loss) from discontinued operations, net of tax effects” (please refer to Note 35 for further details).

The item “Variation of consolidation perimeter” refers to the exclusion, in May 2024, from the scope of consolidation of the companies of the Filtration Business Unit.

10. INTANGIBLE ASSETS

The net balance as at 31 December 2024 was Euro 106,465 thousand versus Euro 203,371 thousand at the end of the previous year, and breaks down as follows:

(in thousands of Euro)	2024						
	Development costs	*Industrial patents and intellectual property rights, concessions, licences and trademarks*	*Other, assets under construction and payments on account*	*Customer Relationship*	*Trade name Systemes Moteurs*	*Goodwill*	*TOTAL*
Balance at December 31, 2023							
Historical cost	219,195	67,758	12,332	20,488	8,438	152,016	480,227
Accumulated amortization	169,909	55,864	5,461	12,288	5,395	27,939	276,856
Net value	49,286	11,894	6,871	8,200	3,043	124,077	203,371
Additions of the period	9,213	1,700	3,086	-	-	-	13,999
Disposals/reductions during the period, net	(190)	-	-	-	-	-	(190)
Exchange differences	225	32	(82)	-	-	-	175
Amortization for the period	(16,681)	(966)	(339)	(990)	(435)	-	(19,411)
(Writedowns) / revaluations during the period	434	(2,225)	(39)	-	-	-	(1,830)
Variation of consolidation perimeter	(7,189)	(127)	(6,687)	-	-	(77,030)	(91,033)
Other changes	2,530	27	(1,173)	1	-	-	1,385
Balance at December 31, 2024	37,628	10,334	1,637	7,211	2,608	47,047	106,465
Historical cost	150,464	60,930	6,050	20,488	8,437	61,405	307,774
Accumulated amortization	112,836	50,596	4,413	13,277	5,829	14,358	201,309
Net value	37,628	10,334	1,637	7,211	2,608	47,047	106,465

(in thousands of Euro)	2023						
	Development costs	*Industrial patents and intellectual property rights, concessions, licences and trademarks*	*Other, assets under construction and payments on account*	*Customer Relationship*	*Trade name Systemes Moteurs*	*Goodwill*	*TOTAL*
Balance at December 31, 2022							
Historical cost	246,746	68,557	15,067	19,214	8,437	149,537	507,558
Accumulated amortization	188,450	51,439	5,241	11,298	4,960	27,939	289,327
Net value	58,296	17,118	9,826	7,916	3,477	121,598	218,231
Additions of the period	6,507	114	7,628	1,274	-	2,479	18,002
Disposals/reductions during the period, net	-	-	-	-	-	-	-
Exchange differences	(1,220)	(70)	(393)	-	-	-	(1,683)
Amortization for the period	(22,079)	(2,527)	(245)	(990)	(434)	-	(26,275)
(Writedowns) / revaluations during the period	(2,203)	(2,945)	(245)	-	-	-	(5,393)
Variation of consolidation perimeter	-	(150)	-	-	-	-	(150)
Other changes	9,985	354	(9,700)	-	-	-	639
Balance at December 31, 2023	49,286	11,894	6,871	8,200	3,043	124,077	203,371
Historical cost	219,195	67,758	12,332	20,488	8,438	152,016	480,227
Accumulated amortization	169,909	55,864	5,461	12,288	5,395	27,939	276,856
Net value	49,286	11,894	6,871	8,200	3,043	124,077	203,371

Investments during the year amounted to Euro 13,999 thousand. Increases in “Other, assets under construction and payments on account”, for the amount of Euro 3,086 thousand, refer mainly to a large number of investments in the development and implementation of the new products not yet ready for use. The largest development costs were recorded in the European subsidiaries, especially Sogefi Air & Cooling S.A.S. and Iberica de Suspensiones S.L. (ISSA).

The increases in “Development costs” refer to the capitalisation of costs incurred by Group companies to develop new products in collaboration with leading motor vehicle manufacturers (after obtaining the nomination letter from the customer). The most significant investments related to the North American and Chinese subsidiaries.

Item “Customer relationship” amounts to Euro 7,211 thousand and represents the value of the Systèmes Moteurs Group’s customer portfolio at the acquisition date as determined during the Purchase Price Allocation process (2011) and the value of ATN Molds and Parts S.A.S.’s customer portfolio at the acquisition date (2023). This item is amortised over a period of approximately 19 years.

Item “Trade name Systèmes Moteurs” amounts to Euro 2,608 thousand and represents the value of the trade name “Systèmes Moteurs” at the acquisition date as determined during the Purchase Price Allocation process (2011). This item is amortised over a period of approximately 19 years.

The reduction in Goodwill, in the amount of Euro 77,030 thousand, refers to the Goodwill of the Filtration Division, already allocated to the division itself in previous years, which was sold in the first half of 2024.

Depreciation and amortisation for the period amounted to Euro 19,411 thousand: of these, Euro 17,219 thousand are recorded in the specific item of the Consolidated Income Statement and Euro 2,192 in the item “Income (loss) from discontinued operations, net of tax effects” (please refer to Note 35 for further details).

The item “(Writedowns)/revaluations during the period” amounting to Euro 1,830 thousand refers mainly to the impairment loss booked by the Parent Company Sogefi S.p.A. mainly due to the disposal of assets group ERP allocated to the companies of the Filtration Business Unit.
The amount was recorded among the “Other non-operating expenses (income)” in the positive amount (revaluation) of Euro 105 thousand and in the item “Income (loss) from discontinued operations, net of tax effects” for a negative amount of Euro 1,725 thousand.

The item “Variation of consolidation perimeter” refers to the exclusion, in May 2024, from the scope of consolidation of the companies of the Filtration Business Unit.

The item does not include advances to suppliers for the purchase of fixed assets.

“Development costs” and “Other assets under construction and payments on account” principally include costs generated internally, whereas “Industrial patents and intellectual property rights, concessions, licences and trademarks” consist of factors that are acquired externally for the most part.

There are no intangible assets with an indefinite useful life except for goodwill.

Goodwill and impairment test

Goodwill is not amortised, but subjected each year to impairment test.

The Company identified four Cash Generating Units (CGUs):
- air & cooling
- car suspension
- industrial vehicle suspension
- precision springs

For the moment, it is possible to identify goodwill deriving from external acquisitions in two CGUs: Air&Cooling and Car Suspension.

The specific goodwill of the Air & Cooling CGU amounts to Euro 35,039 thousand; and the goodwill of the Car Suspension CGU amounted to Euro 12,007 thousand.
Impairment tests have been carried out in accordance with the procedure laid down in IAS 36 to check whether there have been any losses in the value of this goodwill, by comparing the book value of the individual CGUs with their value in use, given by the present value of estimated future cash flows that are expected to result from the continuing use of the asset being tested for impairment.
The Discounted Cash Flow Unlevered method was used; the criteria used were approved by the Board of Directors on 27 January 2025. The Group took into account the expected performance as determined based on the budget for 2025 for the period under consideration and the forecasts included in the 2025-2028 strategic plan (adjusted to eliminate any estimated benefits from future projects and reorganisations on a precautionary basis) and the 2025-2028 projections (which are a derivation of the 2025-2028 strategic plan) for the CGU Car Suspension. The 2025 budget, the 2025-2028 strategic plan and the 2025-2028 projections of future cash flows for the Car Suspension CGU were approved by the Board of Directors on 13 December 2024, 27 January 2025 and 28 February 2025, respectively.
Budget and strategic plan were prepared taking into account forecasts for the automotive industry made by major sources in the industry.
See the section “Estimates and Critical Assumptions” for a description of how climate-related issues influence the determination of recoverable amount.

It should be noted that the impairment test prepared by the Company underwent methodological control by a leading consulting firm.

A discount rate of 9.35% (10.01% in 2023), which reflects the weighted average cost of capital, was used after taxation. The same discount rate is used for both CGUs. As a matter of fact, the two CGUs operate in the same sector and deal with the same kind of customers, and it is estimated that they are exposed to the same risks.

The terminal value was calculated using the “perpetual annuity” approach, assuming a growth rate (“g-rate”) of 2.29% (2.37% in 2023) (based on long-term inflation estimates for the reference countries weighted by revenues) and considering an operating cash flow based on the last year of the forecast, adjusted to project a stable situation “in perpetuity”, based on the following main assumptions:

- consider a level of investment necessary to “maintain” the business (for the purposes of balancing investment and depreciation/amortisation);
- change in working capital equal to zero.

As regards the average cost of capital, we calculated a weighted average of the cost of debt (taking into consideration the benchmark interest rates plus a spread) and the Company’s own cost of capital, based on parameters for a group of firms operating in the European car components sector which are considered by the leading industry analysts to be Sogefi’s peers.
The values used to calculate the average cost of capital (extrapolated from the main financial sources) are as follows:

- financial structure of the industry: 32.2%;
- levered beta of the industry: 1.09;
- risk-free rate: 5.18% (6 month average of risk-free rates of 10 year sovereign debt of the key markets in which the Group operates, weighted by revenues);
- risk premium: 5.50% (risk associated with AAA-rated countries calculated by an independent source);
- specific risk: 1.24% additional premium, calculated by an independent source, for the risk connected with small caps;
- net debt cost: 2.94%

As far as the sensitivity analysis goes, it should be noted that:
- the impairment test reached the break-even point at the following discounting rates (growth rate of terminal value remaining unchanged at 2.29% and all other plan assumptions being equal): 20.0% for Air & cooling C.G.U. and 13.0% for Car Suspension CGU;
- the impairment test reached break-even point with a significant reduction in EBIT during the explicit period covered by the plan that was also applied to terminal value (all other plan assumptions being equal): -61.4% for Air & cooling C.G.U. and -34.6% for Car Suspension CGU;
- the impairment test reached break-even point at the following growth rates (“g-rate”) of the terminal value (all other plan assumptions being equal): -16.6% for Air & cooling C.G.U. and -2.7% for Car Suspension CGU.

In addition, the Company has developed combined sensitivity analyses on the main parameters of the impairment test calculation (discount rate and “g-rate”); no elements indicative of lasting losses of value emerged from said sensitivity analyses.

The test based on the present value of the estimated future cash flows turns out a value in use of the CGUs Car Suspension and Air & Cooling that exceeds their carrying value, so no writedown has been posted.

11. OTHER FINANCIAL ASSETS

As at 31 December 2024, they amounted to Euro 4,358 thousand, compared with Euro 6,818 thousand in the previous year.

(in thousands of Euro)	12.31.2024	12.31.2023
Other financial assets available for sale	3	47
Other non-current financial assets valued at amortized cost	4,355	6,771
TOTAL	4,358	6,818

The item “Other non-current financial assets measured at amortised cost” amounted to Euro 4,355 thousand (Euro 6,771 thousand as of 31 December 2023) and refers to investments made by the Argentine subsidiary Sogefi Suspension Argentina S.A. in dollar-linked bond instruments to mitigate the effects of the devaluation of the local currency.

12. *FINANCIAL RECEIVABLES AND OTHER NON-CURRENT RECEIVABLES*

Non-current financial receivables amounted to Euro 0 compared to Euro 2,761 thousand at the end of the previous year. At 31 December 2023, the item included the fair value of the interest rate swap hedging contracts, which were early terminated in June 2024 following the early repayment of the underlying loan. Further details can be found in Note 38 “Financial instruments and financial risk management”.

“Other non-current receivables” break down as follows:

(in thousands of Euro)	12.31.2024	12.31.2023
Surplus pension funds	-	6,694
Other receivables	5,144	24,771
TOTAL	5,144	31,465

The pension fund surplus as at 31 December 2023 relates to the subsidiary Sogefi Filtration Ltd., which was sold on 31 May 2024. For further details, please refer to Note 18 “Current provisions, Non-current provisions and Other payables”.

The item “Other receivables” amounted to Euro 5,144 thousand (Euro 24,771 thousand as at 31 December 2023 of which Euro 5,002 thousand related to the Filtration Business Unit) and includes tax credits,other assets and non-interest bearing guarantee deposits for leased properties.

13. *DEFERRED TAX ASSETS AND LIABILITIES*

The net balance of deferred tax assets and deferred tax liabilities as at 31 December 2024 can be broken down as follows:

(in thousands of Euro)	12.31.2024	12.31.2023
Deferred tax assets	23,690	33,009
Deferred tax liabilities	(18,961)	(23,344)
TOTAL	4,729	9,665

The following details of deferred tax assets and liabilities are provided in light of the IAS/IFRS disclosure requirements.

(in thousands of Euro)	12.31.2024		12.31.2023	
	Amount of temporary differences	Tax effect	Amount of temporary differences	Tax effect
Deferred tax assets:				
Allowance for doubtful accounts	808	130	1,818	384
Fixed assets amortisation/writedowns	29,277	7,458	38,926	9,671
Inventory writedowns	1,908	507	4,993	1,378
Other provisions - Other payables	13,081	2,988	17,496	4,592
IFRS15	12,806	3,981	17,392	4,950
IFRS16	4,113	812	4,732	982
Other	10,672	2,667	15,768	4,224
Deferred tax assets for tax losses	23,607	5,246	43,580	10,011
Compensation	(1,045)	(99)	(12,582)	(3,183)
TOTAL	95,227	23,690	132,123	33,009
Deferred tax liabilities:				
Accelerated/excess depreciation and amortisation	64,222	11,620	77,158	15,938
Difference in inventory valuation methods	1,501	498	2,182	731
Capitalisation of R&D costs	14,009	2,755	22,215	4,889
Fair value of derivative instruments	-	-	2,747	659
Other	16,085	4,187	19,395	4,310
Compensation	(1,045)	(99)	(12,582)	(3,183)
TOTAL	94,772	18,961	111,115	23,344
Deferred tax assets (liabilities) net		4,729		9,664
Temporary differences excluded from the calculation of deferred tax assets (liabilities):				
Tax losses carried forward	114,192	25,554	111,595	21,913

The tax effect has been calculated on the basis of the rates applicable in the various countries, which are in line with those of the previous year.

The decrease in “Deferred tax assets (liabilities), net” compared to 31 December 2023 amounts to Euro 4,936 thousand and differs by Euro -5,152 thousand from the amount shown in the Income Statement under “Income taxes – Deferred tax liabilities (assets)” (Euro 216 thousand) due to:

- movements in Balance sheet items that did not have any effect on the income statement and therefore the related positive tax effect amounting to Euro 371 thousand has been accounted for as Other comprehensive income (expenses): positive effect of the fair value of derivatives designated as cash flow hedges was Euro 659 thousand; negative effect of actuarial gains/losses arising from the adoption of the IAS 19 was Euro 288 thousand;
- movements in Balance sheet items that did not have any effect on the income statement and therefore the related tax effect was reclassified to other items in the Balance Sheet and Financial Position: reclassification from deferred tax assets to receivables from the parent company CIR of Euro 4,050 thousand relating to previous tax losses of the Parent Company Sogefi S.p.A. reported in the tax consolidation;
- a negative effect of Euro 1,525 thousand relating to the companies of the Filtration Business Unit that left the consolidation scope in May 2024;
- a positive effect of Euro 702 thousand following the adoption of IAS29;
- exchange differences with a negative amount of Euro 643 thousand;
- other negative effects for the amount of Euro 7 thousand.

The decrease in the tax effect relating to item "Other provisions - Other payables" mostly originates from the sale of the companies of the Filtration business unit.

Item "Other" of deferred tax assets includes various types of items, such as for example costs for which tax deduction is deferred (for example, amounts allocated to remuneration accrued in 2024 not yet paid).

"Deferred tax assets for tax losses" amount to Euro 5,246 thousand, mainly refer to Sogefi HD Suspensions Germany GmbH (Euro 2,343 thousand, unchanged from 31 December 2023), Sogefi Engine Systems Mexico S. de R.L. de C.V. (Euro 2,431 thousand as at 31 December 2024 compared to Euro 2,285 thousand as at 31 December 2023), and Sogefi Air & Cooling USA, Inc., for Euro 472 thousand (Euro 223 thousand as at 31 December 2023). These taxes were recognised because it is believed to be probable that taxable income will be available in the future against which such tax losses can be utilised.
Such probability is determined based on the fact that losses have originated under extraordinary circumstances that are unlikely to occur again, such as restructuring plans currently under way or occurred in the past. With reference to the tax losses of the Parent Company Sogefi S.p.A. outstanding as at 31 December 2023 for Euro 4,050 thousand, it should be noted that the related taxes have been reclassified to receivables due from the Holding Company CIR as their payment is expected in June 2025 as part of the tax filing system of the CIR Group.
The losses of the German subsidiaries can be carried forward indefinitely to cover possible future profits without time limits; with reference to the amount that can be used annually, there are no limitations for the use of losses reported below one million euros, while for those above this threshold there is an annual limit equal to 70% of the income. Losses of the Mexican subsidiary can be carried forward for a period of 5 years but there are no limitations on their use. Losses of the US subsidiary relating to taxation at the federal level can be carried forward indefinitely but the amount that can be used is limited to 80% of the income; with reference to taxation at the state level (state of Michigan), losses can be carried forward for a period of 10 years but there are no limitations on their use.

Note that the deferred tax assets relating to the "Allowance for doubtful accounts" and to the "Inventory writedowns" include amounts that will mainly be reversed in the twelve months following year end.

Column "Tax effect" of item "Other" of deferred tax liabilities includes:

- Euro 2,574 thousand relating to the taxed portion of dividends expected to be paid to the French subsidiaries and the Parent Company Sogefi S.p.A. in the short term;
- Euro 352 thousand relating to deferred tax liabilities generated by the application of IFRS 15;
- Euro 1,261 thousand relating to other headings, mainly referred to the subsidiary Sogefi Suspension Brasil Ltda.

As regards the figures shown under "Temporary differences excluded from the calculation of deferred tax assets (liabilities)", deferred tax assets were not booked as, at year end, there was not a probability that they would be recovered. "Tax losses carried forward" mainly relate to subsidiaries Sogefi Suspensions S.A., S.ARA

Composite S.A.S., Sogefi Suspensions Eastern Europe S.R.L., Sogefi HD Suspensions Germany GmbH and Sogefi ADM Suspensions Private Limited. The increase in the item compared to the previous financial year is mainly due to the losses for 2024 financial year of the subsidiaries Sogefi Suspensions Eastern Europe S.R.L and Sogefi HD Suspensions Germany Gmbh

14. ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY RELATED TO ASSETS HELD FOR SALE

As at 31 December 2024 and 2023, this item amounts to zero.

C 2) LIABILITIES AND EQUITY

15. FINANCIAL DEBTS TO BANKS AND OTHER FINANCING CREDITORS

These break down as follows:

Current portion

(in thousands of Euro)	12.31.2024	12.31.2023
Bank overdrafts and short-term loans	326	659
Current portion of medium/long-term financial debts and other loans	13,297	63,280
Short-term financial debts for right of use	9,858	12,689
TOTAL SHORT-TERM FINANCIAL DEBTS	23,481	76,628
Other short-term liabilities for derivative financial instruments	12	2
TOTAL SHORT-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	23,493	76,630

Non-current portion

(in thousands of Euro)	12.31.2024	12.31.2023
Financial debts to banks	64,014	184,437
Non current portion of medium/long-term financial debts and other loans	407	45,196
Medium/long-term financial debts for right of use	35,635	52,715
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS	100,056	282,348
Other medium/long-term liabilities for derivative financial instruments	-	-
TOTAL MEDIUM/LONG-TERM FINANCIAL DEBTS AND DERIVATIVE FINANCIAL INSTRUMENTS	100,056	282,348

Bank overdrafts and short-term loans

For further details, please refer to the Analysis of the financial indebtedness in Note 20 and to the Consolidated Cash Flow Statement included in the financial statements.

Current and non-current portions of medium/long-term financial debts and other loans

Details are as follows:

Balance as at 31 December 2024 (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guarantees
Sogefi S.p.A.	Banca Nazionale del Lavoro S.p.A.	Apr - 2022	Apr - 2028	60,000	Euribor 3m + 190 bps	-	59,908	59,908	N/A
Sogefi S.p.A.	Cassa depositi e prestiti S.p.A.	Nov - 2021	Jul - 2026	10,000	Euribor 6m + 210 bps	2,857	2,839	5,696	N/A
Sogefi S.p.A.	Cassa depositi e prestiti S.p.A.	Jun - 2021	Jun - 2026	10,000	Euribor 6m + 200 bps	4,286	1,412	5,698	N/A
Other loans/ deferrals of up front fees						6,154	(145)	6,009	
TOTAL						13,297	64,014	77,311	

The line “Other medium/long-term financial debts” includes other minor loans.

Balance as at 31 December 2023 (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan	Interest rate	Current portion	Non-current portion	Total amount	Real Guarantees
Sogefi S.p.A.	Banca Nazionale del Lavoro S.p.A.	Apr - 2022	Apr - 2027	80,000	Euribor 3m + 190 bps	-	79,868	79,868	N/A
Sogefi S.p.A.	Unicredit S.p.A. (garantito Sace)	Oct - 2020	Jun - 2026	20,000	Euribor 3m + 190 bps	6,667	9,966	16,633	N/A
Sogefi S.p.A.	Intesa SanPaolo S.p.A. (guaranteed Sace)	Oct - 2020	Jun - 2026	20,000	Euribor 3m + 190 bps	6,667	9,966	16,633	N/A
Sogefi S.p.A.	Mediobanca S.p.A. (guaranteed Sace)	Oct - 2020	Jun - 2026	20,000	Euribor 3m + 190 bps	6,667	9,966	16,633	N/A
Sogefi S.p.A.	ING Bank N.V. (guaranteed Sace)	Oct - 2020	Jun - 2026	20,000	Euribor 3m + 190 bps	6,667	9,966	16,633	N/A
Sogefi S.p.A.	Banco do Brasil AG	Mar - 2020	Mar - 2025	25,000	Euribor 3m + 180 bps	-	24,962	24,962	N/A
Sogefi Suspensions Eastern Europe S.r.l.	ING Bank	Jul - 2021	Mar - 2026	20,000	Euribor 3m + 225 bps	6,154	7,692	13,846	YES
Sogefi S.p.A.	Cassa depositi e prestiti S.p.A.	Nov - 2021	Jul - 2026	10,000	Euribor 6m + 210 bps	2,857	5,684	8,541	N/A
Sogefi S.p.A.	Cassa depositi e prestiti S.p.A.	Jun - 2021	Jun - 2026	10,000	Euribor 6m + 200 bps	2,857	4,259	7,116	N/A
Sogefi S.p.A.	Prestito Obbligazionario	Nov - 2019	Nov - 2025	75,000	3 % Fixed	7,500	(*)	7,500	N/A
Sogefi Filtration S.A.	CIC S.A.	Oct - 2020	Oct - 2026	10,000	Euribor 3m + 400 bps	2,000	4,000	6,000	N/A
Sogefi Air&Cooling S.A.S	CIC S.A.	Oct - 2020	Oct - 2026	7,000	Euribor 3m + 400 bps	1,400	2,800	4,200	N/A
Sogefi Suspensions S.A.	CIC S.A.	Oct - 2020	Oct - 2026	3,000	Euribor 3m + 400 bps	600	1,200	1,800	N/A
Sogefi Air&Cooling S.A.S	LCL PGE	Oct - 2020	Oct - 2026	9,500	0,75 % Fixed	1,900	3,800	5,700	N/A
Sogefi Filtration S.A.	LCL PGE	Oct - 2020	Oct - 2026	3,500	0,75 % Fixed	700	1,400	2,100	N/A
Sogefi Suspensions S.A.	LCL PGE	Oct - 2020	Oct - 2026	2,000	0,75 % Fixed	400	800	1,200	N/A
Sogefi Air&Cooling S.A.S	BNP PGE	Oct - 2020	Oct - 2026	9,000	0,75 % Fixed	1,800	3,600	5,400	N/A
Sogefi Filtration S.A.	BNP PGE	Oct - 2020	Oct - 2026	6,500	0,75 % Fixed	1,300	2,600	3,900	N/A
Sogefi Suspensions S.A.	BNP PGE	Oct - 2020	Oct - 2026	4,000	0,75 % Fixed	800	1,600	2,400	N/A
Sogefi (Suzhou) Auto Parts Co., Ltd	ICBC Bank	Mar - 2023	Mar - 2024	6,795	3 % Fixed	1,274	-	1,274	YES
Other loans/ deferrals of up front fees						5,070	308	5,378	
TOTAL						63,280	184,437	247,717	

(*) The medium/long-term portion of the bonds of the Parent company Sogefi S.p.A. is detailed in the following paragraph “Other medium/long-term financial debts”.

During 2024, the Parent Company Sogefi S.p.A. carried out the following transactions:

- repayment in January and July of the current portion (Euro 2,857 thousand) of the loan from Cassa Depositi e Prestiti S.p.A., expiring in July 2026 and taken out in the month of November 2021;

- repayment in June of the current portion (Euro 1,429 thousand) of the loan from Cassa Depositi e Prestiti S.p.A., expiring in June 2026 and taken out in June 2021;

- repayment in March of Euro 6,667 thousand and in May, as an early payment, the remaining portion (Euro 60,000 thousand) of the loan guaranteed by SACE S.p.A. for an original amount of Euro 80,000 thousand, expiring in June 2026 and taken out in October 2020;

- reimbursement in June of the utilisation portion of the revolving loan from Banco do Brasil, in the amount of Euro 25,000 thousand, expiring in March 2025 and taken out in March 2020, the terms of which were renegotiated in 2021; the existing facility was subsequently cancelled early in November;

- repayment in June of a partial amount of the loan from Banca Nazionale del Lavoro S.p.A., for Euro 20,000 thousand, expiring in April 2027 and taken out in April 2022 for an original amount of Euro 80 million, thereby reducing the existing facility to Euro 60 million; the loan was subsequently renegotiated in November, extending the expiry date to April 2028;

- taking out in October of a new revolving loan for Euro 20,000 thousand from Citibank N.A., expiring in January 2028, with a floating rate linked to Euribor plus a spread of 200 basis points. As at 31 December 2024, this loan was not in use;

- taking out in November of a new revolving loan of Euro 25,000 thousand from Unicredit S.p.A., expiring in May 2028, with a floating rate linked to Euribor plus a spread of 150 basis point. As at 31 December 2024, this loan was not in use;

- renegotiation in November of the loan from ING Bank N.V., increasing the existing facility of original Euro 20,000 thousand to Euro 35,000 thousand, agreeing to a floating rate linked to Euribor plus a spread of 200 basis points and extending its expiration to May 2028. As at 31 December 2024, this loan was not in use;

- renegotiation in November of the loan from Intesa Sanpaolo S.p.A. for Euro 50,000 thousand, extending its expiration to December 2028 and agreeing to a floating rate linked to Euribor plus a spread of 120 basis points. As at 31 December 2024, this loan was not in use.

- advance cancellation, in December, of the existing facility at Mediobanca S.p.A. for Euro 25,000 thousand originally due in March 2026.

The existing loans of the Parent Company Sogefi S.p.A. are not secured by the Company's assets. Furthermore, note that, contractually, the spreads relating to some of the loans of the Parent Company are reviewed every six months on the basis of the computation of the consolidated NFP/normalised consolidated EBITDA ratio and on the basis of the verification of sustainability-related indicators. For an analysis of the covenants relating to loans outstanding at the end of the period, please refer to the note 20 below entitled "Analysis of total financial indebtedness".

The item "Other loans/deferrals of up front fees" also includes the portion of interest accrued and not yet paid.

Other short-term liabilities for derivative financial instruments

The item includes the short-term portion of the *fair value* of the exchange risk hedging contracts. Reference should be made to chapter E for a further discussion of this matter.

Other medium/long-term financial debts

The item "Other financial debts", amounting to Euro 407 thousand as at 31 December 2024, includes other minor loans.

As at 31 December 2023, details of this item were as follows (in thousands of Euro):

Company	Bank/Credit Institute	Signing date	Due date	Original amount loan (in thousands)	Interest rate	Total Medium/ Long term amount at December 31, 2023 (in thousands of Euro)	Real Guarantees
Sogefi S.p.A.	Private Placement	Nov - 2019	Nov - 2025	Euro 75.000	Fixed coupon 3% year	44,870	N/A
Other financial debt						326	
TOTAL						45,196	

With reference to the bond loan for an original amount of Euro 75,000 thousand expiring in November 2025, the Parent Company Sogefi S.p.A. repaid in advance, in July and September, the residual amount of Euro 52,500 thousand.

Financial payables for rights of use

Details are as follows:

(in thousands of Euro)	12.31.2024	12.31.2023
Short-term financial debts for right of use	9,858	12,689
Medium/long-term financial debts for right of use	35,635	52,715
TOTAL	45,493	65,404

The item includes payables for Rights of Use recorded following the application of the accounting standard IFRS 16 “Leases”.
This item mainly refers to the residual debt of property rental agreements. The main property rental agreements refer to the subsidiaries Sogefi Suspensions Eastern Europe S.r.l. (Euro 16.9 million), Sogefi Engine Systems Mexico S. de R.L. de C.V. (Euro 9.6 million), Sogefi (Suzhou) Auto Parts Co., Ltd (Euro 5.9 million), S.C Sogefi Air & Cooling S.r.l. (Euro 1.9 million) and Sogefi Air & Cooling Canada Corp. (Euro 1.2 million).

Other medium/long-term financial liabilities for derivative financial instruments

As at 31 December 2024, this item amounts to zero. Reference should be made to chapter E for a further discussion of this matter.

16. TRADE AND OTHER PAYABLES

The amounts shown in the financial statements can be broken down into the following categories:

(in thousands of Euro)	12.31.2024	12.31.2023
Trade and other payables	200,134	334,037
Tax payables	4,545	10,675
TOTAL	204,679	344,712

Details of trade and other payables are as follows:

(in thousands of Euro)	12.31.2024	12.31.2023
Due to suppliers	148,107	218,569
Due to the parent company	875	1,523
Due to tax authorities for indirect and other taxes	9,991	9,544
Due to social and security institutions	10,499	16,262
Due to employees	23,318	32,265
Other commercial payables to customers	6,094	42,199
Other payables	1,250	13,675
TOTAL	200,134	334,037

The amounts "Due to suppliers" is Euro 148,107 thousand as of December 31, 2024 compared to Euro 218,569 thousand as of December 31, 2023. The decreased by Euro 70,462 thousand is mainly due to the sale of the Filtration business unit, the value of which was Euro 75,039 thousand as at 31 December 2023.
There is no significant concentration of payables due to any one supplier or small group of suppliers.

Amounts "Due to parent company" reflect the consideration of Euro 26 thousand due for the fiscal surplus transferred by companies that have joined the CIR Group tax filing system; Euro 819 thousand represent the tax liability, net of the relevant pre-payments, of the Italian subsidiaries in connection with the CIR Group tax filing system, Euro 14 thousand reflect outstanding Directors' remuneration charged back to the holding company Cir S.p.A. and Euro 16 thousand reflect the payable to the Parent Company CIR S.p.A. for services rendered in 2024.

Other trade payable items decreased, compared to 31 December 2023, mainly due to the exclusion of the Filtration business unit from the scope of consolidation, whose balances at 31 December 2023 were respectively as follows: Euro 2,600 thousand for "Due to tax authorities for indirect and other taxes", Euro 5,083 thousand for "Due to social and security institutions", Euro 9,597 thousand for "Due to employees", Euro 34,080 thousand for "Other commercial payables to customers" and Euro 11,655 thousand for "Other payables".

"Tax payables" amounted to Euro 4,545 thousand at 31 December 2024 compared to Euro 10,675 thousand at 31 December 2023 (of which Euro 1,958 thousand related to the Filtration business unit) and reflect taxes accrued in 2024.

17. OTHER CURRENT LIABILITIES

The item "Other current liabilities", for the amount of Euro 24,214 thousand (Euro 38,272 thousand as at 31 December 2023), mainly includes the liabilities recorded upon adoption 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. The reduction in the item compared to December 31, 2023 is mainly due to the sale of the Filtration Business Unit, whose value at December 31, 2023 was equal to Euro 9,359 thousand.
This item also includes adjustments to costs and revenues for the period so as to ensure compliance with the accruals based principle (accrued expenses and deferred income) and advances received from customers for orders still to be delivered.

18. CURRENT PROVISIONS, NON-CURRENT PROVISIONS AND OTHER PAYABLES

These are made up as follows:

Details of the main items are given below.

(in thousands of Euro)	December 31, 2024		
	Current	*Non-current*	*Total*
Pension funds	-	11,733	11,733
Employment termination indemnities	-	951	951
Provision for restructuring	782	655	1,437
Provision for product warranties	5,811	-	5,811
Provision for rights of use restoration	-	1,944	1,944
Provision for disputes in progress and other risks	10,850	426	11,276
TOTAL	17,443	15,709	33,152

(in thousands of Euro)	December 31, 2023		
	Current	*Non-current*	*Total*
Pension funds	-	17,167	17,167
Employment termination indemnities	-	2,194	2,194
Provision for restructuring	3,030	70	3,100
Provision for product warranties	7,111	-	7,111
Provision for rights of use restoration	-	3,374	3,374
Provision for disputes in progress and other risks	2,242	1,039	3,281
TOTAL	12,383	23,844	36,227

Pension funds

The amount of Euro 11,733 thousand represents the amount set aside at year end by the various Group foreign companies to cover the liabilities of their various pension funds. Changes in the pension funds occurred during the year are shown below:

(in thousands of Euro)	12.31.2024	12.31.2023
Opening balance	10,473	20,556
Cost of benefits charged to income statement	677	1,639
"Other Comprehensive Income"	(1,165)	992
Contributions paid	(1,633)	(13,282)
Variation of consolidation perimeter	3,700	78
Other movements	-	405
Exchange differences	(319)	85
TOTAL	11,733	10,473
of which booked to Liabilities	*11,733*	*17,167*
of which booked to Assets	-	*6,694*

The following table shows all of the obligations deriving from “Pension funds” and the present value of the plan assets for the year 2024 and the two previous years.

(in thousands of Euro)	12.31.2024	12.31.2023	12.31.2022
Present value of defined benefit obligations	11,785	147,292	143,841
Fair value of plan assets	51	137,092	123,662
Asset ceiling	-	(273)	(377)
Deficit	11,734	10,473	20,556

Changes in the “Present value of defined benefit obligations” for the year 2024 were as follows:

(in thousands of Euro)	12.31.2024	12.31.2023
Present value of defined benefit obligations at the beginning of the period	147,292	143,841
Current service cost	679	832
Financial expenses	2,576	6,607
Remeasurement (gains)/losses:		
- Actuarial (gains)/losses arising from changes in demographic assumptions	55	(4,956)
- Actuarial (gains)/losses arising from changes in financial assumptions	(6,977)	4,022
- Actuarial (gains)/losses arising from experience	(69)	2,177
- Actuarial (gains)/losses arising from "Other long-term benefits"- Jubilee benefit	68	30
Past service cost	-	(6)
Settlements/Curtailments	(463)	(604)
Exchange differences	6,143	2,628
Variation of consolidation perimeter	(134,032)	78
Other movements	-	405
Benefits paid	(3,486)	(7,762)
Present value of defined benefit obligations at the end of the period	11,785	147,292

“Actuarial (gains)/losses arising from changes in financial assumptions” are mainly due to a higher discount rate in British and French pension funds.
“Actuarial (gains)/losses arising from experience adjustments” reflect the difference between actuarial assumptions and what occurred in practice (for instance, in terms of employee turnover, wage inflation or inflation rate) mainly in British pension funds.
“Actuarial (gains)/losses relating to other long-term benefits” mainly relate to the French subsidiaries.
The item “Variation of consolidation perimeter” refers for Euro 117,208 thousand to the exit, in May 2024, of the companies of the Filtration Business Unit from the consolidation scope; the item also includes Euro 16,824 thousand relating to the closure of the pension fund of the subsidiary Allevard Springs Ltd in liquidation as at 31 December 2024.

With regard to the balances of companies that use functional currencies other than the Euro, please note that the Income Statement items are translated into Euro using the average exchange rate of the reporting period; the present value of obligations at beginning and end of period was translated at the rate of exchange ruling at the relevant date.
Changes in the fair value of plan assets are illustrated in the table below:

(in thousands of Euro)	12.31.2024	12.31.2023
Fair value of plan assets at the beginning of the period	137,092	123,662
Interest income	2,347	5,957
Remeasurement (gains)/losses:		
Return on plan assets	(5,826)	139
Non-management costs of plan assets	(164)	(737)
Contributions paid by the company	828	12,419
Variation of consolidation perimeter	(138,016)	-
Exchange differences	6,470	2,552
Benefits paid	(2,680)	(6,900)
Fair value of plan assets at the end of the period	51	137,092

The item "Variation of consolidation perimeter" refers for Euro 120,907 thousand to the exit, in May 2024, of the companies of the Filtration Business Unit from the consolidation scope; the item also includes Euro 17,109 thousand relating to the closure of the pension fund of the subsidiary Allevard Springs Ltd in liquidation as at 31 December 2024.

With regard to the balances of companies that use functional currencies other than the Euro, please note that the Consolidated Income Statement items are translated into Euro using the average exchange rate of the reporting period, whereas the fair value of assets at beginning and end of period was translated at the rate of exchange ruling at the relevant date.

Details of the amounts recognised in Other comprehensive income are given below:

(in thousands of Euro)	12.31.2024	12.31.2023
Return on plan assets (excluding amounts included in net interests expenses on net liability (asset))	5,826	(139)
Actuarial (gains)/losses arising from changes in demographic assumptions	55	(4,956)
Actuarial (gains)/losses arising from changes in financial assumptions	(6,977)	4,022
Actuarial (gains)/losses arising from experience	(69)	2,177
Asset ceiling	-	(112)
Value of the net liability (asset) to be recognised in "Other Comprehensive income"	(1,165)	992

The amounts charged to the Income Statement can be summarised as follows:

(in thousands of Euro)	12.31.2024	12.31.2023
Current service cost	679	832
Net interest cost	229	650
Past service cost	-	(6)
Actuarial (gains)/losses recognised during the year on "Other long-term benefits"- Jubilee benefit	68	30
Non-management costs of plan assets	164	737
Settlements	(463)	(604)
TOTAL	677	1,639

Items “Current service cost” and “Non-management costs of plan assets” are included in the various “Labour cost” lines of Income Statement items, with the exception of the amount of Euro 313 thousand included in “Net income/(loss) from discontinued operations, net of tax effects” (as at 31 December 2023, the amount of Euro 308 thousand was included in “Other non-operating expenses (income)” and the amount of Euro 755 thousand was included in “Income (loss) from discontinued operations, net of tax effects”).
The item “Net financial expenses” is included in the item “Financial expenses (income), net” for an amount of Euro 301 thousand (Euro 311 thousand as at 31 December 2023) and in the item “Income/(loss) from discontinued operations, net of tax effects” for a positive amount of Euro 72 thousand (negative amount of Euro 339 thousand as at 31 December 2023).
“Actuarial (gains) losses recognized during the year” relating to jubilee benefits, “Settlements/Curtailments” and “Past service cost” are included in “Other non-operating expenses income”(at 31 December 2023 the amount of Euro 38 thousand was included in the item “Income (loss) from discontinued operations, net of tax effects”).

Defined-benefit plans expose the Group to the following main actuarial risks:

- Interest risk: a decrease in the discount rate will lead to an increase in plan liability; however, if plan assets are present, such increase will be partially offset by an increase in the return on plan investments.
- Longevity risk: the value of the defined-benefit obligation is calculated taking into account the best possible estimate of the mortality rate of plan beneficiaries; an increase in life expectancy leads to an increase in the resulting obligation.
- Inflation risk/wage inflation risk: the value of the definite-benefit plan with reference to employees in service is calculated taking into account future pay rises and inflation rate: an increase in these elements causes the relevant obligation to increase.

The following table shows the breakdown of “Pension funds” by geographical area of the relevant subsidiaries:

(in thousands of Euro)	12.31.2024			
	Great Britain	France	Other	TOTAL
Present value of defined benefit obligations	-	9,669	2,116	11,785
Fair value of plan assets	-	-	52	52
Asset ceiling	-	-	-	-
Deficit	-	9,669	2,064	11,733

(in thousands of Euro)	12.31.2023			
	Great Britain	France	Other	TOTAL
Present value of defined benefit obligations	130,396	13,633	3,263	147,292
Fair value of plan assets	137,002	-	90	137,092
Asset ceiling	(273)	-	-	(273)
Deficit	(6,333)	13,633	3,173	10,473

Note that the actuarial valuations of the “Pension funds” are carried out in collaboration with external specialists.

The following paragraphs summarise the pension systems in the geographical area that affects the Group the most: France.

France

Pensions in France are essentially based on state pension plans and the responsibility of the company is limited to paying the contributions established by law.

In addition to this basic assistance guaranteed by the state, retiring employees are also entitled to other additional amounts under collective labour agreements that are determined based on length of service and salary level, and are only paid if the employee reaches retirement age in the company. An employee leaving the company before retirement age will lose these additional benefits.

These additional benefits are recognised as a liability for the company and, in accordance with IAS 19, they are considered as defined-benefit plans subject to actuarial valuation.

In addition to the retirement indemnity, a collective labour agreement provides for a "*Jubilee benefit*" (which is calculated with a different method at each different French subsidiary) that vests upon reaching 20, 30, 35 and 40 years of service with the company. Under the IAS 19, this "Jubilee benefit" falls under the residual category of "Other long-term benefits" and is subject to actuarial valuation; actuarial gains (losses) must be recognised in the Income Statement for that year. Employees will lose the bonus falling due upon the different service jubilee bonuses if they leave the company before reaching the years of service mentioned above.

The main assumptions used in the actuarial valuation of these "Pension funds" were as follows:

	12.31.2024	12.31.2023
Discount rate %	3.45	3.15
Expected annual wage rise %	2.1-4.1 based on age	2.1- 11 based on age
Annual inflation rate %	2.00	2.10
Retirement age	62-67	62-67

The "Discount rate" is calculated based on the returns on Eurozone AA-rated corporate bonds (average duration of 15 years).

Changes in the "Present value of defined benefit obligations" were as follows:

(in thousands of Euro)	12.31.2024	12.31.2023
Present value of defined benefit obligations at the beginning of the period	13,633	12,463
Current service cost	630	717
Financial expenses	352	430
Remeasurement (gains)/losses:		
- Actuarial (gains)/losses arising from changes in demographic assumptions	55	31
- Actuarial (gains)/losses arising from changes in financial assumptions	(487)	476
- Actuarial (gains)/losses arising from experience	152	557
- Actuarial (gains)/losses related to "Other long-term benefits" - Jubelee benefit	68	30
Past service cost	-	204
Settlements/Curtailments	(463)	(603)
Variation of consolidation perimeter	(3,738)	78
Benefits paid	(532)	(750)
Present value of defined benefit obligations at the end of the period	9,669	13,633

“Actuarial (gains)/losses arising from experience adjustments” reflect the difference between actuarial assumptions and what occurred in practice (for instance, in terms of employee turnover, wage inflation or inflation rate).

The sensitivity analysis of the French funds was performed by varying the following actuarial assumptions:

- Discount rate
- Wage inflation rate

An overview of the changes in the present value of the obligation triggered by changes in these actuarial assumptions is provided below:

(in thousands of Euro)	12.31.2024	
	+0.5%	-0.5%
Discount rate	(482)	618
Rate of salary increase	1,023	(756)

Employment termination indemnities

This aspect only concerns the Group’s Italian companies, where pensions are represented by state plans and the company’s responsibility is limited to regular payment of social contributions each month.
In addition to state-provided pensions, employees are entitled by law to a termination indemnity that accrues in accordance with length of service and is paid when an employee leaves the company.
The termination indemnity is calculated based on the length of service and taxable remuneration of each employee.
The corresponding liability is put aside in a specific provision and the amounts accrued in previous years are subject to annual revaluation based on the official cost-of-life index and at the legal interest rates; it is not associated with any conditions or accrual periods, nor does it require any financial provision; as a result, there are no assets underlying the provision.

This termination indemnity is considered as a defined-benefit provision, but subject to actuarial valuation for the part relating to the expected future benefits in respect of past service (which is the part subject to annual revaluation).
Further to the amendments to the "Employment termination indemnities" introduced by Law 296 of 27 December 2006 and subsequent decrees and regulations issued in the early part of 2007, for companies with 50 or more employees (Sogefi Suspensions Passenger Car Italy S.p.A. and Sogefi Suspensions Heavy Duty Italy S.p.A.), the portions of the provision accruing as from 1 January 2007 are transferred - at employee's option - to supplementary pension funds or to the treasury fund held by INPS (the Italian social security authority) or to supplementary pension schemes, and are considered as "defined-contribution plans". These amounts therefore do not require actuarial valuation and are no longer booked to "Employment termination indemnities". The "Employment termination indemnities" accruing up to 31 December 2006 is still a "defined-benefit plan", consequently requiring actuarial valuation, which however will no longer take account of the component relating to future wage inflation.
In accordance with the IAS 19, for companies with less than 50 employees (Parent Company Sogefi S.p.A.) the item "Employment termination indemnities" as at 31 December 2024 is entirely accounted for as a "Definite-benefit plan" and is subject to actuarial valuation.

The assumptions taken into consideration when carrying out the actuarial valuation of the "Employment termination indemnities" were as follows:

Macroeconomic assumptions:
- annual discount rate (IBoxx Eurozone Corporate AA Index): 2.90% (3.08%-3.26% as at 31 December 2023);
- annual inflation rate: 2.0% (same assumptions adopted as at 31 December 2023: 2.0%);
- annual increase in termination indemnity: 3.0% (same assumptions adopted as at 31 December 2023: 3.0%).

Demographic assumptions:
- rate of voluntary resignations: 3% - 10% of the workforce (same assumptions adopted as at 31 December 2023);
- retirement age: it was assumed that employees would reach the first of the requirements valid for mandatory general social security (same assumptions adopted as at 31 December 2023);
- probability of death: the RG48 mortality tables produced by the General State Accounting Body were used (same assumptions adopted as at 31 December 2023);
- probability of advanced settlement: an annual value of 2% - 3% each year was assumed (same assumptions adopted as at 31 December 2023);
- INPS' table split by age and gender was used for the probability of disability (same assumptions adopted as at 31 December 2023).

The provision changed as follows during the period:

(in migliaia di Euro)	31.12.2024	31.12.2023
Saldo iniziale	2,194	2,335
Accantonamenti del periodo	67	106
Importi riconosciuti negli "Altri utili (perdite) complessivi"	(6)	(47)
Variazione perimetro di consolidamento	(1,121)	-
Contributi pagati	(182)	(200)
TOTALE	951	2,194

The amounts charged to the Consolidated Income Statement can be summarised as follows:

(in thousands of Euro)	2024	2023
Current service cost	22	26
Financial charges	45	80
TOTAL	67	106

It should be noted that the item “Net financial expenses” is included in the item “Financial expenses (income), net” for an amount of Euro 31 thousand (Euro 41 thousand as at 31 December 2023) and in the item “Income/(loss) from discontinued operations, net of tax effects” for a positive amount of Euro 14 thousand (negative amount of Euro 39 thousand as at 31 December 2023).

Average bond duration as at 31 December 2024 is approximately 8 years.

The sensitivity analysis of the employment termination indemnities is outlined below. The table below shows the changes in the provision triggered by changes in the following actuarial assumptions:
- Discount rate
- Wage inflation

(in thousands of Euro)	12.31.2024	
	+0.5%	-0.5%
Discount rate	1,218	1,275
Rate of salary increase	13	11

Provision for restructuring

These are amounts set aside for restructuring operations that have been officially announced and communicated to those concerned, as required by IAS/IFRS.

The provision changed as follows during the period:

(in thousands of Euro)	12.31.2024	12.31.2023
Opening balance	3,100	3,560
Accruals for the period	1,033	2,126
Utilisations	(2,656)	(2,254)
Provisions not used during the period	(14)	(409)
Other changes	-	28
Variation of consolidation perimeter	(81)	-
Exchange differences	55	49
TOTAL	1,437	3,100

The accrual of Euro 1,033 thousand mainly refers to the German subsidiary Sogefi HD Suspension Germany GmbH and the French subsidiary Sogefi Suspensions S.A.
Uses for the period, amounting to Euro 2,656 thousand, mainly refer to the British subsidiary Allevard Springs Ltd and the French subsidiary Sogefi Suspensions S.A.
Changes in "Accruals for the period" net of the "Provisions not used during the period" (amounts set aside during previous years in excess of amounts actually paid), is positive at Euro 1,019 thousand; this figure is booked to the Income Statement under "Restructuring costs".
"Other changes" essentially include reclassifications from other balance sheet items to the "Provision for restructuring".
The "Variation of consolidation perimeter" of Euro 81 thousand refers to the exclusion from the consolidation perimeter of the Filtration Business Unit sold in May 2024.

Provision for product warranties

The provision changed as follows during the period:

(in thousands of Euro)	12.31.2024	12.31.2023
Opening balance	7,111	3,819
Accruals for the period	5,850	4,388
Utilisations	(3,615)	(313)
Provisions not used during the period	(854)	(789)
Other changes	(2,710)	-
Exchange differences	29	6
TOTAL	5,811	7,111

The item includes provisions for risks concerning the cost of replacing products under warranty made by Group companies, for other product quality risks and for possible customer claims for product non-compliance.
The allocation of Euro 5,850 thousand mainly relates to the Chinese subsidiary Sogefi (Suzhou) Auto Parts CO., Ltd, the French subsidiary Sogefi Air & Cooling S.A.S. and the German subsidiary Sogefi HD Suspension Germany GmbH.
Drawdowns in the period, amounting to Euro 3,615 thousand, mainly refer to the French subsidiary Air & Cooling S.A.S.
Provisions not used, equal to Euro 854 thousand, mainly refer to the European and Chinese subsidiaries and concern the revision of estimated provisions made.
The "Variation of consolidation perimeter" of Euro 2,710 thousand refers to the exclusion from the consolidation perimeter of the Filtration Business Unit sold in May 2024.

Provision for restoration of rights of use

The item Provision for restoration of rights of use, for the amount of Euro 1,944 thousand, includes an estimate of the costs that the lessees of leased assets will have to incur in order to dismantle and remove the asset and restore the site or asset to the condition provided for in the lease terms.

Provision for disputes in progress and other risks

The provision changed as follows during the period:

(in thousands of Euro)	12.31.2024	12.31.2023
Opening balance	3,281	3,784
Accruals for the period	10,336	612
Utilisations	(306)	(684)
Provisions not used during the period	(894)	(321)
Variation of consolidation perimeter	(975)	-
Other changes	(110)	-
Exchange differences	(56)	(110)
TOTAL	11,276	3,281

The provision includes liabilities toward employees and other individuals or entities. Amounts stated in the financial statements represent the best possible estimates of liabilities at year-end date.
The provision as at 31 December 2024 includes provisions of Euro 8,563 thousand for indemnities to be paid to the purchaser of the suspension business in Mexico, which was sold in 2023, in order to guarantee continuity of production to customers. It should be noted that, after the closing date of the financial year, a portion of this provision was paid to the counterparty by offsetting it against the receivables claimed by the Sogefi Group.
This item also includes liabilities related to risks related to European subsidiaries.

Provisions not used, amounting to Euro 894 thousand, mainly relating to European subsidiaries, refer to the release of funds that are no longer required.
The “Variation of consolidation perimeter” of Euro 975 thousand refers to the exclusion from the consolidation perimeter of the Filtration Business Unit sold in May 2024.

Please refer to Note 43 “Contingent assets/liabilities” for details on liabilities not assessed as probable.

Other payables

The item “Other payables” amounts to Euro 39,743 thousand (Euro 56,449 thousand as at 31 December 2023), and mainly reflects the non-current portion of the liabilities recorded upon adoption 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.

19. SHARE CAPITAL AND RESERVES

Share capital

The share capital of the Parent Company Sogefi S.p.A. is fully paid in and amounts to Euro 62,461 thousand as at 31 December 2024 (unchanged since 31 December 2023), split into 120,117,992 ordinary shares with a par value of Euro 0.52 each (unchanged since 31 December 2023).
No shares are encumbered by rights, liens or limitations relating to dividend distribution.

As at 31 December 2024, the Company has 1,082,735 treasury shares in its portfolio, corresponding to 0.90% of share capital.

Movements in the shares outstanding are as follows:

(Shares outstanding)	2024	2023
No. shares at start of period	120,117,992	120,117,992
No. of ordinary shares as of December 31	120,117,992	120,117,992
Treasury shares	(1,082,735)	(1,537,156)
No. of shares outstanding as of December 31	119,035,257	118,580,836

Share premium reserve
It amounts to Euro 155 thousand compared to Euro 20,376 thousand in the previous year. The reserve decreased by Euro 15,771 thousand following the distribution of dividends and by Euro 4,450 thousand following a reclassification in the item (Other reserves).

Treasury shares
Item “Treasury shares” reflects the purchase price of treasury shares. Movements during the year amount to Euro 1,034 thousand and reflect the free grant of 454,421 treasury shares as reported in the note to “Stock-based incentive plans reserve”.

Translation reserve
This reserve is used to record the exchange differences arising from the translation of foreign subsidiaries' financial statements.
Changes during the period show a net variation of Euro 3,183 thousand, due to an increase of Euro 6,017 thousand for the reclassification of exchange rate differences related to the Filtration Business Unit from shareholders' equity to profit (loss) for the year, and to a decrease of Euro 2,834 thousand mainly referred to the devaluation of the Brazilian Real and the Argentine Pesos.

Reserve for actuarial gains/losses
The reserve includes actuarial gains and losses recognised in Other Comprehensive Income, according to IAS 19 “Employee Benefits”.

Stock-based incentive plans reserve
The reserve refers to credit to equity for stock-based incentive plans, assigned to employees of the parent company Sogefi S.p.A. and subsidiaries.
Further to Stock Grant Plan beneficiaries exercising their rights in 2024, and the corresponding free grant of 454,421 treasury shares, the amount of Euro 450 thousand, corresponding to the fair value at right (Unit) allocation date, was reclassified from “Stock-based incentive plans reserve” to “Retained earnings reserve”.

Cash flow hedging reserve
This reserve has changed as a result of accounting for the cash flows deriving from instruments designated as “cash flow hedging instruments”. Changes during the period show a decrease of Euro 2,747 thousand, which breaks down as follows:
- Negative value of Euro 493 thousand corresponding to the change in the fair value of the IRS contracts in hedge accounting;
- Negative change of Euro 2,254, thousand related to the early termination of IRS contracts in hedge accounting (following the early repayment of the underlying loans) and the consequent reclassification of the related cash flow hedge reserve to the income statement. Further details can be found in Note 38 “Financial instruments and financial risk management”.

Other reserves
They amounted to Euro 4,450 thousand compared to Euro 12,201 thousand as at 31 December 2023 following the distribution of dividends in the amount of Euro 10,625 thousand and the reclassification to retained earnings in the amount of Euro 1,576 thousand, and the reclassifiacation to share premium reserve in the amount of Euro 4,4450 thousand.

Retained earnings
These totalled Euro 156,315 thousand (Euro 191,417 thousand as at 31 December 2023) and include amounts of profit that have not been distributed.
The decrease of Euro 35,102 thousand refers to the following events:
- fully utilising the result of previous years in the amount of Euro 57,766 thousand;
- payment of extraordinary dividends for a total of Euro 106,488 thousand;
- reclassification to the “Stock-based incentive plans reserve” for a total amount of Euro 450 thousand;
- the effect of the adoption of IAS 29 “Financial Reporting in Hyperinflationary Economies” in the Argentine subsidiaries, which amounted to Euro 10,675 thousand;
- reclassification from shareholders' equity attributable to non-controlling interests to shareholders' equity attributable to the Group of the 20% stake in ATN Molds & Parts S.A.S., following the exercise of the option put and the acquisition of the remaining 20% of the subsidiary's share capital for a consideration of Euro 894 thousand;
- other changes of Euro 1,601 thousand mainly related to the reclassification with other reserves.

Tax on items booked in Other Comprehensive Income

The table below shows the amount of income taxes relating to each item of Other Comprehensive Income:

(in thousands of Euro)	2024			2023		
	Gross value	Taxes	Net value	Gross value	Taxes	Net value
- Profit (loss) booked to cash flow hedging reserve	(2,747)	659	(2,088)	(2,520)	605	(1,915)
- Actuarial gain (loss)	1,171	(288)	883	(946)	(2,216)	(3,162)
- Profit (loss) booked to translation reserve	3,212	-	3,212	(16,110)	-	(16,110)
- Total Profit (loss) booked in Other Comprehensive Income	1,636	371	2,007	(19,576)	(1,611)	(21,187)

Tax constraints applicable to certain reserves

The equity of Parent Company Sogefi S.p.A. includes Reserves under tax suspension and its share capital is subject to constraints under tax suspension after revaluation reserves were utilised in the past, for a total amount of Euro 24,164 thousand.
The Parent Company has made no allocations for deferred tax liabilities to such reserves, that, if distributed, would count towards taxable income of the Company, because it is not deemed likely that they will be distributed.

Non-controlling interests

The balance amounts to Euro 12,721 thousand and refers to the portion of shareholders' equity attributable to non-controlling interests.

Details of non-controlling interests are given below:

(in thousands of Euro)		*% owned by third parties*		*Loss (proftt) attributable to non-controlling interests*		*Shareholders' equity attributable to non-controlling interests*	
Subsidiary's name	Region	12.31.2024	12.31.2023	12.31.2024	12.31.2023	12.31.2024	12.31.2023
S.ARA Composite S.A.S.	France	4.21%	4.21%	(4)	-	14	18
ATN Molds and Parts S.A.S.	France	0.00%	20.00%	-	79	-	894
Iberica de Suspensiones S.L. (ISSA)	Spain	50.00%	50.00%	2,767	2,701	11,881	12,514
Sogefi ADM Supensions Private Limited	India	25.77%	25.77%	(200)	371	801	969
Sogefi Filtration Italy S.p.A.	Italy	0.00%	0.12%	-	2	-	30
Sogefi Suspensions Passenger Car Italy S.p.A.	Italy	0.12%	0.12%	(1)	1	11	13
Sogefi Suspensions Heavy Duty Italy S.p.A.	Italy	0.12%	0.12%	3	3	14	13
TOTAL				2,565	3,157	12,721	14,451

With reference to the above table, please note that the company Iberica de Suspensiones S.L. (ISSA) – which is 50% owned – is treated as a subsidiary because the Group controls the majority of votes of the Board of Directors, which is the corporate body tasked with deciding on the entity's relevant activities.

As required by IFRS 12, an overview of the key financial indicators of the companies showing significant non-controlling interests:

(in thousands of Euro)	*Iberica de Suspensiones S.L. (ISSA)*	
	12.31.2024	12.31.2023
Current Assets	20,973	25,393
Non-current Assets	17,633	17,906
Current Liabilities	12,010	15,632
Non-current Liabilities	2,837	2,639
Shareholders' equity attributable to the Holding Company	11,881	12,514
Non-controlling interests	11,881	12,514
Sales Revenue	63,201	73,260
Variable cost of sales	41,629	49,822
Other variable costs of sales	2,831	3,648
Fixed expenses	11,550	12,519
Non-operating expenses (income)	(100)	(101)
Income taxes	1,757	1,971
Income (loss) for the period	5,534	5,402
Income (loss) attributable to the Holding Company	2,767	2,701
Income (loss) attributable to non-controlling interests	2,767	2,701
Income (loss) for the period	5,534	5,402
OCI attributable to the Holding Company	-	-
OCI attributable to non-controlling interests	-	-
OCI for the period	-	-
Total income (losses) attributable to the Holding Company	2,767	2,701
Total income (losses) attributable to non-controlling interests	2,767	2,701
Total income (losses) for the period	5,534	5,402
Dividends paid to non-controlling interests	3,402	6,302
Net cash inflow (out flow) from operating activities	8,646	12,485
Net cash inflow (out flow) from investing activities	(3,088)	(2,472)
Net cash inflow (out flow) from financing activities	(7,080)	(12,898)
Net cash inflow (out flow)	(1,522)	(2,885)

20. ANALYSIS OF THE TOTAL FINANCIAL INDEBTEDNESS

The following table provides details of the financial indebtedness as required by Consob in its communication no. DEM/6064293 of 28 July 2006 and subsequent updates, in accordance with the guidelines ESMA32-382-1138 dated 4 March 2021:

(in thousands of Euro)	12.31.2024	12.31.2023
A. Cash	57,327	78,185
B. Cash equivalent	-	-
C. Other current financial assets	6,868	5,136
D. Liquidity (A) + (B) + (C)	**64,195**	**83,321**
E. Current Financial Debt (including debt instruments, but excluding current portion of non-current financial debt)	338	1,934
F. Current portion of non-current financial debt	23,155	72,543
G. Current financial indebtedness (E) + (F)	**23,493**	**74,477**
H. Net current financial indebtedness (G) - (D)	**(40,702)**	**(8,844)**
I. Non-current financial debt (excluding the current portion and debt instruments)	100,056	234,717
J. Debt instruments	-	47,023
K. Non-current trade and other payables	-	-
L. Non-current financial indebtedness (I) + (J) + (K)	**100,056**	**281,740**
M. Net indebtedness (H) + (L)	**59,354**	**272,896**
Other non current financial assets	4,355	6,771
Net indebtedness (as per the "Net financial position" included in the Report on operations)	**54,999**	**266,125**

It should be noted that item "F. Current portion of non-current financial debt" includes short-term liabilities related to lease agreements for Euro 9,858 thousand (Euro 12,689 thousand as at 31 December 2023) and item "I. Non-current financial debt (excluding the current portion and debt instruments)" includes long-term liabilities relating to leases for Euro 35,635 thousand (Euro 52,715 thousand as at 31 December 2023).

Details of the covenants applying to loans outstanding at the end of 2024 are as follows (please read Note 15 "Financial debts to banks and other financing creditors" above for further details on loans):

- loan of Euro 25,000 thousand from Unicredit S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 60,000 thousand from Banca Nazionale del Lavoro S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less than or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 35,000 thousand from Ing Bank N.V.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;

- loan of Euro 50,000 thousand from Intesa Sanpaolo S.p.A.: the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 10,000 thousand from Cassa depositi e prestiti S.p.A. (entered into in June 2021): the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3;
- loan of Euro 10,000 thousand from Cassa depositi e prestiti S.p.A. (entered into in November 2021): the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3.
- loan of Euro 20,000 thousand from Citibank, N.A. Milan Branch (entered into in October 2024): the ratio of consolidated net financial position to consolidated normalised EBITDA has to be less or equal to 4; the ratio of consolidated normalised EBITDA to consolidated net financial expenses must not be less than 3.

The Group complied with these covenants as at 31 December 2024. Therefore, the related loans were classified as current or non-current liabilities at 31 December 2024 on the basis of their respective contractual maturities.
The Group expects to comply with the covenants for the least 12 months from the end of the current financial year.

D) NOTES ON THE MAIN INCOME STATEMENT ITEMS: INCOME STATEMENT

21. SALES REVENUES

Revenues from sales and services

Revenues for 2024 amounted to Euro 1,022.3 million, down for -1.7% (-4.2% at constant exchange rates and net of Argentina's inflation) compared to 2023.

Revenues from the sale of goods and services are as follows:

(in thousands of Euro)	2024		2023	
	Amount	*%*	*Amount*	*%*
Suspensions	564,607	55.2	574,511	55.3
Air&Cooling	457,402	44.7	465,424	44.8
Intercompany eliminations	268	0.1	(251)	(0.1)
TOTAL	1,022,277	100.0	1,039,684	100.0

Suspension posted revenue declines by 1.7% and 6.9% at constant exchange rates, impacted by the unfavourable performance of the European market not only in the Passenger Cars segment (-6.1%) but also in the Heavy Duty segment, which decreased by 21.2% in Europe; on the other hand, significant growth was recorded in China (+36.2% at constant exchange rates) and in Mercosur (+6.8%, at constant exchange rates and net of Argentina's inflation).

Air and Cooling reported revenues down by 1.7% and 1.0% at constant exchange rates, with a positive performance in Europe (+4.0%), against the market trend, and a decline in North America, attributable to a different mix of product, and in China, due to a drop in production recorded locally by some Western customers.

By geographic area:

(in thousands of Euro)	2024		2023	
	Amount	*%*	*Amount*	*%*
Europe	556,463	54.4	609,107	58.6
South America	120,967	11.8	84,571	8.1
North America	214,073	20.9	224,163	21.6
India	16,699	1.6	17,667	1.7
China	115,736	11.3	107,386	10.3
Intercompany eliminations	(1,661)	-	(3,210)	(0.3)
TOTAL	1,022,277	100.0	1,039,684	100.0

In Europe, revenues decreased by 8.6% and in North America by 3.6% at constant exchange rates, due to the evolution of the respective markets and main customers, while in South America and China revenues at constant exchange rates grew by +6.8% and +9.6% respectively, thus achieving a good performance, even compared to the trend of the reference markets.

22. VARIABLE COST OF SALES

Details are as follows:

(in thousands of Euro)	2024	2023
Materials	557,370	576,831
Direct labour cost	76,054	71,547
Energy costs	33,496	36,183
Sub-contracted work	24,805	32,796
Ancillary materials	15,195	16,806
Variable sales and distribution costs	17,766	17,620
Royalties paid to third parties on sales	164	25
Other variable costs	72	(484)
TOTAL	724,922	751,324

The impact of "Variable cost of sales" on revenues stands at 70.9%, down from 72.3% in the previous year.
"Other variable costs" represent the portion of direct labour cost and fixed cost included in the increase in the inventory of finished goods and semi-finished products. Please note that the portion of change in inventory relating to raw materials is included in the row "materials".

23. MANUFACTURING AND R&D OVERHEADS

These can be broken down as follows:

(in thousands of Euro)	2024	2023
Labour cost	65,478	64,657
Materials, maintenance and repairs	24,394	26,854
Rental and hire charges	794	831
Personnel services	5,100	4,356
Technical consulting	6,250	5,634
Sub-contracted work	342	322
Insurance	1,506	1,696
Utilities	4,320	5,546
Capitalization of internal construction costs	(16,275)	(11,570)
Other	(531)	(1,270)
TOTAL	91,378	97,057

"Manufacturing and R&D overheads" show a decrease of Euro 5,679 thousand, compared to the previous year. At constant exchange rates and excluding the inflationary impact of Argentina, the decrease would be Euro 8,140 thousand.

"Labour cost", in particular, increased by Euro 821 thousand compared to the previous year, being affected by ongoing inflationary effects.

The heading "Materials, maintenance and repairs" decreased by Euro 2,460 thousand compared to the previous year and is related to less maintenance work.

It should be noted that the item “Rents and hires” includes costs relating to variable payments and ancillary costs due for leases not included in the valuation of lease liabilities, short-term leases and leases of small value assets.

“Technical consulting” increased by Euro 616 thousand compared to the previous year as a consequence of a more extensive use of external consultants related to research and development activities, especially by the French subsidiary Sogefi Suspensions S.A. and by the American subsidiary Sogefi Air & Cooling USA Inc.

The item “Personnel services” increased by Euro 744 thousand compared to the previous year and refers to higher travel expenses and other personnel services.

The item “Utilities” decreased by Euro 1,226 thousand compared to the previous year and refers mainly to the French subsidiary Sogefi Suspensions S.A. for a reduction in prices.

The heading “Capitalization of internal construction costs” refers mainly to the capitalisation of research and development costs and costs for the development of tooling at the subsidiary ATN Molds & Parts S.A.S.

The item “Other” includes other services in support of industrial and research and development activities, as well as contributions for research and development of the French subsidiaries.

Total costs for Research and Development (not reported in the table but included mainly under the headings “Labour cost”, “Materials, maintenance and repairs” and “Technical consulting”) amount to Euro 19,886 thousand compared to Euro 20,670 thousand as of 31 December 2023.

24. DEPRECIATION AND AMORTIZATION

Details are as follows:

(in thousands of Euro)	2024	2023
Depreciation of tangible fixed assets	53,422	47,255
Depreciation of Right of Use/assets under finance leases IAS 17	7,490	11,188
Amortisation of intangible assets	17,219	19,502
TOTAL	78,131	77,945

Item “Depreciation and amortization” amounts to Euro 78,131 thousand compared to Euro 77,945 thousand in the previous year. At constant exchange rates and excluding the inflationary impact of Argentina, the item would overall decrease by Euro 206 thousand.

25. DISTRIBUTION AND SALES FIXED EXPENSES

This item is made up of the following main components:

(in thousands of Euro)	2024	2023
Labour cost	11,639	11,280
Sub-contracted work	590	791
Advertising, publicity and promotion	360	342
Personnel services	676	604
Rental and hire charges	543	491
Consulting	122	263
Other	1,222	1,095
TOTAL	15,152	14,866

"Distribution and sales fixed expenses" increased by Euro 286 thousand. At constant exchange rates and excluding the inflationary impact of Argentina, the item would increase by Euro 87 thousand.

26. ADMINISTRATIVE AND GENERAL EXPENSES

These can be broken down as follows:

(in thousands of Euro)	2024	2023
Labour cost	24,673	24,808
Personnel services	2,584	2,790
Maintenance and repairs	3,949	3,743
Cleaning and security	1,334	1,406
Consulting	5,615	6,721
Utilities	1,191	1,436
Rental and hire charges	1,106	1,084
Insurance	1,929	1,657
Participation des salaries	2,053	1,854
Administrative, financial and tax-related services provided by Parent Company	356	437
Audit fees and related expenses	1,472	1,234
Directors' and statutory auditors' remuneration	876	994
Sub-contracted work	505	633
Capitalization of internal construction costs	(363)	(314)
Indirect taxes	4,106	3,711
Other fiscal charges	667	833
Other	3,831	1,763
TOTAL	55,884	54,790

"Administrative and general expenses" increased by Euro 1,094 thousand compared to 2023. At constant exchange rates and excluding the inflationary impact of Argentina, the item would increase by Euro 138 thousand.

The decrease in item "Personnel services" for the amount of Euro 206 thousand mainly reflects lower travel expenses and lower staff services in the European subsidiaries.

"Maintenance and repairs" increased by Euro 206 thousand, mainly due to higher maintenance costs incurred in IT departments.

The decrease in the item "Consulting" of Euro 1,106 thousand was mainly due to decreased legal, tax and administrative consulting.

The increase of item "*Participation des salaries*" of Euro 199 thousand is traced back to the better tax results obtained by the French subsidiaries, which are the basis for calculating this cost item.

Item "Administrative, financial, tax-related services provided by Parent Company" refers to the services provided by the Parent Company CIR S.p.A.. For further details, please refer to Note 39 "Related party transactions".

"Indirect taxes" include tax charges such as property tax, taxes on sales revenues (*taxe organic* of the French companies), non-deductible VAT and taxes on professional training.

"Other fiscal charges" consist of the *cotisation économique territoriale* (previously called *taxe professionnelle*) relating to the French companies, which is calculated on the value of fixed assets and on added value.

With reference to the item "Audit fees and related expenses", it should be noted that the fees incurred for services provided by the auditing firm KPMG S.p.A. and other entities belonging to its network amounted to:
- Euro 186 thousand for auditing services provided to the Parent Company Sogefi S.p.A.;
- Euro 150 thousand for other services provided to the Parent Company Sogefi S.p.A.;
- Euro 1,012 thousand for audit services provided to subsidiaries, of which Euro 148 thousand related to Filtration Business Unit;
- Euro 51 thousand for other services provided to subsidiaries.

27. PERSONNEL COSTS

Personnel

Regardless of their destination, as specified in paragraphs "Variable cost of sales", "Manufacturing and R&D overheads", "Distribution and sales fixed expenses" and "Administrative and general expenses", the whole "Personnel costs" may be broken down in the following main components:

(in thousands of Euro)	2024	2023
Wages, salaries and contributions	176,675	170,980
Pension costs: defined benefit plans	552	531
Pension costs: defined contribution plans	616	781
Participation des salaries	2,053	1,854
Imputed cost of stock option and stock grant plans	178	404
Other costs	11	9
TOTAL	180,085	174,559

"Personnel costs" increased by Euro 5,526 thousand (+3.2%) compared to the previous period. At constant exchange rates and excluding the inflationary impact of Argentina, the item would increase by Euro 1,658 thousand.

The impact of "Personnel costs" on sales revenues has increased to 17.6% from 16.8% as at 31 December 2023.

"Wages, salaries and contributions", "Pension costs: defined benefit plans" and "Pension costs: defined contribution plans" are posted in the tables provided above at line "Labour cost".

"*Participation des salaries*" is included in "Administrative and general expenses".

"Other costs" is included in "Administrative and general expenses".

"Imputed cost of stock grant plans" is included in "Other non-operating expenses (income)". The following paragraph "Personnel benefits" provides details of the stock grant plans.

The average number of Group employees, broken down by category, is shown in the table below:

(Number of employees)	2024	2023
Managers	35	34
Clerical staff	834	844
Blue collar workers	2,462	2,441
TOTAL	3,331	3,319

Personnel benefits

Sogefi S.p.A. implements stock-based incentive plans for the employees of the Company and of its subsidiaries that hold important positions of responsibility within the Group. The purpose is to foster greater loyalty to the Group and to provide an incentive that will raise their commitment to improving business performance and generating value in the long term.

The stock-based incentive plans of Sogefi S.p.A. are first approved by the Shareholders' Meeting.

Except as outlined at the following paragraphs "*Stock Grant plans*", the Group has not carried out any other transaction that involves the purchase of goods or services with payments based on shares or any other kind of instrument representing portions of equity. As a result, it is not necessary to disclose the fair value of such goods or services.
The Group has issued plans from 2015 to 2024 of which the main details are provided blow.

Stock Grant plans

The Stock Grant plans provide for the free assignment of conditional rights (called units) that cannot be transferred to third parties or other beneficiaries; each of them entitles to the free assignment of one Sogefi S.p.A. share.

Until 2019, the plans provided for two categories of units:
• Time-based Units, the vesting of which is subject to the passing of the established time periods;
• Performance Units type A, whose vesting is subject to the passing of the time periods and the achievement of the targets based on the market value of the share, as set out in the regulation.

Starting with the 2020 Stock Grant Plan, an additional category of units was added:
• Performance Units type B, whose vesting is subject to the passing of the time periods and the achievement of the Economic-Financial Targets set out in the regulation.
In this regard, it should be noted that with the issuance of the 2022 Stock Grant Plan, the Type B Performance Units are also subject to the achievement of the Non-Financial Targets, measured on the basis of the comparison between the Non-Financial Results and the Non-Financial Targets set forth in the regulation.

The regulation provides for a minimum holding period during which the shares held for the plan can not be disposed of.
All shares assigned under these plans will be treasury shares held by Sogefi S.p.A. According to the regulation, a pre-condition for assigning the shares is a continued employer-employee relationship or the continued appointment as a director/executive of the Company or one of its subsidiaries throughout the vesting period of the rights.

On 13 December 2024, the Board of Directors executed the 2024 Stock Grant plan approved by the Shareholders' Meeting held on 22 April 2024 to assign a maximum of 1,250,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 718,000 Units (359,000 of which were Time-based Units, 215,400 Performance Units type A and 143,600 Performance Units type B).
The Time-Based Units will vest in twelve instalments, each equal to 8.33% of the total number of Time-Based Units granted, on a quarterly basis commencing on 13 December 2026, with final vesting on 13 September 2029.
Performance Units type A will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.

Performance Units type B will vest in three tranches, each equal to up to one third (1/3) of the total number of Performance Units type B granted, starting on 13 December 2026, at the following vesting dates and under the following conditions:

1) the first portion, with effect from 13 December 2026, depending on the achievement of the Economic-Financial Targets and Non-Financial Targets for the financial year 2025, in accordance with the Regulation;

2) the second portion, with effect from 13 December 2027, depending on the achievement of the Economic-Financial Targets and Non-Financial Targets for the financial year 2026, in accordance with the Regulation;

3) the third portion, with effect from 13 December 2028, depending on the achievement of the Economic-Financial Targets and Non-Financial Targets for the financial year 2027, in accordance with the Regulation.

The fair value of the units granted during 2024 was determined at the time of granting, with the help of an external consultant, and was calculated on the basis of the binomial model for the valuation of American options known as the Cox, Ross and Rubinstein (CRR) model for Time-based units and Performance Units type B, and on the basis of the model called 'Monte Carlo simulation' for Performance Units type A. The overall fair value amounts to a total of Euro 1,353 thousand.

Input data used for measuring the fair value of the 2024 stock grant plan are provided below:

- curves of EUR/SEK/CHF-riskless interest rates as at 13 December 2024;
- price of the Sogefi S.p.A. share as at 13 December 2024 (equal to Euro 2.05), and of the securities included in the benchmark basket, again as at 13 December 2024;
- standard prices of the Sogefi S.p.A. share and of the securities included in the benchmark basket, calculated as an average of the prices during the period starting on 12 November 2024 and ending on 12 December 2024 for the determination of the limit for Stock Grant Performance Units type A;
- 260-day historical volatility values observed at 13 December 2024 for stocks and foreign exchange rates;
- Dividend yield equal to zero;
- historical series of the logarithmic returns of involved securities and EUR/SEK and EUR/CHF exchange rates to calculate the correlation among securities and among the 2 non-EUR denominated securities and associated exchange rates (to adjust for estimated trends), calculated for the period starting on 13 December 2023 and ending on 13 December 2024.

The main characteristics of the Stock Grant plans approved during previous years and still under way are outlined below:

• 2015 Stock Grant plan to assign a maximum of 1,500,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 441,004 Units (190,335 of which were Time-based Units and 250,669 Performance Units).

The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 20 October 2017 and ending on 20 July 2019.
The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.
On 31 December 2024, 56,397 Time-based Units and 179,805 Performance Units expired as per regulation. While 126,948 Time-based Units and 67,943 Performance Units had been exercised.

• 2016 Stock Grant plan to assign a maximum of 750,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 500,095 Units (217,036 of which were Time-based Units and 283,059 Performance Units).
The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 27 July 2018 and ending on 27 April 2020.
The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.
On 31 December 2024, 77,399 Time-based Units and 100,948 Performance Units expired as per regulation. While 139,638 Time-based Units and 182,111 Performance Units had been exercised. Accordingly, on 31 December 2024, no Units remain exercisable with respect to this plan.

• 2017 Stock Grant plan to assign a maximum of 750,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 287,144 Units (117,295 of which were Time-based Units and 169,849 Performance Units).
The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 26 July 2019 and ending on 26 April 2021.
The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.
On 31 December 2024, 36,703 Time-based Units and 169,849 Performance Units expired as per regulation. While 79,236 Time-based Units had been exercised.

• 2018 Stock Grant plan to assign a maximum of 500,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 415,000 Units (171,580 of which were Time-based Units and 243,420 Performance Units).
The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 23 July 2020 and ending on 23 April 2022.
The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares

at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.
On 31 December 2024, 95,446 Time-based Units and 243,420 Performance Units expired as per regulation. While 73,245 Time-based Units had been exercised.

• 2019 Stock Grant plan to assign a maximum of 500,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 469,577 Units (213,866 of which were Time-based Units and 255,711 Performance Units).
The Time-based Units were scheduled to vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 22 October 2021 and ending on 22 July 2023.
The Performance Units were scheduled to vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) on that date.
On 31 December 2024, 112,416 Time-based Units and 140,424 Performance Units expired as per regulation. While 98,165 Time-based Units and 111,773 Performance Units had been exercised.

• 2020 Stock Grant plan to assign a maximum of 1,000,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 790,000 Units (235,000 of which were Time-based Units and 277,500 Performance Units type A and 277,500 Performance Units type B).
Time-based Units will vest in tranches on a three-monthly basis, accounting for 12.5% of their respective total, starting on 31 January 2023 and ending on 31 October 2024.
Performance Units type A will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.
Performance Units type B will vest in three tranches, each equal to up to one third (1/3) of the total number of Performance Units type B granted, from 31 January 2023 to 31 July 2024, depending on the achievement of the Economic-Financial Targets set out in the regulation.
On 31 December 2024, 96,500 Time-based Units, 190,750 Performance Units type A and no. 201,729 Performance Units type B expired as per regulation. While 131,313 Time-based Units, 83,157 Performance Units type A and no. 72,853 Performance Units type B had been exercised.

• 2021 Stock Grant plan to assign a maximum of 1,000,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 897,500 Units (292,084 of which were Time-based Units and 302,708 Performance Units type A and 302,708 Performance Units type B).
Time-based Units will vest in tranches on a three-monthly basis, accounting for 8.33% of their respective total, starting on 30 April 2023 and ending on 31 January 2026.
Performance Units type A will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.

Performance Units type B will vest in three annual tranches, each equal to up to one third (1/3) of the total number of Performance Units type B granted, from 31 July 2023 to 31 July 2025, depending on the achievement of the Economic-Financial Targets set out in the regulation.
On 31 December 2024, 154,932 Time-based Units, 158,159 Performance Units type A and no. 181,840 Performance Units type B expired as per regulation. While 93,337 Time-based Units, 104,169 Performance Units type A and no. 89,065 Performance Units type B had been exercised.

• 2022 Stock Grant plan to assign a maximum of 1,000,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 995,000 Units (294,166 of which were Time-based Units and 350,417 Performance Units type A and 350,417 Performance Units type B).
Time-based Units will vest in tranches on a three-monthly basis, accounting for 8.33% of their respective total, starting on 30 April 2024 and ending on 31 January 2027.
Performance Units type A will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.
Performance Units type B will vest in three tranches, each equal to up to one third (1/3) of the total number of Performance Units type B granted, from 31 July 2024 to 31 July 2026, depending on the achievement of the Economic-Financial Targets set out in the regulation.
On 31 December 2024, 153,681 Time-based Units, 184,201 Performance Units type A and no. 178,722 Performance Units type B expired as per regulation. While 38,890 Time-based Units, 50,976 Performance Units type A and no. 64,750 Performance Units type B had been exercised.

• 2023 Stock Grant plan to assign a maximum of 1,250,000 conditional rights, restricted to employees of the Company and its subsidiaries, who were assigned a total of 980,000 Units (277,500 of which were Time-based Units and 351,250 Performance Units type A and 351,250 Performance Units type B).
Time-based Units will vest in tranches on a three-monthly basis, accounting for 8.33% of their respective total, starting on 22 December 2025 and ending on 22 September 2028.
Performance Units type A will vest at the same vesting dates established for Time-based Units, provided that the increase in price value of Sogefi S.p.A. shares at each vesting date is higher than the increase of the Sector Index (as provided for by the Regulation) at that date.
Performance Units type B will vest in three tranches, each equal to up to one third (1/3) of the total number of Performance Units type B granted, from 22 December 2025 to 22 December 2027, depending on the achievement of the Economic-Financial Targets set out in the regulation.
On 31 December 2024, 135,834 Time-based Units and 179,583 Performance Units type A and 179,583 Performance Units type B expired as per regulation.

It should be noted that the 2014 Stock Grant Plan ended in April 2024 as per regulation.

The imputed cost for 2024 for existing Stock Grant plans is Euro 178 thousand, and is booked to the Income Statement under "Other non-operating expenses (income)".

	2024	2023
Not exercised/not exercisable at the start of the period	2,503,788	2,200,191
Granted during the period	718,000	980,000
Cancelled during the period	(1,089,936)	(268,427)
Exercised during the period	(454,421)	(407,976)
Not exercised/not exercisable at the end of the period	1,677,431	2,503,788
Exercisable at the end of the period	95,334	54,712

The line "Not exercised/not exercisable at the end of the period" refers to the total number of options, net of those exercised or cancelled during the current and previous periods.
The line "Exercisable at the end of the period" refers to the total amount of options matured at the end of the period and not yet subscribed.

28. RESTRUCTURING COSTS

Restructuring costs amounted to Euro 6,982 thousand (compared to Euro 5,712 thousand in the previous year) and mainly refer to personnel rationalisation measures in the Suspension Business Unit.

The item "Restructuring costs" mainly includes personnel costs and is comprised of costs incurred and paid during the year in the amount of Euro 5,963 thousand and of allocations to "Provision for restructuring" net of the provisions allocated and not used in the amount of Euro 1,019 thousand.

29. LOSSES (GAINS) ON DISPOSAL

Gains on disposal as at 31 December 2024 amounted to Euro 1,961 thousand (gains amounted to Euro 63 thousand as at 31 December 2023).

30. EXCHANGE (GAINS) LOSSES

Net exchange gains as at 31 December 2024 amount to Euro 449 thousand compared to net exchange losses of Euro 5,247 thousand as at 31 December 2023.

31. OTHER NON-OPERATING EXPENSES (INCOME)

These amount to Euro 6,573 thousand compared to Euro 7,226 thousand the previous year. The following table shows the main elements:

(in thousands of Euro)	2024	2023
Write-downs of tangible and intangible fixed assets	1,490	4,242
Product warranty costs	3,942	4,108
Cost of stock option and stock grant plans	178	404
Litigations	609	(58)
Actuarial losses (gains)	68	13
Insurance refunds	-	(1,434)
Indirect Tax recovery	(988)	(54)
Past service cost and other items related to pension funds	(463)	(322)
Other ordinary (income) expenses	1,737	327
TOTAL	6,573	7,226

"Writedowns of tangible and intangible fixed assets" amount to Euro 1,490 thousand and include writedowns of tangible (Euro 1,385 thousand) and intangible fixed assets (Euro 105 thousand) for the most part relating to European subsidiaries.

32. FINANCIAL EXPENSES (INCOME), NET

Financial expenses are detailed as follows:

(in thousands of Euro)	2024	2023
Interests on bonds	989	2,182
Interest on amounts due to banks	9,194	12,598
Financial charges under lease contracts	2,088	2,272
Financial component of pension funds and termination indemnities	332	352
Financial expenses from Cross currency swap no more in cash flow hedge	-	303
Financial component IAS 29	2,954	1,955
Other interest and commissions	9,007	6,584
TOTAL FINANCIAL EXPENSES	24,564	26,246

Financial income is detailed as follows:

(in thousands of Euro)	2024	2023
Financial income from IRS in cash flow hedge	(1,124)	(2,667)
Fair value financial income from IRS in cash flow hedge	(2,254)	-
Net gain on fair value Cross currency swap no more in cash flow hedge	-	(40)
Interest on amounts given to banks	(3,739)	(2,331)
Other interest and commissions	(2,736)	(6,391)
TOTAL FINANCIAL INCOME	(9,853)	(11,429)
TOTAL FINANCIAL EXPENSES (INCOME), NET	14,711	14,817

Net financial expenses amount to Euro 14,711 thousand, substantially in line with Euro 14,817 thousand as at 31 December 2023.

The item "Other interest and commissions - financial expenses", amounting to Euro 9,007 thousand as at 31 December 2024, includes Euro 2,187 thousand related to the Argentine subsidiary Sogefi Suspension Argentina S.A. with reference to an exchange loss recognised using part of the liquidity for the payment of suppliers in US dollars.

The item "Fair value financial income from IRS in cash flow hedge" amounting to Euro 2,254 thousand as at 31 December 2024 refers to the early termination of IRS contracts in hedge accounting (following the early repayment of the underlying loans) and the consequent reclassification of the related cash flow hedge reserve to the income statement.

It should be noted that the item "Other interest and commissions - financial income" amounting to Euro 2,736 thousand as at 31 December 2024 includes Euro 180 thousand of interest income related to a recovery of indirect taxes, paid in previous years by the Brazilian subsidiary, following a change in regulations (interest income of Euro 390 thousand as of 31 December 2023) and Euro 2,453 thousand related to dollar-linked bond instruments measured at amortised cost in the Argentine subsidiary (Euro 5,994 thousand as of 31 December 2023).

33. LOSSES (GAINS) FROM EQUITY INVESTMENTS

As at 31 December 2024, this item amounts to zero.

34. INCOME TAXES

(in thousands of Euro)	2024	2023
Current taxes	13,198	3,744
Deferred tax liabilities (assets)	(216)	205
Gain (loss) from partecipation to fiscal consolidation	-	450
TOTAL	12,982	4,399

The year 2024 recorded a tax rate of 41.9% compared to a tax rate of 40.9% in the previous year.

A reconciliation between the standard tax rate (that of the Parent Company Sogefi S.p.A.) and the effective tax rate for 2024 and 2023 is shown in the table below. Taxes have been calculated at the domestic rates applicable in the various countries. The differences between the rates applied in the various countries and the standard Italian tax rate are included in the line "Other permanent differences and tax rate differentials".

(in thousands of Euro)	2024		2023	
		Tax rate %		Tax rate %
Result before taxes	30,954	24.0%	10,763	24.0%
Theoretical income taxes	7,429		2,583	
Effect of increases (decreases) with respect to the standard rate:				
Non-deductible costs, net	954	3.1%	71	0.7%
Use of deferred tax assets not recognised in previous years	(987)	-3.2%	(2,905)	-27.0%
Deferred tax assets on losses for the year not recognised in the financial statements	4,645	15.0%	4,560	42.4%
Taxed portion of dividends	2,303	7.4%	711	6.6%
Other permanent differences and tax rate differentials	(1,362)	-4.4%	(622)	-5.8%
Income taxes in the consolidated income statement	12,982	41.9%	4,399	40.9%

“Deferred tax assets on losses for the year not recognised in the financial statements” are mainly attributable to subsidiaries Sogefi HD Suspensions Germany GmbH and Sogefi Suspensions Eastern Europe S.r.l., for which there was no probability at the end of the year that such losses would be recovered.

The “Taxed portion of dividends” refers to the portion of dividends received from Group companies that is not tax-exempt.

The item “Other permanent differences and tax rate differentials” includes mainly includes recoveries of taxes relating to previous year; the item also includes the effect of the difference between the rates applicable in the individual countries and the ordinary Italian tax rate and other differences.

The Pillar 2/GloBE rules came into force in Italy as of 1 January 2024 by means of Italian Legislative Decree no. 209/2023 implementing Directive No. 2523/2022/EU and are applicable to Sogefi S.p.A., providing that the entities that are part of the group (wherever they are located) are subject to an effective income tax rate of at least 15%, to be determined on the basis of a detailed calculation based on the accounting and tax data of such entities. Where the level of taxation is lower than the minimum level, this results in the application of a minimum tax (so-called “Top-Up Tax”) up to that value of 15%.

The Sogefi group has carried out an analysis, with the support of a leading consulting firm, in order to identify the scope of application and the potential impact of this new legislation on the jurisdictions within its consolidation scope, also making use of the so-called transitional safe harbours applicable in the three-year period 2024-2026 (the so-called transitional period) as provided by art. 39 of Italian Legislative Decree No. 209/2023 and by the Decree of 20 May 2024 of the Minister of Economy and Finance on the implementation of the rules on simplified regimes. These rules provide that no supplementary tax is due if one of the following tests is passed (to be performed with respect to each jurisdiction):

- *De minimis* test: positive if the revenues in the jurisdiction are less than Euro 10 million and the aggregate pre-tax profit is less than Euro 1 million;

- Simplified effective tax rate test: positive if the effective tax rate level is at least 15% (for 2024), as determined on the basis of the ratio between the aggregate values of pre-tax profit/loss (denominator) and income tax (numerator). In this regard, the numerator figure represents the value of current and deferred income taxes (with some specific adjustments) recognised in the reporting packages of subsidiaries in a given jurisdiction;
- Routine profit test: positive if the aggregate value of the “Substance-based income exclusion” (“SBIE”) under the Pillar 2 rules is higher than the aggregate amount of the pre-tax profit/loss. As provided for in the implementing decree, in the event that a pre-tax loss is present for a jurisdiction, the test result is considered to be positive.

If a jurisdiction does not pass any of the tests, the group will be required to calculate the effective tax rate on the basis of the full set of Pillar 2 rules, i.e. by making specific “adjustments” to the accounting and tax data of the entities located in that jurisdiction, including for the purpose of determining the minimum tax liability, if the effective tax rate is less than 15%.

Based on current data - for Sogefi S.p.A. and its subsidiaries - Fratelli De Benedetti S.p.A. assumes the role of “Ultimate Parent Entity” and Sogefi S.p.A. assumes the role of “Partially-Owned Parent Entity” (“POPE”).

In addition, for the purposes of Pillar 2 regulations, Sogefi S.p.A. has the status of “Minority-Owned Constituent Entity” (“MOCE”) and, in relation to its subsidiaries, of “Minority-Owned Parent Entity” (“MOCE”).

In accordance with the OECD guidelines, the transitional safe harbours tests have been prepared using - from a forward-looking perspective - the information available in the “Country-by-Country Report” of the Ultimate Parent Entity for the year 2023, latest data available to date (section relating to the Sogefi group) with an approach that considers the “aggregated” data of the entities that are part of the group in a single jurisdiction where the group operates (“jurisdictional blending approach”). Based on the data for the financial year 2023, transitional safe harbours were positively found for the following jurisdictions: Netherlands, Sweden, Russian Federation, France, Spain, India, Canada, USA, Argentina, Brazil, Italy, Germany, Romania, UK, Mexico. The jurisdictions that did not pass any of the applicable tests (based on data for the financial year 2023) are Slovenia, China and Morocco.

It is specified that, from a long-term perspective adopted for Pillar 2 disclosure, the results described above are in line with the analyses carried out for the purposes of the application of the transitional safe harbours for the previous financial years.

For the purposes of more accurate disclosure, it should also be noted that the Sogefi group has arranged for the transitional safe harbour tests to be carried out using the financial statement reporting package data for the 2024 financial year limited to the individual entities of the Sogefi group, i.e. without considering the “aggregate” data of all the entities of the Fratelli De Benedetti S.p.A. group residing in a single jurisdiction. Based on these tests, the transitional safe harbours have been positively verified for the following jurisdictions: the Netherlands, Sweden, the Russian Federation, France, Spain, India, Canada, the United States of America, Argentina, Brazil, Germany, Romania, the United Kingdom and Mexico. The jurisdictions that did not pass any of the tests were Slovenia, China, Morocco and Italy. Moreover, for the jurisdiction Italy it should be noted that the failure to pass the transitional safe harbours is due to the capital gain realised in 2024 as a result of the sale of the companies of the so-called "Filtration" division, which was excluded from the so-called "GloBE" tax base in the scenario of precise calculation of the level of effective taxation outside the transitional safe harbours. Considering the "adjustments" required by the "GloBE" rules for the calculation of the effective taxation, for the entities of the Sogefi group the calculated amount of the supplementary tax for the year 2024 is equal to a total of Euro 213 thousand (of which Euro 152 thousand relates to Morocco and Euro 61 thousand relates to China), with no impact for Slovenia and Italy jurisdictions.

Finally, it should be noted that the Company did not recognise any effect for deferred taxation purposes resulting from the entry into force of the Pillar 2 rules as of 1 January 2024.

35. INCOME (LOSS) FROM DISCONTINUED OPERATIONS, NET OF TAX EFFECTS

The item, is equal to Euro 125,881 thousand as at 31 December 2024, the item includes the values of the Filtration division, up to the date of sale on 31 May 2024, for an amount equal to Euro 134,440 thousand and provisions of Euro 8,563 thousand for indemnities to be paid to the purchaser of the suspension business in Mexico, sold in 2023 and already accounted for as discontinued operations in the previous year, in order to guarantee continuity of production to customers.

The following table shows the Result of discontinued operations at 31 December 2024 and 31 December 2023.

(in thousands of Euro)	2024		
	Filtration Division	Suspension Mexico	Total
Sales revenues	244,829	-	244,829
Costs	(214,528)	-	(214,528)
Operating income	**30,301**	**-**	**30,301**
Financial expenses (income), net	(1,846)	-	(1,846)
Income taxes	(6,173)	-	(6,173)
Net Operating income, net of tax effects (A)	**22,282**	**-**	**22,282**
Result of held for sale/discontinued activities	128,421	(8,563)	119,858
Reclassification of differences from equity to profit (loss) over the period	(6,017)	-	(6,017)
Ancillary charges (tax charges and costs arising from the sale transaction)	(10,242)	-	(10,242)
Net income (loss) of held for sale activities, net of tax effects (B)	**112,162**	**(8,563)**	**103,599**
Income (loss) from discontinued operations net of tax effects (A + B)	**134,444**	**(8,563)**	**125,881**

(in thousands of Euro)	2023		
	Filtration Division	Suspension Mexico	Total
Sales revenues	588,197	7,677	595,874
Costs	(508,606)	(12,697)	(521,303)
Operating income	**79,591**	**(5,020)**	**74,571**
Financial expenses (income), net	(5,291)	-	(5,291)
Income taxes	(13,083)	312	(12,771)
Net Operating income, net of tax effects	**61,217**	**(4,708)**	**56,509**
Reclassification of differences from equity to profit (loss) over the period	-	(1,950)	(1,950)
Income (loss) from discontinued operations net of tax effects	**61,217**	**(6,658)**	**54,559**

With reference to intercompany relations with the Filtration division, it should be noted that the "Profit/(loss) from operations" is affected by that part of the corporate and central structure costs (amounting to approximately Euro 3.1 million as of 31

December 2024), previously allocated to the Filtration division, which will not be transferred with the transaction.

As regards the Filtration division, on 23 February 2024, Sogefi, as part of a process to enhance the value of its Filtration division, entered into a put option agreement with the US investment fund Pacific Avenue, under which Carta Acquisition France S.A.S. (“Carta France”) and Carta Acquisition U.S., Inc. (“Carta US”), which are companies referred to the fund, have made unilateral, unconditional and irrevocable commitments to purchase, respectively, -in the event Sogefi exercises the put option- the entire share capital of Sogefi Filtration S.A. and Sogefi USA Inc. Under the terms of the put option agreement, Sogefi granted Carta US and Carta France a six-month exclusivity.
In May 2024 - after completing the consultation procedure with trade union representatives, as required by French law, and obtaining FDI (Foreign Direct Investment) authorisation in Slovenia and antitrust authorisation in Morocco - Sogefi exercised the put option and finalised the sale of the two shareholdings in Sogefi Filtration S.A. and Sogefi USA Inc. to which the Filtration division belonged.
The provisional consideration for the transaction, equal to Euro 331,167 thousand, was paid entirely in cash on the closing date (31 May 2024). This consideration, based on an enterprise value of Euro 374 million and provisional adjustments to Working Capital and Net Financial Position, in line with the standards for this type of transaction, was subject to price adjustment in November 2024, based on the final adjustments to Working Capital and Net Financial Position. The final price adjustment, in favour of the buyer, amounted to Euro 3,662 thousand. The final consideration for the transaction was therefore Euro 327,505 thousand.

The sale generated a gain as at 31 December 2024 of Euro 122,404 thousand (net of the reclassification of negative exchange rate differences from equity to profit for the year in the amount of Euro 6,017 thousand) and related costs of Euro 10,210 thousand.

It should be noted that the impact on the Consolidated Statement of Other Comprehensive Income differs by Euro 6,017 thousand from that on the Consolidated Income Statement due to the aforementioned negative differences reclassified from shareholders' equity to profit for the year.

The following table shows the effect of the sale of the Filtration division on the Consolidated Group's Financial Position:

(in thousands of Euro)	*31 May 2024*
Property, plant and machinery and tangible fixed assets	(117,396)
Intangible assets	(93,342)
Deferred Income Taxes	(4,501)
Inventories	(52,076)
Trade and other receivables	(100,595)
Other receivables	(12,617)
Cash and cash equivalents	(5,623)
Other current financial assets	(691)
Deferred Tax Liabilities	3,775
Trade and other payables	142,388
Other non current payables	11,511
Current and non current provision	10,659
Medium/long-term financial debts for right of use	19,425
Net assets and liabilities	**(199,083)**
Amount for the transfer	**327,505**
Gross capital gain	128,421
Reclassification of differences from equity to profit (loss) over the period	(6,017)
Net income (loss) of held for sale activities, net of tax effects (B)	(10,242)
Net income (loss) of held for sale activities, net of tax effects	**112,162**

Below is a breakdown of the cash flows relating to discontinued operations, as already separately specified in the Cash Flow Statement:

(in thousands of Euro)	*31 May 2024*
Cash flow from discontinued operating activities	(31,445)
Cash flow from investment activities from discontinued operating activities	(9,170)
Amount received for business transfers	321,882
Cash flow from financing activities from discontinued operating activities	(14,978)
Net income (loss) of held for sale activities	**266,289**

36. DIVIDENDS PAID

In 2024, ordinary dividends of Euro 23,730 were paid, equal to Euro 0.20 per share, as resolved by the Shareholders' Meeting of 22 April 2024, and extraordinary dividends of Euro 109,602 thousand equal to Euro 0.923 per ordinary share, as resolved by the Shareholders‘ Meeting of 18 July 2024.
Dividends paid to non-controlling interests amounted to Euro 3,404 thousand.
The Parent Company Sogefi S.p.A. did not issue any shares other than ordinary shares; treasury shares are always excluded from the dividend.

37. EARNINGS PER SHARE (EPS)

Basic earing per share is calculated by dividing the net profit for the year, the result from operating activities, and the Income/(loss) from discontinued operations attributable to the shareholders holding ordinary shares of the Parent Company, by the weighted average number of shares in circulation during the year, excluding treasury share. Diluted earing per share are calculated by adjusting the weighted average number of ordinary shares in circulation to take into account all potential ordinary shares that may have a dilutive effect. The company has only one category of potential ordinary shares, those arising from the possible exercise of stock grant plans awarded to employees. Treasury shares are excluded from the calculation of ordinary shares outstanding.

Basic EPS

The following provides information on shares for the purpose of calculating basic earnings per share:

	2024	2023
Net result attributable to the ordinary shareholders (in thousands of Euro)	141,288	57,766
Weighted average number of shares outstanding (thousands)	118,804	118,370
Basic EPS (Euro)	*1.189*	*0.488*

	2024	2023
Consolidated Statement of other comprensive income attributable to the ordinary shareholders (in thousands of Euro)	143,266	36,622
Weighted average number of shares outstanding (thousands)	118,804	118,370
Basic EPS (Euro)	*1.206*	*0.309*

	2024	2023
Net result of operating activity (in thousands of Euro)	17,972	6,364
Weighted average number of shares outstanding (thousands)	118,804	118,370
Basic EPS (Euro)	*0.151*	*0.054*

	2024	2023
Net income (loss) from discountinued operations (in thousands of Euro)	125,881	54,559
Weighted average number of shares outstanding (thousands)	118,804	118,370
Basic EPS (Euro)	*1.060*	*0.461*

Diluted EPS

The following provides information on shares for the purpose of calculating diluted earnings per share:

	2024	2023
Net result attributable to the ordinary shareholders (in thousands of Euro)	141,288	57,766
Weighted average number of shares outstanding (thousands)	118,804	118,370
Weighted average number of stock grant (thousands)	67	42
Adjusted weighted average number of shares outstanding (thousands)	118,871	118,412
Diluted EPS (Euro)	*1.189*	*0.488*

	2024	2023
Consolidated Statement of other comprensive income attributable to the ordinary shareholders (in thousands of Euro)	143,266	36,622
Weighted average number of shares outstanding (thousands)	118,804	118,370
Weighted average number of stock grant (thousands)	67	42
Adjusted weighted average number of shares outstanding (thousands)	118,871	118,412
Diluted EPS (Euro)	*1.205*	*0.309*

	2024	2023
Net result of operating activity (in thousands of Euro)	17,972	6,364
Weighted average number of shares outstanding (thousands)	118,804	118,370
Weighted average number of stock grant (thousands)	67	42
Adjusted weighted average number of shares outstanding (thousands)	118,871	118,412
Diluted EPS (Euro)	*0.151*	*0.054*

	2024	2023
Net income (loss) from discountinued operations (in thousands of Euro)	125,881	54,559
Weighted average number of shares outstanding (thousands)	118,804	118,370
Weighted average number of stock grant (thousands)	67	42
Adjusted weighted average number of shares outstanding (thousands)	118,871	118,412
Diluted EPS (Euro)	*1.059*	*0.461*

E) 38. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial instruments

The following table shows a comparison between the book value of the Group's financial instruments and their fair value.

An analysis of the table shows that the fair value is different from the book value only in the case of short-term and long-term fixed-rate financial debts. This positive difference, corresponding to Euro 46 thousand, is generated by a recalculation of these loans at year-end date at current market rates.
The spreads of floating-rate loans are in line with standard market conditions.
The fair value of fixed-rate financial debts is classified as Level 2 in the fair value hierarchy (see paragraph "Categories of financial assets and liabilities stated in the financial statements and fair value hierarchy") and was measured using generally accepted discounted cash flow models and a free-risk discount rate.

(in thousands of Euro)	Book value		Fair value	
	12.31.2024	12.31.2023	12.31.2024	12.31.2023
Financial assets				
Cash and cash equivalents	57,327	78,185	57,327	78,185
Other current financial assets valued at amortization cost	2,244	1,161	2,244	1,161
Assets for derivative financial instruments	-	9	-	9
Current financial receivables	4,624	3,966	4,624	3,966
Trade receivables	88,738	166,900	88,738	166,900
Other receivables	14,901	13,408	14,901	13,408
Other assets	2,799	3,357	2,799	3,357
Other financial assets available for sale	3	47	3	47
Other non-current financial assets valued at amortization cost	4,355	6,771	4,355	6,771
Non-current financial receivables	-	2,761	-	2,761
Other non-current receivables	5,144	31,465	5,144	31,465
Financial liabilities				
Short-term fixed rate financial debts	738	18,164	742	17,988
Short-term financial debts for right of use	9,858	12,689	9,858	12,689
Short-term variable rate financial debt	12,885	45,775	12,885	45,775
Other short-term financial liabilities for derivatives	12	2	12	2
Trade and other payables	200,134	334,037	200,134	334,037
Other current liabilities	24,214	38,272	24,214	38,272
Other non- current liabilities	39,743	56,449	39,743	56,449
Other fixed rate medium/long-term financial debts	633	59,300	675	59,837
Medium/long-term financial debts for right of use	35,635	52,715	35,635	52,715
Medium / long-term variable rate financial debt	63,788	170,333	63,788	170,333

Financial risk management

Given that the Group operates on world markets, its activity is exposed to various kinds of financial risks, including fluctuations, up or down, of interest and exchange rates, and cash flow risks (for cash flows generated outside of the Eurozone). In order to minimise these risks, the Group uses derivatives as part of its risk management activity, whereas it does not use or hold derivatives or similar instruments purely for trading purposes.

The Group also has available a variety of financial instruments other than derivatives, such as bank loans, financial leases, rentals, sight deposits, payables and receivables deriving from normal operating activities.
The Group handles its main hedging operations centrally. Precise instructions have also been issued, laying down guidelines on risk management, while procedures have been introduced to control all transactions in derivatives.

Interest risk

The interest risk to which the Group is exposed mainly arises from long-term debts.

These debts may be fixed or floating rate.

Floating rate debts, which represent 98% of the net book value of Group loans, expose the Group to a risk arising from interest rate volatility (cash flow risk).

The following table gives a breakdown, by maturity, of the book value of the Group's financial assets and liabilities instruments, which are exposed to interest rate risk as at 31 December 2024, split according to whether they are contractually at a fixed or floating rate (for further details see the table shown in the analysis of "Liquidity risk"):

(in thousands of Euro)	within 12 months	between 1 and 2 years	between 2 and 3 years	between 3 and 4 years	between 4 and 5 years	beyond 5 years	Total
TOTAL FIXED RATE - ASSET	2,244	2,059	2,296	-	-	-	6,599
TOTAL FIXED RATE - LIABILITIES	(10,596)	(9,701)	(8,802)	(5,988)	(4,406)	(7,372)	(46,865)
TOTAL FLOATING RATE - ASSET	61,951	-	-	-	-	-	61,951
TOTAL FLOATING RATE - LIABILITIES	(12,897)	(4,352)	(29,927)	(29,509)	-	-	(76,685)

Financial instruments under “Total fixed rate – Asset” refer to “Other financial assets measured at amortised cost”.
Financial instruments booked to “Total floating rate – Asset” refer to “Cash and cash equivalents” and “Other financial assets” (Securities held for trading, Assets for derivative financial instruments, Current financial receivables).

Below there is a sensitivity analysis which shows the impact on the Net Result, net of tax, and on Consolidated Equity of a change in interest rates that is considered reasonably possible.

An increase or decrease in interest rates of 100 basis points, applied to floating-rate financial assets and liabilities in existence as at 31 December 2024, including interest-rate hedges, would have the following effects:

(in thousands of Euro)	12.31.2024		12.31.2023	
Sensitivity Analysis	Net profit	Equity	Net profit	Equity
+ 100 basis points	(493)	(493)	(1,056)	(371)
- 100 basis points	493	493	1,056	377

The effect on Shareholders' equity at 31 December 2024 is in line with the effect on the Income Statement.

Currency risk

As it operates at an international level, the Group is exposed to the risk that changes in exchange rates could have an impact on the fair value of some of its assets or liabilities.
Moreover, as can be seen from the segment information given in Note 4, the Group produces and sells mainly in countries of the Eurozone, but it is potentially exposed to currency risk, above all in respect of the British Pound, Brazilian Real, US Dollar, Argentine Peso, Chinese Renminbi and Canadian Dollar.
Generally speaking, the Group is not particularly exposed to exchange risk, which is mainly related to the translation of foreign subsidiaries' financial statements, as the currencies in which the foreign operating companies bill and those in which they are invoiced tend to be much the same.

As regards borrowings, there are also policies stating that any funds raised from third parties have to be in the same currency as the functional currency of the company obtaining the loan. If any exception is made to this principle, then the risk is hedged through forward currency purchases.

A sensitivity analysis is provided below, which shows the impact on the Net Result, especially on “Exchange (gains) losses”, net of tax, and on Consolidated Equity of a change that is considered reasonably possible in exchange rates of the main foreign currencies. Note that the exchange effect of translating the financial statements of foreign subsidiaries into Euro has not been taken into consideration here.
What has been taken into consideration are the financial assets and liabilities outstanding as at 31 December 2024 denominated in a currency other than the functional currency of the individual subsidiaries. This analysis also takes into account any changes in the fair value of the derivate financial instruments.

As at 31 December 2024, exchange risk was concentrated mainly in transactions with the Euro.

A 5% appreciation or depreciation of the Euro against the other main currencies would have the following effects:

(in thousands of Euro)	12.31.2024		12.31.2023	
Sensitivity Analysis	Net profit	Equity	Net profit	Equity
+ 5%	(288)	(288)	(1,887)	(1,887)
- 5%	323	323	2,125	2,125

These effects are mainly due to the following exchange rate EUR/GBP for the net financial exposure in GBP of the Parent Company Sogefi S.p.A.

Please note that a sensitivity analysis of the GBP/USD exchange rate showed that a 5% appreciation/depreciation of the Pound sterling against the US dollar would cause Group's net profit and equity to increase/decrease by Euro 642 thousand of the Net Result and of the Consolidated Equity.
In addition, please note that a sensitivity analysis of the CAD/USD exchange rate showed that a 5% appreciation/depreciation of the Canadian dollar against the US

dollar would cause Group's net profit and equity to increase/decrease by Euro 606 thousand of the Net Result and of the Consolidated Equity.
These effects are due to the exposure for the trade payables and financial debt in USD of the Canadian and English subsidiaries.

Price risk

The Group is partially exposed to price risk as it makes purchases of various raw materials such as steel, plastics, aluminium, cellulose products.
The risk is handled in the best way possible thanks to centralised purchasing at business unit level and to a policy of having various suppliers for each kind of raw material, operating in different parts of the world.
We would also point out that price risk is generally mitigated by the Group's ability to pass on part of the variation in raw material costs to selling prices.

The price risk on Group investments classified as “Securities held for trading” and “Other financial assets available for sale” is not significant.

Credit risk

This is the risk that one of the parties signing a contract of a financial nature defaults on an obligation, thereby provoking a financial loss. This risk can derive from strictly commercial aspects (granting and concentration of credits), as well as from purely financial aspects (choice of counterparties used in financial transactions).

Cash and cash equivalents
Cash and cash equivalents held by the Group as at 31 December 2024 amounted to Euro 57,327 thousand (Euro 78,185 thousand as at 31 December 2023). Cash and cash equivalents are held with banks and financial institutions with credit ratings between Aa3 and Caa3 by Moody’s.
Impairment losses of cash and cash equivalents are measured at 12-month expected credit losses and reflect the maturities of short-term exposures. The Group believes its credit risk on cash and cash equivalents to be low, according to the counterparties’ credit ratings by third parties.
The Group measures expected credit loss relating to cash and cash equivalents using a method similar to that adopted for debt instruments.
As at 31 December 2024, impairment losses of cash and cash equivalents were equal to Euro 2 thousand.

Derivative financial instruments
Derivative financial instruments were entered into with banks and financial institutions whose credit rating, determined by the rating agency Moody’s, is equal to Baa3.

Trade receivables
From a commercial point of view, the Group does not have excessive concentrations of credit risk as it operates on Original Equipment distribution channel that make it possible not to depend too much on individual customers.
The main customers are manufacturers of automobiles and industrial vehicles.
In order to minimise credit risk, however, procedures have in any case been implemented to limit the impact of any customer insolvencies.

As regards counterparties for the management of financial resources, the Group only has recourse to partners that have a safe profile and a high international standing.
The Group's maximum exposure to credit risk as at 31 December 2024 is represented by the book value of the financial assets shown in the financial statements (Euro 180,135 thousand), as well as by the nominal value of the guarantees given in favour of third parties, as mentioned in Note 41 (Euro 2,231 thousand).

The exposure to credit risk is essentially linked to trade receivables which amounted to Euro 86,889 thousand as at 31 December 2024 (Euro 167,426 thousand as at 31 December 2023), written down by Euro 2,607 thousand (Euro 4,149 thousand as at 31 December 2023).
The Group does not have any guarantees covering trade receivables (bank guarantees Euro 2,048 thousand as at 31 December 2023).

The following table shows the changes in the allowance for doubtful accounts:

(in thousands of Euro)	12.31.2024	12.31.2023
Opening balance	4,149	4,689
Change to the scope of consolidation	(1,856)	40
Accruals for the period	922	644
Utilisations	(40)	(757)
Provisions not used during the period	(630)	(419)
Exchange differences	62	(48)
TOTAL	2,607	4,149

The following is an ageing analysis of gross receivables and the related allowance for doubtful accounts to help evaluate credit risk:

(in thousands of Euro)	12.31.2024		
	Gross value	Allowance for doubtful accounts	Net value
Receivables past due:			
0-30 days	8,271	(48)	8,223
30-60 days	1,950	(5)	1,945
60-90 days	1,243	-	1,243
over 90 days	5,763	(2,238)	3,525
Total receivables past due	17,227	(2,291)	14,936
Total receivables still to fall due	69,662	(316)	69,346
TOTAL	86,889	(2,607)	84,282

(in thousands of Euro)	12.31.2023		
	Gross value	Allowance for doubtful accounts	Net value
Receivables past due:			
0-30 days	13,495	(44)	13,451
30-60 days	2,551	(164)	2,387
60-90 days	1,817	(33)	1,784
over 90 days	6,963	(2,998)	3,965
Total receivables past due	24,826	(3,239)	21,587
Total receivables still to fall due	142,600	(910)	141,690
TOTAL	167,426	(4,149)	163,277

The item “Total receivables still to fall due” does not contain significant positions that have been renegotiated.

Considering the nature of the Sogefi Group's customers (cars and industrial vehicles manufacturers and important international purchasing groups), a Credit risk analysis by type of customer is not considered meaningful.

Liquidity risk

This is the risk that the Group may have trouble meeting its commitments associated with financial liabilities settled by cash or other financial assets. The Group's approach to managing liquidity is to have sufficient funds to meet its commitments upon maturity at all times, whether under normal conditions or under financial pressure, without incurring in excess charges or damaging its reputation.

The Group is subject to a minimum amount of liquidity risk, namely having to handle a situation where it is not able to raise sufficient funds to meet its liabilities.
The Group has always taken an extremely prudent approach to its financial structure, using mainly medium/long-term funding, whereas forms of short-term financing are generally used only to cope with moments of peak requirement.
Its solid capital structure makes it relatively easy for the Group to find additional sources of financing.
It should also be mentioned that the Parent Company Sogefi S.p.A. has implemented a cash pooling system for all of the main European and North American subsidiaries, which makes it possible to optimise liquidity and cash flow management at a supranational level.
The following table shows an analysis of the Group's financial assets and liabilities instruments by maturity, including the amount of future interests to be paid and trade receivables and payables:

(in thousands of Euro)	within 12 months	between 1 and 2 years	between 2 and 3 years	between 3 and 4 years	between 4 and 5 years	beyond 5 years	Total
Fixed rate							
Other financial asstes valued at amortized cost	2,244	2,059	2,296	-	-	-	6,599
Financial debts for right of use	(9,858)	(9,642)	(8,742)	(5,927)	(4,027)	(7,298)	(45,494)
Sogefi Air Cooling S.A.S Loans	-	-	-	-	-	(74)	(74)
Sogefi (Suzhou) Auto Parts Co., Ltd loans	(661)	-	-	-	-	-	(661)
Other fixed rate loans	(77)	(59)	(60)	(61)	(379)	-	(636)
Future interests	(8)	(3)	(2)	(1)	-	-	(14)
TOTAL FIXED RATE	(8,360)	(7,645)	(6,508)	(5,989)	(4,406)	(7,372)	(40,280)
Floating rate							
Cash and cash equivalents	57,327	-	-	-	-	-	57,327
Current financial receivables	4,624	-	-	-	-	-	4,624
Bank overdrafts and other short-term loans	(326)	-	-	-	-	-	(326)
Sogefi S.p.A. loans	(7,142)	(4,251)	(29,830)	(29,509)	-	-	(70,732)
Other floating rate loans	(5,417)	(101)	(97)	-	-	-	(5,615)
Future interests	(3,377)	(1,952)	(1,490)	(384)	-	-	(7,203)
Liabilities for derivative financial instruments - exchange risk hedging	(12)	-	-	-	-	-	(12)
TOTAL FLOATING RATE	45,677	(6,304)	(31,417)	(29,893)	-	-	(21,937)
Trade receivables	88,738	-	-	-	-	-	88,738
Trade and other payables	(200,134)	-	-	-	-	-	(200,134)
TOTAL FINANCIAL INSTRUMENT - ASSET	152,933	2,059	2,296	-	-	-	157,288
TOTAL FINANCIAL INSTRUMENT - LIABILITIES	(227,012)	(16,008)	(40,221)	(35,882)	(4,406)	(7,372)	(330,901)

Hedging

a) Exchange risk hedges – not designated in hedge accounting

The Sogefi Group has entered the following contracts to hedge the exchange risk on commercial balances. Note that even though the Group considers these instruments as exchange risk hedges from a risk management point of view, it has chosen not to adopt hedge accounting, as this treatment is not considered suitable for the Group's operating requirements. It therefore measures such contracts at fair value, posting the differences to “Exchange (gains) losses” in the Income Statement (this difference is offset within Income Statement by the fair value change of the asset/liability denominated in a certain currency).
The fair value of these instruments was calculated using the forward curve of exchange rates as at 31 December 2024.

As at 31 December 2024, the following forward purchase/sale contracts were maintained to hedge the exchange risk on commercial positions:

Company	Forward purchase / Forward sale		Date opened	Currency exchange	Spot price	Date closed	Forward price	Fair value (*) at 12.31.2024
Sogefi Suspension Brasil Ltda	V	USD 200.000	11/14/24	BRL/valuta	5.7713	01/16/25	5.8125	(12)

b) Interest risk hedges – in hedge accounting

The interest rate swap contracts outstanding at 31 December 2023 were terminated in May 2024 following the early repayment of the underlying loan.

As at 31 December 2023, details of the contracts are as follows:

Description of IRS	Date opened	Contract maturity	Notional (in thousands of Euro)	Fixed rate	Fair value at 12.31.2024	Fair value at 12.31.2023
Hedging of SACE loan Euro 80 millions (10/09/20 expired 06/30/26)	12/30/2020	30/06/2026	16,633	-0.196%	-	690
Hedging of SACE loan Euro 80 millions (10/09/20 expired 06/30/26)	12/30/2020	30/06/2026	16,633	-0.196%	-	690
Hedging of SACE loan Euro 80 millions (10/09/20 expired 06/30/26)	12/30/2020	30/06/2026	16,633	-0.196%	-	690
Hedging of SACE loan Euro 80 millions (10/09/20 expired 06/30/26)	12/30/2020	30/06/2026	16,633	-0.196%	-	690
TOTAL			66,531		-	2,761

The change in fair value with respect to 31 December 2023, amounting to Euro 2,761 thousand, was collected in the amount of Euro 2,705 thousand and the remainder was recognised as a reduction of shareholders' equity in the amount of Euro 493 thousand (amount corresponding to the change in fair value from 31 December 2023 to the derivative closing date) and Euro 437 thousand as financial income.

c) fair value of derivatives

The fair value of all derivatives was calculated using the forward curves of exchange and interest rates as at 31 December 2024, also taking into account a credit valuation adjustment/debit valuation adjustment. The fair value amounts of derivatives are classified as Level 2 in fair value hierarchy, based on the significance of the inputs used in fair value measurements.

Equity management

The main objectives pursued by the Group through its equity risk management are the creation of value for shareholders and the safeguarding of business continuity. The Group also sets itself the objective of maintaining an optimal equity structure so as to reduce the cost of indebtedness and meet the covenants established by the loan agreements.

The Group monitors equity on the basis of the net financial indebtedness/total equity ratio (gearing ratio). For the purposes of determination of the net financial indebtedness reference is made to Note 20. Total equity is analysed in Note 19.

As at 31 December 2024, gearing ratio stands at 0.18 (0.93 as at 31 December 2023).

Categories of financial assets and liabilities stated in the financial statements and fair value hierarchy

In compliance with the requirements of IFRS 7, the table below provides the information on the categories of financial assets and liabilities held by the Group as at 31 December 2024.

For the financial instruments measured at fair value in the Consolidated Statement of Financial Position the IFRS 13 requires a classification by hierarchy determined by reference to the source of inputs used to derive the fair value. This classification uses the following three levels:

- level 1: if the financial instrument is quoted in an active market;
- level 2: if the fair value is determined using valuation techniques and the inputs used for the valuation (other than quoted prices of financial instruments) are observable in the market. Specifically, fair value was calculated using the forward curves of exchange and interest rates;
- level 3: if the fair value is determined using valuation techniques and the inputs used for the valuation are non-observable in the market.

The following table therefore shows the fair value level of financial assets and liabilities measured at fair value, as at 31 December 2024:

(in thousands of Euro)	Note	Book value 2024	Receivables and financial assets Valued at amortized cost	Financial assets available for sale	Financial liabilities	Fair Value with changes booked in the Income Statement	
						Amount	Fair value hierarchy
Current assets							
Cash and cash equivalents	*5*	57,327	57,327	-	-	-	
Other current financial assets valued at amortization cost	*6*	2,244	2,244	-	-	-	
Current financial receivables	*6*	4,624	4,624	-	-	-	
Trade receivables	*8*	88,738	88,738	-	-	-	
Other receivables	*8*	14,901	14,901	-	-	-	
Other assets	*8*	2,799	2,799	-	-	-	
Non-current assets							
Other financial assets available for sale	*11*	3	-	3*	-	-	
Other non-current financial assets valued at amortised cost	*11*	4,355	4,355		-	-	
Other non-current receivables	*12*	5,144	5,144	-	-	-	
Current liabilities							
Short-term fixed rate financial debts	*15*	738	-	-	738	-	
Short-term financial debts for Right of Use	*15*	9,858	-	-	9,858	-	
Short-term variable rate financial debts	*15*	12,885	-	-	12,885	-	
Other short-term liabilities for derivative financial instruments	*15*	12	-	-	-	12	*2*
Trade and other payable	*16*	200,134	-	-	200,134	-	
Other current liabilities	*17*	24,214	-	-	24,214	-	
Non-current liabilities							
Medium/long-term fixed rate financial debts	*15*	633	-	-	633	-	
Medium/long-term financial debts for Right of Use	*15*	35,635	-	-	35,635	-	
Medium/long-term variable rate financial debts	*15*	63,788	-	-	63,788	-	

* relating to financial assets valued at cost, as permitted by IFRS 9, insofar as a reliable fair value is not availble.

The following table shows the fair value level of financial assets and liabilities measured at fair value, as at 31 December 2023:

(in thousands of Euro)	Note	Book value 2023	Receivables and financial assets Valued at amortized cost	Financial assets available for sale	Financial liabilities	Fair Value with changes booked in the Income Statement	
						Amount	Fair value hierarchy
Current assets							
Cash and cash equivalents	*5*	78,185	78,185	-	-	-	
Held-to-maturity investments	*6*	1,161	1,161	-	-	-	
Assets for derivative financial instruments	*6*	9	-	-	-	9	*2*
Current financial receivables	*6*	3,966	3,966	-	-	-	
Trade receivables	*8*	166,900	166,900	-	-	-	
Other receivables	*8*	13,408	13,408	-	-	-	
Other assets	*8*	3,357	3,357	-	-	-	
Non-current assets							
Other financial assets available for sale	*11*	47	-	47*	-	-	
Other non-current financial assets valued at amortised cost	*11*	6,771	6,771	-	-	-	
Non-current assets for derivative financial instruments	*12*	2,761	-	-	-	2,761	*2*
Other non-current receivables	*12*	31,465	31,465	-	-	-	
Current liabilities							
Short-term fixed rate financial debts	*15*	18,164	-	-	18,164	-	
Short-term financial debts for Right of Use	*15*	12,689	-	-	12,689	-	
Short-term variable rate financial debts	*15*	45,775	-	-	45,775	-	
Other short-term liabilities for derivative financial instruments	*15*	2	-	-	-	2	*2*
Trade and other payables	*16*	334,037	-	-	334,037	-	
Other current liabilities	*17*	38,272	-	-	38,272	-	
Non-current liabilities							
Medium/long-term fixed rate financial debts	*15*	59,300	-	-	59,300	-	
Medium/long-term financial debts for Right of Use	*15*	52,715	-	-	52,715	-	
Medium/long-term variable rate financial debts	*15*	170,333	-	-	170,333	-	

* relating to financial assets valued at cost, as permitted by IFRS 9, insofar as a reliable fair value is not avaible.

F) 39. RELATED PARTY TRANSACTIONS

See IAS 24 and the related communications from Consob for the definition of related party transactions.

The Company's Board of Directors has established a Related Party Transactions Committee and adopted the Procedure for Related Party Transactions (the “Procedure”), which establishes the principles of conduct and the rules adopted by Sogefi S.p.A. to ensure the transparency and substantive and procedural fairness of transactions with its related parties carried out by the Company directly or through its subsidiaries.
Related parties transactions are conducted at arm’s length, taking into account the quality and type of services.

The Group is controlled by the Parent Company CIR S.p.A. (which in turn is controlled by the ultimate Parent Company Fratelli De Benedetti S.p.A.), which as at 31 December 2024 held 59.60% of the share capital (60.18% of outstanding shares, excluding treasury shares). The shares of Sogefi S.p.A. are listed on the Euronext Star Milan Market.

The Group’s consolidated financial statements include the financial statements of the consolidated companies, listed in chapter H along with the stake held in the same by the Group.
Dealings between Group companies are conducted at arm’s length, taking into account the quality and type of services rendered.
The Parent Company Sogefi S.p.A., because of its role of Holding company, provides administrative, financial and management services directly to the two French sub-holding operative companies (Sogefi Suspensions S.A. and Sogefi Air & Cooling S.A.S.) which, in turn, beside dealing with the services provided by the Parent Company to the companies operating in the relevant business units, provide directly to the latter support services as well as operating and business services. The Parent Company also debits and credits interest at a market spread to those subsidiaries that have joined the Group's cash pooling system. The Parent Company is also charging royalties fees on the Group “SAP” information system to those subsidiaries at which implementation has been completed.

The subsidiary Sogefi Gestion S.A.S. carries out centralised functions and charges Group companies for administrative, financial, legal, industrial and IT services as well as royalties for the use of Group-wide IT applications.

As part of its activity, the Parent Company Sogefi S.p.A. makes use of the services provided by CIR S.p.A., its Parent Company, in areas such as strategic development and of an administrative and financial nature, governance and communication. This relationship is regulated by contracts at arm's-length conditions and the cost is commensurate to the effective value of such services to the Sogefi Group in terms of the resources devoted to them and the specific economic advantages obtained as a result. It should be noted that Sogefi's interest in the provision of services by the parent company is considered to be preferable to services provided by third parties because of, among other things, its extensive knowledge acquired over time in its specific business and market environment.

The service contract for the two-year period 2023-2024 ended on 31 December 2024 and was renewed in January 2025 for a duration of one year.

In 2024, the Parent Company Sogefi S.p.A. used the services of CIR S.p.A., paying Euro 165 thousand for them (Euro 165 thousand in the previous year). In addition, during the year 2024 CIR S.p.A. incurred in costs for the amount of Euro 170 thousand for the sole benefit of the Parent Company Sogefi S.p.A. These costs were charged back to Sogefi S.p.A. as at 31 December 2024.

The Parent Company Sogefi S.p.A. had entered into a rental contract with the holding company CIR S.p.A. on the offices located in Milan, via Ciovassino 1 where Sogefi has its registered offices and administration.

As at 31 December 2024, the Italian companies of the Sogefi Group had receivables for the amount of Euro 4,456 thousand owed by CIR S.p.A. in connection with their participation in the group tax filing system, and payables for the amount of Euro 875 thousand. As at 31 December 2023, receivables amounted to Euro 3,623 thousand (Euro 2,725 thousand were collected during the course of 2024) and payables amounted to Euro 1,523 thousand.

At the end of 2024, the Italian subsidiaries recorded an income of Euro 26 thousand (Euro 63 thousand in the previous year) following the transfer of fiscal surplus to companies that have joined the CIR Group tax filing system in order to have an interest deduction and an expense of Euro 26 thousand. The Parent Company Sogefi S.p.A. did not record any expense due to the payment for the fiscal surplus received from the companies that have joined the CIR Group tax filing system (Income for Euro 513 thousand in the previous financial year).

As regards economic transactions with the Board of Directors, Statutory Auditors, Chief Executive Officer and the Manager with strategic responsibility in 2024, please refer to the attached table.

Apart from those mentioned above and shown in the table below, at the date of these financial statements, we are not aware of any other related party transactions.

The following table summarises related party transactions:

(in thousands of Euro)	2024	2023
Receivables		
- for the Group tax filing from CIR S.p.A.	4,430	3,560
- for income following the transfer of fiscal surplus to the CIR Group	26	63
Payables		
- for Director's remuneration	14	14
- for services received from CIR S.p.A.	16	-
- for the cost of transferring tax surpluses from the CIR Group	26	513
- for the Group tax filing from CIR S.p.A.	819	996
Right of use (*)		
- for rental property	493	599
Financial debts for Right of Use (*)		
- for rental property	518	603
Costs		
- for services received from CIR S.p.A.	165	165
- for rental contract from CIR S.p.A	21	110
- for costs recharged from CIR S.p.A.	170	162
- for amortizations for rights of use (*)	106	18
-for the cost of transferring tax surpluses from the CIR Group	26	513
Revenues		
- for income following the transfer of fiscal surplus to the CIR Group	26	63
Compensation of directors and statutory auditors		
- directors	653	792
- directors charged back to the parent company	20	20
- statutory auditors	93	93
- contribution charges on compensation to directors and statutory auditors	27	28
Compensation and related contributions to the General Manager (**)	514	916
Compensation and related contributions to Managers with strategic responsibilities ex Consob resolution no. 17221/2010 (****)	1,366	651

(*) Presented here are the components relating to the rental contract for the headquarters in Via Ciovassino 1, Milan; it should be noted that rents accrued as at 31 December 2024 totalled Euro 120 thousand.
(**) The item includes the imputed cost of Stock Grant plans of Euro 9 thousand (Euro 116 thousand in 2023) recognised in item “Other non-operating expenses (income)”. For the 2024 financial year, the compensation is intented to be up to the end of the term (31 Agust 2024)
(***) The item includes the net imputed cost of Stock Grant plans of Euro 143 thousand (Euro 48 thousand in 2023) recognised in item “Other non-operating expenses (income)”.

G) COMMITMENTS AND RISKS

40. INVESTMENT COMMITMENTS

At 31 December 2024, Group companies have binding commitments for investments relating to the purchase of property, plant and equipment for Euro 174 thousand (Euro 552 thousand at the end of the previous financial year).

41. GUARANTEES GIVEN

Details of guarantees are as follows:

(in thousands of Euro)	12.31.2024	12.31.2023
PERSONAL GUARANTEES GIVEN		
a) Sureties to third parties	481	1,039
b) Other personal guarantees in favour of third parties	1,750	3,743
TOTAL PERSONAL GUARANTEES GIVEN	2,231	4,782
REAL GUARANTEES GIVEN		
a) Against liabilities shown in the financial statements	3,819	18,348
TOTAL REAL GUARANTEES GIVEN	3,819	18,348

The guarantees given in favour of third parties mainly relate to guarantees given to certain customers by subsidiary Sogefi Suspensions Heavy Duty Italy S.p.A.; guarantees are shown at a value equal to the outstanding commitment at the end of the reporting period. These accounts indicate risks, commitments and guarantees provided by Group companies to third parties.

The “Other personal guarantees in favour of third parties” relate to the commitment of the subsidiary Sogefi HD Suspensions Germany GmbH to the employee pension fund for the two business lines at the time it was acquired in 1996; this commitment is covered by the contractual obligations of the seller, who is a leading German operator.

“Real guarantees given” refer to the subsidiaries Sogefi (Suzhou) Auto Parts Co., Ltd and Sogefi ADM Suspensions Private Limited which, in exchange for loans obtained totalling Euro 1,244 thousand, granted the lending institutions real guarantees on tangible fixed assets, trade receivables and inventory totalling Euro 3,819 thousand.

42. OTHER RISKS

As at 31 December 2024, the Group had third-party goods and materials held at Group companies worth Euro 1,871 thousand.

43. CONTINGENT ASSETS/LIABILITIES

Sogefi Group is managing environmental issues in some production plants. No relevant costs are expected.

In October 2016, the Parent Company Sogefi S.p.A. received four notices of assessment relating to fiscal periods 2011 and 2012, as a result of a tax audit carried out during the first half year 2016, with two irregularities: i) undue detraction of Euro 0.6 million of VAT paid on purchases of goods and services, ii) non-deductibility from IRES tax (and relating non-deductibility for VAT of Euro 0.2 million) of the expense for services performed by parent company CIR S.p.A., for the overall taxable amount of Euro 1.3 million, not including interest and fines. The notices were challenged by the Company before the Province Tax Commission of Mantua, which on 14 July 2017 filed judgement no. 119/02/2017, ruling in favour of the Company on all claims. The Italian Tax Agency filed an appeal against parts of the judgement, requesting that only the notices of VAT assessment be sustained, and finally waiving the notices of IRES assessment (Italian Corporate Income Tax).
The Company has filed its rebuttal arguments against this partial appeal. On 19 November 2019, a hearing was held at the Lombardy Regional Tax Committee, which accepted the Authority's argument.
The judgement of the Regional Tax Committee of Lombardy, Brescia local unit, was challenged by the Company before the Cassation on 30 September 2020. The Authority, through the *Avvocatura Generale dello Stato* (office of State lawyers), filed a defence.
The public hearing was held on 6 November 2024. On 21 December 2024, the Italian Court of Cassation upheld the Company's appeal, overturning the CTR's sentence and referring it to another section of the Lombardy Tax Court of Second Instance to ascertain whether the system for determining the pro rata VAT used by the Company "is capable of identifying transactions that are actually eligible for deduction".
After this victory, the Company must resume the proceedings before the Lombardy Tax Court of Second Instance no later than 21 June 2025.
On 31 December 2020, the Company paid the amount ordered under Regional Tax Committee judgement no. 1/26/2020. This amount of Euro 1.3 million is included in the item "Tax receivables".
Based on the tax advisor's opinion, Directors believe the risk of losing to be possible but not likely.

Consequently, the Company did not set aside any amount for tax risks to contingent liabilities in financial statements as at 31 December 2024.

44. ATYPICAL OR UNUSUAL TRANSACTIONS

Pursuant to Consob Communication dated 28 July 2006, it is specified that the Group did not implement any atypical and/or unusual transactions during 2024.

45. OTHER INFORMATION

DISCLOSURE PURSUANT TO ART. 1, PARAGRAPH 125, OF ACT NO. 124 OF 4 AUGUST 2017

During 2024, the subsidiaries that have obtained public grants under the provisions referred to above disclosed the relevant information in their statutory financial statements.

DISCLOSURE PURSUANT TO ARTICLE 2427, 22-QUINQUIES AND ARTICLE 2427, 22-SEXIES

The company that prepares the consolidated financial statements of the largest group of companies the company is part of as a subsidiary, is Fratelli De Benedetti S.p.A. with registered office in Via Valeggio no. 41 - Turin, whose financial statements are filed at the registered office of Fratelli De Benedetti S.p.A..

The company that prepares the consolidated financial statements of the smallest group of companies the company is part of as a subsidiary is CIR – Compagnie Industriali Riunite S.p.A. with registered office in Via Ciovassino no. 1 - Milan, whose financial statements are filed at the registered office of CIR.

46. SUBSEQUENT EVENTS

No significant events occurred after 31 December 2024 such as could have an impact on the consolidated financial statements as at 31 December 2024.

H) GROUP COMPANIES

47. LIST OF GROUP COMPANIES AS AT 31 DECEMBER 2024

SUBSIDIARIES CONSOLIDATED ON A LINE-BY-LINE BASIS

Direct equity investments	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
SOGEFI SUSPENSIONS S.A. Guyancourt (Francia)	Euro	192,883,339	4,345,198	99.999	44.39	192,883,339
SOGEFI GESTION S.A.S. Guyancourt (Francia)	Euro	100,000	10,000	100	10	100,000
SHANGHAI SOGEFI AUTO PARTS Co., Ltd Shanghai (Cina)	USD	13,000,000	(1)	100	(2)	13,000,000
SOGEFI AIR & COOLING S.A.S. Guyancourt (Francia)	Euro	54,938,125	36,025	100	1,525	54,938,125
SOGEFI (SUZHOU) AUTO PARTS CO., Ltd Wujiang (Cina)	USD	37,400,000	(1)	100	(2)	37,400,000

(1) The share capital is not divided in shares or quotas.
(2) There is no unit nominal value.

Indirect equity investments	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
AIR&COOLING BUSINESS UNIT						
SOGEFI AIR & COOLING CANADA CORP. Nova Scotia (Canada) held by Sogefi Air & Cooling S.A.S.	CAD	67,584,600	2,383	100	(2)	67,061,460
SOGEFI AIR & COOLING USA, Inc. Wilmington (U.S.A.) held by Sogefi Air & Cooling S.A.S.	USD	100	1,000	100	0.10	100
S.C. SOGEFI AIR & COOLING S.r.l. Titesti (Romania) held by Sogefi Air & Cooling S.A.S.	RON	7,087,610	708,761	100	10	7,087,610
ATN MOLD & PARTS (SAS) Alsazia (Francia) held by Sogefi Air & Cooling S.A.S.	Euro	400,000	4,000	100	100	400,000
SOGEFI ENGINE SYSTEMS MEXICO S. de R.L. de C.V. Apodaca (Messico)	MXN	955,920,910		100		955,920,909
0,0000007921% held by Sogefi Air & Cooling S.A.S.			1		1	
99,9999992079% held by Sogefi Air & Cooling Canada Corp.			1		955,920,909	

(2) There is no unit nominal value.

Indirect equity investments	Currency	Share capital	Number of shares	% held	Par value per share	Par value of the interest held
SUSPENSIONS BUSINESS UNIT						
ALLEVARD SPRINGS Ltd Clydach (Gran Bretagna) held by Sogefi Suspensions S.A.	GBP	19,000,002	19,000,002	100	1	19,000,002
SOGEFI HD SUSPENSIONS GERMANY GmbH Volklingen (Germania) held bySogefi Suspensions S.A.	Euro	50,000	1	100	50,000	50,000
SOGEFI SUSPENSION ARGENTINA S.A. Buenos Aires (Argentina) 89,999% held by Sogefi Suspensions S.A. 9,9918% held by Sogefi Suspension Brasil Ltda	ARP	61,356,535	61,351,555	99.9908	1	61,351,555
IBERICA DE SUSPENSIONES S.L. (ISSA) Alsasua (Spagna) held by Sogefi Suspensions S.A.	Euro	10,529,668	5,264,834	50	1	5,264,834
SOGEFI SUSPENSION BRASIL Ltda São Paulo (Brasile) held by Sogefi Suspensions S.A.	BRL	37,161,683	37,161,683	100	1	37,161,683
UNITED SPRINGS Limited Rochdale (Gran Bretagna) held by Sogefi Suspensions S.A.	GBP	4,500,000	4,500,000	100	1	4,500,000
UNITED SPRINGS B.V. Hengelo (Olanda) held by Sogefi Suspensions S.A.	Euro	254,979	254,979	100	1	254,979
UNITED SPRINGS S.A.S. Guyancourt (Francia) held by Sogefi Suspensions S.A.	Euro	5,109,000	2,043,600	100	2.5	5,109,000
S.ARA COMPOSITE S.A.S. Guyancourt (Francia) held by Sogefi Suspensions S.A.	Euro	13,000,000	25,000,000	96.15	0.5	12,500,000
SOGEFI ADM SUSPENSIONS Private Limited Pune (India) held by Sogefi Suspensions S.A.	INR	432,000,000	32,066,926	74.23	10	320,669,260
SOGEFI SUSPENSIONS HEAVY DUTY ITALY S.P.A. Puegnago sul Garda (Italia) Partecipazione di Sogefi Suspensions S.A.	Euro	6,000,000	5,992,531	99.88	1	5,992,531
SOGEFI SUSPENSIONS PASSENGER CAR ITALY S.P.A. Settimo Torinese (Italia) held by Sogefi Suspensions S.A.	Euro	8,000,000	7,990,043	99.88	1	7,990,043
SOGEFI SUSPENSIONS EASTERN EUROPE S.R.L. Oradea (Romania) held by Sogefi Suspensions S.A.	RON	146,852,960	14,685,296	100	10	146,852,960

CERTIFICATION OF THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT ART. 81-TER OF CONSOB RESOLUTION No. 11971 OF MAY 14, 1999 AND SUBSEQUENT MODIFICATIONS AND INTEGRATIONS

1. The undersigned:
Monica Mondardini – Executive Chairwoman of Sogefi S.p.A.
Maria Beatrice De Minicis – Manager responsible for preparing Sogefi S.p.A.'s financial reports
hereby certify having also taken into consideration the provisions of Article 154-bis, paragraph 3 and 4, of Italian Legislative Decree n. 58 of February 24, 1998, that:

- are adequate with respect to the company structure and
- have been effectively applied the administrative and accounting procedures for the preparation of the consolidated financial statements for the 2024 fiscal year.

2. No relevant aspects are to be reported on this subject.

3. It is also certified that:

3.1 the consolidated financial statements at December 31, 2024:

– have been prepared in accordance with international accounting standards as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002;

– correspond to the books and accounting records;

– provide a true and fair representation of the financial position, result of operations and cash flow of the issuer and the companies included in the scope of consolidation.

3.2 The report on operations includes a reliable analysis of the performance and result of operations and also the position of the issuer and the companies included in the scope of consolidation together with all principle risks and uncertainties that the Group is exposed.

Milan, February 28, 2025

Signed by Executive Chairwoman Monica Mondardini	Signed by Manager responsible for preparing financial report Maria Beatrice De Minicis

CERTIFICATION OF THE CONSOLIDATED SUSTAINABILITY STATEMENT PURSUANT ART. 81-TER OF CONSOB RESOLUTION No. 11971 OF MAY 14, 1999 AND SUBSEQUENT MODIFICATIONS AND INTEGRATIONS

2. The undersigned:
Monica Mondardini – Executive Chairwoman of Sogefi S.p.A.
Maria Beatrice De Minicis – Manager responsible for preparing Sogefi S.p.A.'s financial reports
pursuant to Art.154-bis, paragraph 5-ter, of Italian Legislative Decree n. 58 of February 24, 1998, that the Consolidated Sustainability Statement included in the Consolidated Report on Operations were drawn up:

- in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013, and of Legislative Decree 6 September 2024, No.125;
- with the specifications adopted pursuant to Article 8.4 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Milano, February 28, 2025

Signed by Executive Chairwoman	Signed by Manager responsible for preparing financial report
Monica Mondardini	Maria Beatrice De Minicis

BOARD OF STATUTORY AUDITORS' REPORT

SOGEFI S.p.A.

Company subject to policy guidance and coordination on the part of Cir S.p.A.

BOARD OF AUDITORS' REPORT

PURSUANT TO ARTICLE 153 OF ITALIAN LEGISLATIVE DECREE NO. 58/1998 AND ART. 2429 OF THE ITALIAN CIVIL CODE

To the Shareholders' Meeting of SOGEFI S.p.A. (hereinafter also referred to as the "Company").
During the financial year closed at 31 December 2024, we carried out our supervisory activity as required by law and the Articles of Association, in accordance with the Rules of Conduct for the Board of Statutory Auditors recommended by the National Council of Accountants and the Corporate Governance Code of Borsa Italiana S.p.A., and hereby report on such activity. This report was drawn up following the recommendations set out in Consob Communication no. 1025564 of 6 April 2001 as amended.
The Board of Statutory Auditors in office was appointed by the Shareholders' Meeting on 22 April 2024 according to the prevailing regulations. Its term of office will expire upon the Shareholders' Meeting called to approve the Annual report as at 31 December 2026.

The Company's statutory audit is carried out by the independent auditors KPMG S.p.A. (hereinafter also "KPMG" or the "Independent Auditors"), for a period of nine financial years (2017-2025), as resolved by the Shareholders' Meeting of 26 April 2017.
The task of certifying the conformity of the sustainability reporting is always assigned to KPMG starting from the financial year ending 31 December 2024 - in compliance with the provisions of the transitional regulations pursuant to Art.18, Italian Legislative Decree 125/2024 - in accordance with the new obligations arising from EU Directive 2022/464 (*Corporate Sustainability Reporting Directive - CSRD*).
Both appointments will expire on the date of the Shareholders' Meeting to be convened to approve the annual and consolidated financial statements as at 31 December 2025.

* * *

As regards the methods employed to perform our duties during the period under consideration, we report as follows:

- we attended the Shareholders' Meetings and Board of Directors meetings held during the period under consideration and obtained timely and adequate information on operations and their outlook, as well as on significant operational, financial and equity-related operations conducted by the Company and subsidiaries within the Group, as required by law and the Articles of Association; all meetings of the Control, Risk and Sustainability Committee, of the Appointment and Remuneration Committee and of the Related Parties' Committee were attended by the Board of Statutory Auditors;

- we ensured compliance with the law and the Articles of Association, and with the principles of good administration, we supervised the activities carried out by the delegated body and the Board of Directors to ascertain the adequacy of the Company's organisational structure and internal control and administrative-accounting systems, through the information received and the exchange of information flows with KPMG;
- we supervised the corporate bodies' compliance with the law and the articles of association, also with reference to recent regulatory developments on sustainability reporting. In particular, the Board of Auditors followed the evolution of the organisational set-up and internal processes aimed at implementing the obligations set forth in Directive (EU) 2022/2464 (CSRD), applicable to the Company starting from the financial year 2024, with the obligation to publish the Sustainability Report during 2025 through the information received and the exchange of information flows with KPMG, and the acknowledgement of the progressive integration of ESG factors in the decision-making processes and internal control systems;
- we acknowledged the certification of the Executive in charge that the sustainability reporting included in the Report on Operations has been prepared in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Italian Legislative Decree No. 125 of 6 September 2024, with the specifications adopted pursuant to Art. 8, of Regulation (EU) 2020/852 (EU Taxonomy Regulation);
- we incorporated the results of the quarterly checks on the correct keeping of accounts carried out by the Independent Auditors;
- we received from the Independent Auditors the Report required under art. 14 of Italian Legislative Decree no. 39/2010 relating to the statutory and consolidated financial statements as at 31 December 2024;
- we received from the Independent Auditors the Report required under art. 14-*bis* of Italian Legislative Decree no. 39/2010 relating to the limited examination of the consolidated sustainability reporting as of 31 December 2024;

- we received from the Independent Auditors the Report required under art. 11 of European Regulation 537/2014 from which no significant aspects to report emerge;
- we fulfilled the tasks provided for in art. 19 of the Italian Legislative Decree No. 39/2010, as the Internal Control and Auditing Committee;
- we monitored the performance of the system used to control subsidiaries and the adequacy of the directions given to them, also under art. 114, sub-paragraph 2 of Legislative Decree no. 58/1998;
- we monitored the actual methods used to implement the corporate governance rules set out in the Corporate Governance Code issued by Borsa Italiana S.p.A., as adopted by the Company;
- we met the Supervisory Body, which confirmed the adequacy of the Organization, Management Model under Legislative Decree no. 231/2001 as amended considering the expanded scope of the regulations;
- we fulfilled the tasks provided for in art. 4, para. 6 of the Regulation approved by Consob Resolution no. 17221 of 12 March 2010, we monitored compliance with the Discipline for related-party transactions approved by the Board of Directors;
- we supervised the impairment test approval process;
- we have determined that the Board of Directors properly implemented the verification criteria and procedures to assess the independence of its members, based on the statements made by the Directors and the opinions issued by the Board of Directors;
- we met the board of statutory auditors of the parent company and subsidiary companies in order to mutually exchange information.

As a result of our supervisory activities, no significant facts have emerged, and we have no proposals to make for the financial statements, their approval and on matters of our competence.

* * *

Outlined below is the information specifically required by the Consob Communication of 6 April 2001 as amended.

- We collected information on significant operational, financial and equity-related operations conducted by the Company and its subsidiaries and established their compliance with the law and the Articles of Association; the Directors provide disclosure on such transactions in the Report on Operations; we also obtained information on and assurance that the transactions resolved and carried out were not manifestly imprudent, risky, in conflict with Shareholders' Meeting resolutions or, in any case, of such a nature as to jeopardise integrity of corporate assets. Special attention was also paid to the enhancement of the Filtration division, which was completed on 31 May 2024.

- We obtained information on intercompany and related party transactions. Based on obtained information, we determined that such transactions comply with the law and the Articles of Association, satisfy the interest of the company and raise no doubts as to their accurate, exhaustive disclosure in the financial statements, the protection of corporate assets and of non-controlling shareholders; periodic audits and inspections carried out at the Company's premises did not identify any atypical and/or unusual transactions.
- We have not been made aware of nor have we received reports on transactions in potential conflict of interest.
- The Directors provided disclosures on key transactions, as well as on the dealings between the Company, the Group companies and/or related parties in the Report on Operations and in the Notes, and stated that such dealings had been conducted at arm’s length, taking into account the quality and type of services rendered; such dealings mainly consisted in the provision of administrative and financial services, including the management of the Group’s centralised treasury and interest debiting and crediting, as well as management support and communication services and use of the Group’s information system; in addition, the Company made use of administrative, financial, fiscal, corporate governance and communication services provided by the Parent Company CIR S.p.A. and joined the Group tax filing system; appropriate financial details were provided and the impact on the statement of financial position was adequately described in the documents accompanying the 2024 statutory financial statements. SOGEFI S.p.A. had also entered into a rental contract with the holding company CIR S.p.A. on the offices located in Milan, via Ciovassino 1.
- The Independent Auditors issued the audit reports required under art. 14 of Italian Legislative Decree no. 39/2010 relating to the statutory and consolidated financial statements for the year ended as at 31 December 2024 without remarks or particular disclosure requirements.

  Specifically, with reference to the Company's separate financial statements, they stated that:

A) they provide *"a true and fair view of the financial position of Sogefi S.p.A. as at 31 December 2024, and of the results of their operations and cash flows for the year then ended in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board adopted by the European Union and with the measures issued in implementation of art. 9 of Italian Legislative Decree 38/05"*;

B) the annual report has been prepared "*in XHTML format in compliance with the provisions of Delegated Regulation (EU) 2019/815"*;

C) *"the report on operations and the specific information contained in the report on Corporate Governance and Ownership Structure (...) are consistent with the annual report of Sogefi S.p.A. as of 31 December 2024 and have been prepared in accordance with the law"*. This last opinion does not extend to the section of the report on operations relating to the consolidated sustainability reporting as the same is formulated in the attestation report pursuant to Art. 14-*bis* of Italian Legislative Decree no. 39/10;

D) "the opinion" on the separate financial statements expressed in the aforementioned report "*is in line with the additional report intended for the Board of Statutory Auditors in its role as Internal Control and Audit Committee, prepared pursuant to Art. 11"* of EU Reg. 537/2014;

Specifically, with reference to the Group's consolidated financial statements, they stated that:

A) they provide *"a true and fair view of the financial position of the Sogefi Group as at 31 December 2024, and of the results of their operations and cash flows for the year then ended in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board and adopted by the European Union and with the measures issued in implementation of art. 9 of Italian Legislative Decree 38/05"*;

B) the consolidated financial statements have been prepared "*in XHTML format, and have been marked in all material aspects, in compliance with the provisions of Delegated Regulation (EU) 2019/815". Some information contained in the notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, due to certain technical limitations may not be reproduced identically with respect to the corresponding information viewable in the consolidated financial statements in XHTML format";*

C) *"the report on operations and the specific information contained in the Report on Corporate Governance and Ownership Structure (...) are consistent with the consolidated financial statements as of 31 December 2024 and have been prepared in accordance with the law".* This last opinion does not extend to the section of the report on operations relating to the consolidated sustainability reporting as it is formulated in the attestation report pursuant to Art. 14-*bis* of Italian Legislative Decree no. 39/10;

D) "the opinion" on the consolidated financial statements expressed in the aforementioned report "*is in line with the additional report intended for the Board of Statutory Auditors in its role as Internal Control and Audit Committee, prepared pursuant to Art. 11"* of EU Reg. EU 537/2014.

KPMG , has also issued the report on the limited examination of the consolidated sustainability reporting pursuant to Art. 14-*bis* of Italian Legislative Decree no. 39 of 27 January 2010, in which it is certified that no evidence has been received to suggest that:

A) "the consolidated sustainability reporting of the Sogefi Group for the year ended 31 December 2024 has not been prepared, in all material respects, in accordance with the reporting standards adopted by the European Commission pursuant to Directive 2013/34/EU (European Sustainability Reporting Standards, hereinafter also referred to as "ESRS");

B) the information contained in paragraph "2.1 Disclosure pursuant to Article 8 of Regulation 2020/852 (EU Taxonomy Regulation)" of the consolidated sustainability reporting of the Sogefi Group for the year ended 31 December 2024 has not been prepared, in all material respects, in accordance with Article 8 of Regulation (EU) No. 852 of 18 June 2020 (hereinafter also "Taxonomy Regulation").

Today, the Independent Auditors have also:

- issued the Additional Report required by art. 11 of Reg. EU 537/2014, which was sent on the same date to the Board of Statutory Auditors, as the Internal Control and Audit Committee, and from which no particular remarks emerge;
- issued the annual confirmation of its independence pursuant to art. 6, para. 2), letter A) of European Regulation 537/2014, which was sent on the same date to the Board of Statutory Auditors;

- During the periodic exchanges of data and information between the Board of Auditors and the Auditing firm, pursuant also to art. 150, paragraph 3 of Italian Legislative Decree no. 58/1998, no aspects emerged that need to be pointed out in this report;
- In relation to the provisions introduced by the Italian Legislative Decree no. 135/2016 in compliance with EU Regulation 537/2014, during this year the Board of Statutory Auditors carried out a prior analysis of and authorised, when necessary, any assignment conferred by the Company and its subsidiaries to KPMG;

  During 2024, the subsidiaries of SOGEFI S.p.A. entrusted the Independent Auditors with other services and the relevant fees were EUR 50,900 as specified below:

ARGENTINA: Sogefi Suspensions Argentina SA	€ 1,100
ITALY/FRANCE: Sogefi SpA- Sogefi Gestion SA	€ 7,500
FRANCE: Sogefi Suspensions SA	€ 10,000
FRANCE: Sogefi Suspensions SA.	€ 4,200
INDIA: Sogefi ADM Suspensions Private Limited.	€ 1,000
FRANCE: Sogefi Air & Cooling SAS - Sogefi Suspensions SA	€ 13,500
FRANCE: Sogefi Air & Cooling SAS - Sogefi Suspensions SA	€ 5,100
FRANCE: Sogefi Filtration SA	€ 4,250
FRANCE: Sogefi Air & Cooling SAS	€ 4,250

  The amounts paid for these services were found to be adequate consideration for the scope and complexity of the services rendered and are not deemed liable to affect the independence and discretion of the auditors in performing their auditing tasks;
- During the year, one complaint has been received under article 2408 of the Italian Civil Code, following which the Board of Statutory Auditors promptly initiated an investigation which did not reveal any irregularities;
- During the year under consideration, we have given advice pursuant to article 2389 of the Italian Civil Code;
- During the financial year 2024, 10 meetings of the Board of Directors, 1 Ordinary Shareholders meeting and 1 Extraordinary Shareholders' meeting were held. The Board of Statutory Auditors met 16 times and attended all the meetings of the Control, Risk and Sustainability Committee, those of the Appointments and Remuneration Committee and those of the Operations with Related Parties' Committee;

- The Company substantially followed the recommendations contained in the Corporate Governance Code drafted by the Corporate Governance Committee for listed companies and described its corporate governance model in the relevant Report, which was prepared among other things under art. 123-*bis* of Italian Legislative Decree no. 58/1998. As far as we are concerned, we supervised the procedures for the concrete implementation of the corporate governance rules provided for in the above-mentioned Corporate Governance Code, as adopted by the Company. In compliance with Legislative Decree no. 231/2001, the Company adopted, implemented and maintained up-to-date an “Organisational Model” that governs its behaviour and business conduct and set up a Supervisory Body as provided for by the regulations. The Company also adopted a Code of Ethics.

On the basis of the above, the Board of Statutory Auditors did not find any specific critical issues, omissions, reprehensible facts or irregularities during the supervisory activities carried out throughout the year and has no observations to make, not finding any reasons to prevent the approval of the financial statements and the allocation of the result for the year as proposed by the Board of Directors to the Shareholders Meeting.

Milan, 27 March 2025

For the Board of Statutory Auditors

Daniela Delfrate - Chair

INDEPENDENT AUDITORS’ REPORT

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(The accompanying consolidated financial statements of the Sogefi Group constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Sogefi S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Sogefi Group (the "group"), which comprise the statement of financial position as at 31 December 2024, the income statement and statements of comprehensive income, cash flows and changes in equity for the year then ended and notes thereto, which include material information on the accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Sogefi Group as at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union, as well as the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Sogefi S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill

Notes to the consolidated financial statements: Note 2.3 "Accounting policies", sections "Intangible assets - Goodwill" and "Critical estimates and assumptions" and Note 10 "Intangible assets", section "Goodwill and Impairment test"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2024 include goodwill of €47 million, allocated to the following cash-generating units ("CGU"): Air & Cooling and Car suspension. In accordance with the criteria approved by the board of directors on 27 January 2025, the directors carried out impairment tests in order to identify any impairment losses that would arise should the CGU's carrying amount exceed their recoverable amount. The directors estimated the recoverable amount based on their value in use, calculated using the unlevered discounted cash flow model by discounting the CGU's expected cash flows. For impairment testing purposes, the directors used the expected operating cash flows estimated on the basis of the CGU's 2025 budget and 2025-2028 strategic plan, as well as the 2025-2028 projected cash flows for the Car suspension CGU, approved by the board of directors respectively on 13 December 2024, 27 January 2025 and 28 February 2025. The impairment test was also subjected to a methodological check by an external expert. Impairment testing is complex and entails a high level of judgement, especially in relation to: • the expected operating cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual operating cash flows for recent years and the projected growth rates; • the financial parameters used to calculate the discount rate. For the above reasons, we believe that the recoverability of goodwill is a key audit matter.	Our audit procedures, which also involved our own specialists, included: • updating our understanding of the process adopted to prepare the impairment test and assessing the design and implementation of relevant controls; • understanding the process adopted to prepare the 2025 budget, the 2025-2028 strategic plan and the 2025-2028 projected cash flows, from which the expected operating cash flows used for impairment testing have been derived, and assessing the design and implementation of relevant controls; • analysing the reasonableness of the assumptions used by the directors to prepare the 2025 budget, the 2025-2028 strategic plan and the 2025-2028 projected cash flows; • checking any discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the estimation process adopted by the directors; • comparing the expected operating cash flows used for impairment testing to the cash flows forecast in the 2025 budget, the 2025-2028 strategic plan and the 2025-2028 projected cash flows and analysing any discrepancies for reasonableness; • checking the report of the external expert engaged to perform the methodological check; • assessing the reasonableness of the impairment testing model and related assumptions, including by means of comparison with market data and information; • checking the sensitivity analysis presented in the notes in relation to the main calculation parameters used for impairment testing; • analysing the events after the reporting date that provide useful information on the recoverability of goodwill; • assessing the appropriateness of the disclosures provided in the notes about goodwill and the related impairment test.

Measurement of other current and non-current provisions

Notes to the consolidated financial statements: Note 2.3 "Accounting policies", section "Provisions for risks and charges" and Note 18 "Current provisions, non-current provisions and other payables", section "Provision for product warranties" and "Provisions for disputes in progress and other risks"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2024 include current and non-current provisions, which comprise the provisions for product warranties and disputes in progress and other risks of €5.8 million and €11.3 million, respectively. Assessing contractual claims, litigation and disputes entails a significant level of judgement by the directors about their outcome which could have a significant impact on the calculation of provisions. Specifically: • the group is exposed to the risk of product quality/non-conformance claims made by its customers; • the group is exposed to the risk of liabilities with employees and third parties. For the above reasons, we believe that the measurement of the above provisions is a key audit matter.	Our audit procedures included: • updating our understanding of the process for the measurement of provisions and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls; • sending written requests for information to the legal and tax advisors about the assessment of the risk of losing pending disputes and the quantification of the related liability; • analysing the assumptions used to determine the provisions through discussions with the relevant internal departments and analysis of the supporting documentation; • analysing the events after the reporting date that provide information useful for an assessment of the provisions; • assessing the appropriateness of the disclosures provided in the notes about provisions.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the IFRS Accounting Standards issued by the International Accounting Standards Board and endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the measures taken to eliminate those threats or the safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 26 April 2017, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2017 to 31 December 2025.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion on the compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The parent's directors are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (ESEF) to the consolidated financial statements at 31 December 2024 to be included in the annual financial report.

We have performed the procedures required by Standard on Auditing (SA Italia) 700B in order to express an opinion on the compliance of the consolidated financial statements with Commission Delegated Regulation (EU) 2019/815.

In our opinion, the consolidated financial statements at 31 December 2024 have been prepared in XHTML format and have been marked up, in all material respects, in compliance with the provisions of Commission Delegated Regulation (EU) 2019/815.

Due to certain technical limitations, some information included in the notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion and statement pursuant to article 14.2.e)/e-bis)/e-ter) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2024 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to:

- express an opinion on the consistency of the directors' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the consolidated financial statements;

- express an opinion on the consistency of the directors' report, excluding the section that includes the consolidated sustainability statement, and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 with the applicable law;
- issue a statement of any material misstatements in the directors' report and certain specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 are consistent with the group's consolidated financial statements at 31 December 2024.

Moreover, in our opinion, excluding the section which includes the consolidated sustainability statement, the directors' report and the specific information presented in the report on corporate governance and ownership structure required by article 123-bis.4 of Legislative decree no. 58/98 have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e-ter) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Our opinion on compliance with the applicable law does not extend to the section of the directors' report which includes the consolidated sustainability statement. Our conclusion on the compliance of this section with the legislation governing its preparation and with the disclosure requirements of article 8 of Regulation (EU) 2020/852 is included in the assurance report prepared in accordance with article 14-bis of Legislative decree no. 39/10.

Milan, 27 March 2025

KPMG S.p.A.

(signed on the original)

Luca Magnano San Lio
Director of Audit

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

Independent auditors' limited assurance report on the consolidated sustainability statement pursuant to article 14-bis of Legislative decree no. 39 of 27 January 2010

To the shareholders of
Sogefi S.p.A.

Conclusion

Pursuant to articles 8 and 18.1 of Legislative decree no. 125 of 6 September 2024 (the "decree"), we have been engaged to perform a limited assurance engagement on the 2024 consolidated sustainability statement of the Sogefi Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report (the "consolidated sustainability statement").

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the group's 2024 consolidated sustainability statement has not been prepared, in all material respects, in accordance with the reporting standards endorsed by the European Commission pursuant to Directive 2013/34/EU (the European Sustainability Reporting Standards, "ESRS");
- the information presented in section *"2.1 Disclosure pursuant to article 8 of Regulation 2020/852 (EU taxonomy regulation)"* of the group's 2024 consolidated sustainability statement has not been prepared, in all material respects, in accordance with article 8 of Regulation (EU) 2020/852 of 18 June 2020 (the "taxonomy regulation").

Basis for conclusion

We have performed the limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under SSAE (Italia) are further described in the "*Auditors' responsibilities for the sustainability assurance engagement*" section of our report.

We are independent in accordance with the ethics and independence rules and standards applicable in Italy to sustainability assurance engagements.

Our company applies International Standard on Quality Management 1 (ISQM Italia 1) and, accordingly, is required to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have acquired is sufficient and appropriate to provide a basis for our conclusion.

Other matters

The 2024 consolidated sustainability statement presents the 2023 comparative information, which has not been subjected to an assurance engagement.

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Sogefi S.p.A. (the "parent") for the consolidated sustainability statement

The directors are responsible for designing and implementing the procedures to identify the information included in the consolidated sustainability statement in accordance with the ESRS (the "materiality assessment process") and for the description of these procedures in section *"1.1.4.1 IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities"* of the consolidated sustainability statement.

The directors are also responsible for the preparation of a consolidated sustainability statement in accordance with article 4 of the decree, which contains the information identified through the materiality assessment process, including:

- compliance with the ESRS;
- compliance of the information presented in section *"2.1 Disclosure pursuant to article 8 of Regulation 2020/852 (EU taxonomy regulation)"* with article 8 of the taxonomy regulation.

Moreover, the directors are responsible, within the terms established by the Italian law, for designing, implementing and maintaining such internal controls as they determine is necessary to enable the preparation of a consolidated sustainability statement in accordance with article 4 of the decree that is free from material misstatement, whether due to fraud or error. They are also responsible for selecting and applying appropriate methods to produce disclosures and formulating assumptions and estimates about specific information on sustainability matters that are reasonable in the circumstances.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Inherent limitations in preparing the consolidated sustainability statement

For the purpose of disclosing forward-looking information in accordance with the ESRS, the directors are required to prepare such information based on assumptions, described in the consolidated sustainability statement, regarding future events and the group's actions that are not necessarily expected to occur. Actual results are likely to be different from the forecast sustainability information since anticipated events frequently do not occur as expected and the variation could be material.

The disclosures provided by the group about Scope 3 emissions are subject to more inherent limitations than those on Scope 1 and Scope 2 emissions, given the lack of availability and relative precision of information used for determining both qualitative and quantitative Scope 3 emissions information from value chain.

Auditors' responsibilities for the sustainability assurance engagement

Our objectives are to plan and perform procedures in order to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatement, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of intended users taken on the basis of the consolidated sustainability statement.

As part of a limited assurance engagement in accordance with SSAE (Italia), we exercise professional judgement and maintain professional scepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify disclosures where a material misstatement is likely to occur, whether due to fraud or error;
- designing and performing procedures to check disclosures where a material misstatement is likely to occur. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- directing, supervising and performing the sustainability limited assurance engagement and assuming full responsibility for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves carrying out procedures to obtain evidence as a basis for our conclusion.

The procedures performed are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the consolidated sustainability statement, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

We have performed the following main procedures:

- we gained an understanding of the strategies, project governance and business processes for the first-time application and transition to the ESRS, including a check of the gap analysis prepared by the relevant internal departments, with the methodological support of a leading consulting company;
- we updated our understanding of the following in connection with sustainability matters:
  - the internal model for the management and organisation of the group's activities;
  - the group's policies, the achieved results and the related key performance indicators ("KPIs");
  - main impacts, risks and opportunities generated or borne by the group.

  Moreover, we checked the above against the disclosures presented in the consolidated sustainability statement;
- we gained an understanding of the process adopted by the group to identify and assess material sustainability-related impacts, risks and opportunities (IROs), based on the double materiality principle. Moreover, on the basis of the information acquired, we evaluated any emerging inconsistencies that may indicate the presence of sustainability matters not addressed by the group

in its materiality assessment process; Specifically, mostly through inquiries, observations and inspections, we gained an understanding of how the group:

- considered the interests and opinions of the stakeholders involved;
- identified its sustainability-related IROs, assessing their consistency with our knowledge of the group and its sector;
- defined and assessed material IROs by determining the qualitative and quantitative materiality thresholds;

With respect to the latter, we checked the consistency of the information gathered with the results of the enterprise risk management (ERM) process;

- we gained an understanding of the processes underlying the generation, recording and management of the qualitative and quantitative information disclosed in the consolidated sustainability statement, including of the reporting boundary. Specifically, we held discussions with the parent's and the French subholding subsidiaries' management personnel. We also performed selected procedures on documentation;
- we identified the disclosures associated with a risk of material misstatement, whether due to fraud or error;
- we designed and performed procedures, based on our professional judgement, to respond to identified risks of material misstatement, including:
  - for information gathered at group level:
    - with reference to qualitative information and, in particular, the sustainability-related policies, actions and objectives, we held inquiries and performed limited procedures on documentation;
    - with reference to quantitative information, we carried out inspections, observations and recalculations on a sample basis;
  - for information gathered at local level, we visited the following subsidiaries and sites:
    - Sogefi Suspensions Passenger Car Italy S.p.A., Settimo Torinese site (Italy);
    - United Springs B.V., Hengelo site (Netherlands);
    - Sogefi Suspension S.A., Orbey and Fronville sites (France);

    which we have selected on the basis of their business, contribution to the metrics at consolidated level and location. During these visits, we held discussions with group's personnel and acquired documentary evidence on the determination of metrics;
- we gained an understanding of the process adopted by the group to determine taxonomy-eligible economic activities and whether they were aligned under the taxonomy regulation and checked the related disclosures presented in the consolidated sustainability statement;
- we checked the consistency of the disclosures contained in the consolidated sustainability statement with those included in the group's consolidated financial statements pursuant to the applicable financial reporting framework, the underlying accounting records and management accounts;

- we checked the compliance of the structure and presentation of disclosures included in the consolidated sustainability statement with the ESRS.

Milan, 27 March 2025

KPMG S.p.A.

(signed on the original)

Luca Magnano San Lio
Director of Audit