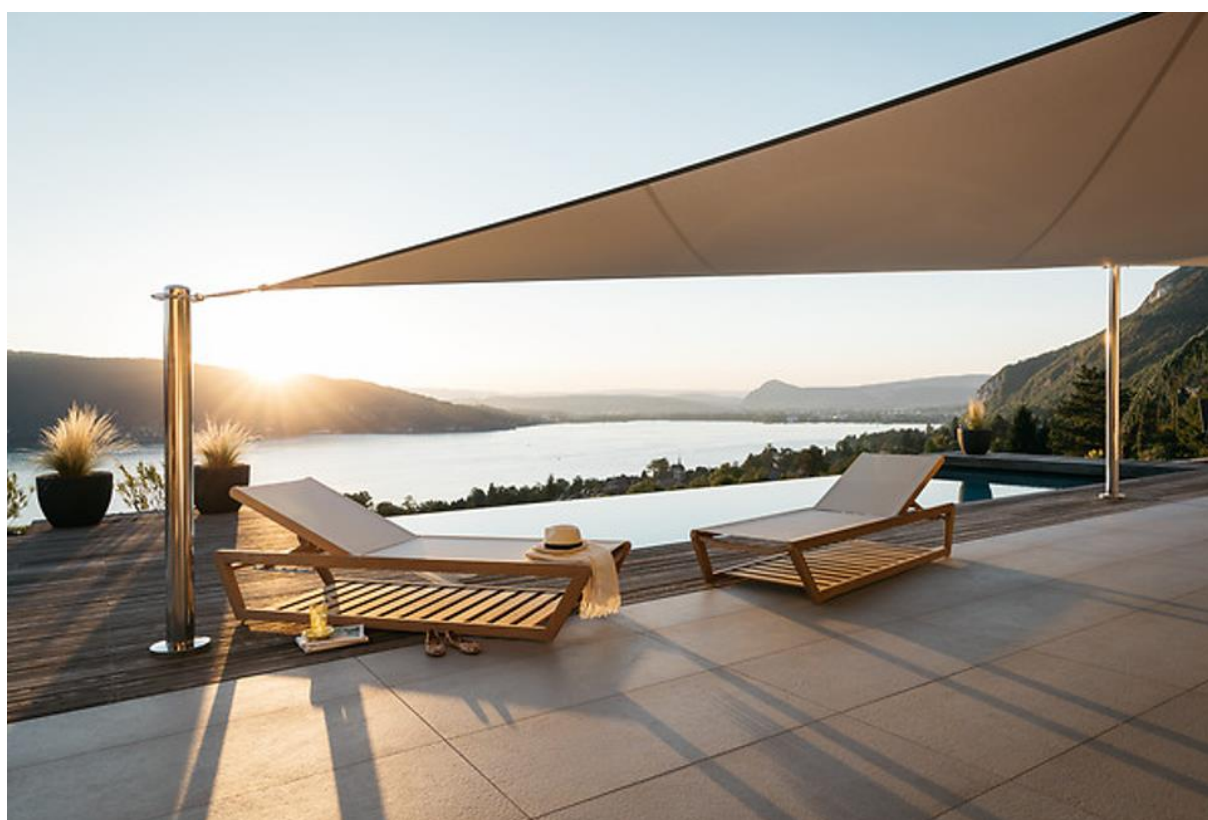




Serge Ferrari



2022 Half-year Financial Report



Serge Ferrari

Half-year Financial Report January 1 - June 30, 2022

(Article L. 451-1-2 III of the French Monetary and Financial Code
Articles 222-4 et seq. of the AMF General Regulation)

SergeFerrari Group
Limited liability company with capital of €4,919,703.60
Headquarters: ZI de La Tour du Pin – 38110 Saint Jean de Soudain, France
382 870 277 Vienne Commercial Register

This financial report relates to the six months ended June 30, 2022 and was prepared in accordance with the provisions of Article L. 451-1-2 III of the French Monetary and Financial Code and Articles 222-4 et seq. of the French Financial Markets Authority (“AMF”) General Regulation.

It was disclosed and made available in line with the provisions of Article 221-3 of the AMF General Regulation and may be viewed at www.sergeferraribourse.com.

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STATEMENT BY THE PERSON RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

I hereby certify that, to the best of my knowledge, the condensed consolidated financial statements for the six months ended June 30, 2022 have been prepared in accordance with applicable accounting principles and present a fair view of the assets and liabilities, financial position and earnings of the Company and all of the companies included in the consolidation scope. I also certify that the half-year activity report presents a fair view of the main events occurring during the first six months of the year, the impact thereof on the half-year financial statements and the main related party transactions, as well as a description of the main risks and main uncertainties for the remaining six months of the year.

Saint Jean de Soudain
September 5, 2022

Sébastien Baril
Chairman of the Executive Board



HALF-YEAR ACTIVITY REPORT

Consolidated financial statements on which a limited review was performed

€m	H1 2022	H1 2021	Change
Revenues	170.0	144.7	+18%
REBIT ¹	16.1	14.5	+11%
Operating income	15.9	14.0	+13%
Net income, Group share	10.3	8.7	+17%

Brisk business on strategic markets

SergeFerrari Group recorded first half 2022 revenues of €170.0 million, up 18% at current consolidation scope and exchange rates and up 15.9% at constant consolidation scope and exchange rates, despite a challenging comparison base (record sales volume generated in first half 2021). Growth was fueled by continuing strong demand on the Group's main markets, mainly driven by:

- continued buoyancy in the residential home sector, particularly in the solar protection business, and a booming home furniture market driving sales for the furniture and marine business;
- recovery in the event and hospitality market served by the modular structures business.

The Group was able to leverage these growth drivers on the strength of its positioning in strategic markets, despite supply issues and strain on production capacity impacting Q2 2022 deliveries.

Firm response to supply cost inflation

Against a backdrop of high inflation in input costs, SergeFerrari Group posted REBIT of €16.1 million, up 11% versus H1 2021. The Group succeeded in mitigating the impact of rising raw material prices by passing part of the increase onto its selling prices, while continuing to tightly manage structural costs.

Accordingly, operating income amounted to €15.9 million versus €14.1 in H1 2021. Finally, boosted by the reduction in cost of debt and favorable currency movements, net income, Group share came to €10.3 million, up 17% from €8.7 million in H1 2021.

Rock-solid financial position

€m	June 30, 2022	Dec 31, 2021
Net debt	(82.5)	(54.8)
Net (debt)/cash (excl. IFRS 16)	(55.6)	(26.4)
Shareholders' equity, Group share	123.1	109.1

SergeFerrari Group generated first half 2022 free cash flow of €27.8 million versus €24.4 million in first half 2021. Accordingly, the net debt figure used to calculate covenant ratios (excluding the impact of IFRS 16) was €56 million, representing approximately 42% of Group shareholders' equity.

¹ REBIT = Operating income +/- restructuring costs +/- accounting impact of acquisition purchase price allocation (PPA) operations



Outlook

The Company confirms its 2022 target of €335 million in consolidated revenues. The Group will remain particularly vigilant with regard to the availability of energy sources and developments in energy prices over the coming months. SergeFerrari Group remains confident in its ability to continue to grow amid a volatile environment hampered by constraints, thanks to its broad geographical footprint spanning over 80 countries and the potential offered by its four strategic markets.

Description of main risks and uncertainties

The Group has updated its risk map, in particular by upgrading the risks related to energy costs and the availability of energy sources in line with geopolitical developments.

Related party transactions

Principal transactions with related parties are described in Note 32 to the half-year condensed consolidated financial statements.

There have been no changes to the related party transactions described in the last annual report that could have had a material impact on the issuer's financial position or earnings for the first half of the current fiscal year.



FIRST HALF 2022 CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements for the six months ended June 30, 2022 were prepared under the responsibility of the Chairman of the Executive Board.



Statement of financial position

Assets - €'000	Note	June 30, 2022	Dec 31, 2021
Goodwill	7	20,658	20,722
Other intangible assets	8	19,570	20,259
Property, plant and equipment	9	75,543	75,216
Non-current financial assets	10	2,819	1,986
Deferred tax assets	11	6,945	7,184
Total non-current assets		125,536	125,367
Inventories and WIP	12	100,708	82,456
Trade receivables	13	70,407	51,819
Other current assets	14	12,976	10,313
Cash and cash equivalents	15	30,539	46,871
Total current assets		214,630	191,458
Total assets		340,166	316,827

Liabilities and equity - €'000	Note	June 30, 2022	Dec 31, 2021
Capital stock	16	4,920	4,920
Additional paid-in capital	16	43,868	43,868
Consolidated reserves and other reserves	16	63,999	50,131
Net income for the period	16	10,267	10,178
Total equity, Group share		123,053	109,097
Non-controlling interests		9,002	8,179
Total equity		132,055	117,276
Borrowings and debt	17	93,259	81,889
Provisions for pensions and similar commitments	18	3,459	4,198
Deferred tax liabilities	11	658	562
Other non-current liabilities	19	5,361	17,508
Total non-current liabilities		102,737	104,157
Borrowings and bank overdrafts (due in less than 1 yr)	17	19,794	19,788
Current provisions	20	1,040	1,002
Trade payables		41,485	37,727
Other current liabilities	21	43,056	36,876
Total current liabilities		105,374	95,393
Total liabilities		208,111	199,550
Total liabilities and equity		340,166	316,827



Consolidated income statement

€'000	Note	H1 2022	H1 2021
Revenues	22	170,040	144,709
Purchases		(95,693)	(64,549)
Change in inventories		18,521	6,956
External expenses	23	(24,602)	(21,640)
Personnel expenses	24	(40,760)	(39,171)
Miscellaneous taxes	25	(1,201)	(1,301)
Total depreciation, amortization and impairment	26	(8,818)	(8,868)
Net provisions for impairment	27	(2,225)	(1,872)
Other recurring income and expenses	28	607	75
EBIT		15,870	14,341
Non-recurring operating income and expenses	29	-	(293)
Operating income		15,870	14,048
Income from cash and cash equivalents		7	16
Gross cost of debt		(1,286)	(1,526)
Net cost of debt	30	(1,279)	(1,510)
Other financial income and expenses	30	308	(174)
Income before tax		14,899	12,364
Income tax	31	(3,836)	(3,064)
Total net income		11,064	9,299
Group share		10,267	8,738
Non-controlling interests		797	562
Earnings per share (€)		0.85	0.75
Diluted earnings per share (€)		0.85	0.75



Statement of comprehensive income

Statement of comprehensive income - €'000	H1 2022	H1 2021
Total consolidated net income	11,064	9,299
Other comprehensive income:		
Revaluation of liabilities (net of assets) of defined benefit plans	973	53
Fair value of equity instruments revalued through comprehensive income	118	(35)
Income tax	(339)	(12)
Subtotal - comprehensive income/(loss) not transferable to earnings	752	7
Currency translation differences	1,127	488
Change in fair value of hedging instruments	651	42
Income tax	(168)	(11)
Subtotal - comprehensive income/(loss) transferable to earnings	1,610	519
Total other comprehensive income/(loss) after tax	2,362	526
Total comprehensive income	13,426	9,825
Group share	12,575	8,930
Non-controlling interests	851	895



Statement of changes in consolidated equity

€'000	Capital stock	Additional paid-in capital	Consolidated net income and reserves	Treasury shares	Other comprehensive income	Total, Group share	Non-controlling interests	Total
Equity at Dec 31, 2020 (restated)*	4,920	43,868	53,043	(4,946)	(2,106)	94,778	6,413	101,191
Net income for the period			8,738			8,738	562	9,299
Other comprehensive income					193	193	333	526
Total comprehensive income for the period	-	-	8,738	-	193	8,930	895	9,825
Treasury shares				(1,303)		(1,303)		(1,303)
Parent company dividends			(8)			(8)		(8)
Ch. in conso. scope						-	(3)	(3)
Other items			(179)			(179)	-	(179)
Equity at June 30, 2021	4,920	43,868	61,594	(6,249)	(1,913)	102,219	7,305	109,524
Equity at Dec 31, 2021	4,920	43,868	57,817	(2,673)	5,166	109,097	8,179	117,276
Net income for the period			10,267			10,267	797	11,064
Other comprehensive income					2,308	2,308	54	2,362
Total comprehensive income for the period	-	-	10,267	-	2,308	12,575	851	13,426
Treasury shares				299		299		299
Parent company dividends			(3,512)			(3,512)	(82)	(3,593)
Other items**			4,669	(75)		4,594	52	4,646
Equity at June 30, 2022	4,920	43,868	69,242	(2,449)	7,473	123,054	9,001	132,055

* The comparative data for 2020 has been restated to reflect changes in the valuation of the assets and liabilities of companies acquired in 2020, in accordance with IFRS 3R.

** Impact mainly due to the June 30, 2022 cancellation of the Jagenberg put option liability



Consolidated statement of cash flows

€'000	H1 2022	H1 2021
Total consolidated net income	11,064	9,299
Depreciation, amortization, impairment and provisions	11,060	9,990
Gains/losses on disposal	186	117
Other non-cash income and expenses	378	419
Net cost of debt (Note 29)	1,279	1,510
Tax expense	3,836	3,064
Free cash flow	27,801	24,401
Tax paid	(4,649)	(476)
Change in operating working capital	(37,275)	(10,342)
<i>of which Change in trade receivables</i>	<i>(18,880)</i>	<i>(14,901)</i>
<i>of which Change in inventories</i>	<i>(18,521)</i>	<i>(6,907)</i>
<i>of which Change in trade payables</i>	<i>3,363</i>	<i>8,385</i>
<i>of which Change in other receivables</i>	<i>(2,895)</i>	<i>(1,919)</i>
<i>of which Change in other payables</i>	<i>(343)</i>	<i>4,999</i>
Net cash flow from operating activities	(14,123)	13,582
Acquisition of PP&E and intangible assets (Notes 8 and 9)	(5,693)	(4,047)
Acquisitions of financial assets	(511)	(37)
Payments received from disposal of PP&E and intangible assets (Notes 8 and 9)	93	20
Payments received from disposal of financial assets	1	124
Change in consolidation scope	(619)	(875)
Net cash flow from investing activities	(6,729)	(4,815)
New borrowings (Note 18)	18,908	-
Borrowings repaid (Note 18)	(7,733)	(7,104)
<i>of which Payment of lease liabilities</i>	<i>(4,128)</i>	<i>(3,872)</i>
Net interest paid (Note 29)	(1,296)	(1,521)
Dividends paid	(3,512)	(1,047)
Factoring (Note 18)	(2,248)	3,760
Other cash flow from financing activities	(70)	(5,945)
Treasury share transactions	299	(1,303)
Net cash flow from financing activities	4,349	(13,160)
Impact of changes in foreign exchange rates	169	170
Change in cash and cash equivalents	(16,334)	(4,223)
Opening cash and cash equivalents (Note 16)	46,871	45,925
Bank overdrafts at start of period (Note 18)	-	-
Net cash at start of period	46,871	45,924
Closing cash and cash equivalents (Note 16)	30,539	41,703
Bank overdrafts at end of period (Note 18)	-	(2)
Net cash at end of period	30,539	41,701
Change in cash and cash equivalents	(16,334)	(4,223)



Notes to the half-year consolidated financial statements

The notes form an integral part of the condensed consolidated financial statements for the six months ended June 30, 2022.

SergeFerrari Group SA is a limited liability company under French law, registered on June 10, 1992, whose main subsidiary Serge Ferrari SAS was founded in 1973 with an activity related to the design, manufacture and distribution of flexible composite materials. The Company's headquarters are located at Zone Industrielle de la Tour du Pin, 38110 Saint Jean de Soudain (France).

Note 1 – First half 2022 highlights

COVID-19 pandemic

The impact of the COVID-19 pandemic during first half 2021 varied widely across the Serge Ferrari Group. While Europe and the United States emerged unscathed, Group business in China slowed under the impact of lockdown measures. This did not however have a material impact on the Group's first half 2022 financial performance.

Acquisition of Baltijos Tentas, Lithuania (distribution)

On June 1, 2022, Serge Ferrari Group purchased 60% of the shares of Baltijos Tentas, a distribution company based in Vilnius, Lithuania. The company specializes in the distribution of innovative membranes, including Verseidag and Serge Ferrari membranes, throughout the Baltic States.

An initial €484,000 payment was made on the June 1, 2022 execution date, to be followed by a €200,000 unconditional earn-out payment on January 31, 2023. The earn-out was recognized under other current liabilities on the June 30, 2022 balance sheet.

Given the lack of interim financial reporting, the company was not consolidated in the Group first half 2022 financial statements.

It should be noted that, given the date control was acquired (June 1, 2022) and the volume of the company's annual sales (revenues of €2.1 million in FY 2021, entailing a net contribution of around €1 million after elimination of intercompany transactions), the company would not have had a material impact on the Group's first half consolidated totals.

It will be consolidated for the first time in the 2022 annual consolidated financial statements.

The acquisition agreement provides for a put option in favor of the transferor, with the corresponding liability valued at €290,000. This liability is not included in the June 30, 2022 balance sheet given that the company is not yet consolidated.

Liquidation of Chinese company F.I.T. HK, an indirect subsidiary of F.I.T. Industrial Co Ltd

The Group has completed the legal and tax procedures required for the liquidation of F.I.T. Hong Kong. As the company is dormant, its liquidation will not have a material impact on the first half 2022 consolidated financial statements.

Sale of shares in SIBAC Tunisia

During first half 2022, the Group sold its shares in the Tunisian company SIBAC. The company was not consolidated, as the Group exercised no significant influence over it. The share disposal has no material impact on the first half financial statements. The shares were presented under other financial assets as of December 31, 2021.

Hyperinflation in Turkey

The Group operates in Turkey via two subsidiaries: Ferramat (distribution) and Serge Ferrari Tekstil (sales office). Ferramat's operating currency is the euro (product price catalog denominated in euros)



and Serge Ferrari Tekstil's assets and operating expenses are non-material at Group scale. Accordingly, the Group decided not to apply IAS 29 to Serge Ferrari Tekstil's H1 2022 financial statements, as the impacts are deemed non-material. As for Ferramat, as its operating currency is the euro there is no need to apply IAS 29 in the Group consolidated financial statements.

Note 2 – Post balance sheet events

SergeFerrari Group completed two strategic acquisitions by purchasing 60% of the shares of two Dutch companies, MSE and DCS, specializing in the design and engineering of biogas domes used in the farming and agrifood industries to store biogas produced by anaerobic digestion. In 2021 these companies posted combined revenues of €12.8 million. These acquisitions will strengthen the Group's ties with companies involved in the transformation of its composite materials while providing MSE and DCS with the means to develop their business. The newly acquired companies have joined the Group's existing business line alongside Verseidag subsidiary DBDS and have been consolidated since August 1, 2022.

On July 29, 2022, Ferrari Participations purchased the SergeFerrari Group shares tendered as payment to Jagenberg AG in July 2021. The shares were reclassified under SergeFerrari Group as of September 6, 2022. Following payment of the second share tranche, Jagenberg AG's equity stake in SergeFerrari Group was reduced from 4.8% to 3%.

In accordance with the Verseidag acquisition agreement, 370,247 SergeFerrari Group shares were tendered to Jagenberg, valued at €4,683,000 as of July 29, 2022. This liability is presented under current liabilities in the June 30, 2022 balance sheet. This is the second and final payment tranche payable in SergeFerrari Group shares.

Note 3 – Valuation and consolidation principles

The consolidated half-year financial statements are presented in thousands of euros unless otherwise stated.

The consolidated financial statements were prepared in accordance with the general principles of IFRS: fair presentation, going concern, accrual basis of accounting, consistency of presentation and materiality.

The consolidated half-year financial statements have been prepared pursuant to IAS 34 "Interim Financial Reporting". In accordance with IAS 34, the notes to the consolidated half-year financial statements are presented in condensed form. Only material transactions and adjustments to comply with specific interim financial reporting principles have been disclosed in the notes. The half-year financial statements should be read in conjunction with the Group financial statements for the year ended December 31, 2021, which form part of the Universal Registration Document registered with the French Financial Markets Authority (AMF) and which can be consulted on the Group website at the following address: <http://www.sergeferraribourse.com/informations-financieres/documents-financiers.html>

SergeFerrari Group SA is the consolidating company.

In accordance with IFRS 10 (Consolidated Financial Statements), companies in which the Group directly or indirectly holds the majority of voting rights at the General Meeting, on the Board of Directors or on an equivalent governing body, giving it the power to direct those companies' operational and financial policies, are generally deemed to be controlled and are therefore fully consolidated.

Equity interests in companies over which the Group exercises significant control (associates) are measured using the equity method. No companies were consolidated using the equity method in either 2022 or 2021.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated.



The financial statements of consolidated companies were all closed as of December 31, with the exception of Serge Ferrari India Private Ltd, whose fiscal year ends on March 31. For Group consolidation purposes, interim statements are prepared in accordance with the reporting period. The consolidation scope is presented in Note 4.

Changes in accounting principles

The Group refers to the guidelines available for consultation on the EFRAG (European Financial Reporting and Advisory Group) website at:

<https://www.efrag.org/News/Public-351/EFrag-Endorsement-Status-Report---Update>

New standards, amendments and interpretations of mandatory application from 2022 have not had a material impact on the Company's financial statements or their presentation.

The Group has applied the following standards, amendments and interpretations since January 1, 2022:

- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract;
- Amendments to IFRS 3: Reference to the IFRS conceptual framework;
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use;
- IFRS annual improvements, 2018-2020 cycle.

New standards, amendments and interpretations of mandatory application from 2022 have not had a material impact on the Company's financial statements or their presentation.

Principal accounting standards, amendments and interpretations published by the IASB and not mandatory within the European Union as of January 1, 2022:

None

Principal accounting standards, amendments and interpretations published but not yet adopted by the European Union:

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies;
- Amendments to IAS 8: Definition of Accounting Estimates;
- Amendments to IAS 1: Classification of Liabilities as Current or Non-current – effective date postponed;
- Amendments to IAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The foregoing standards, interpretations and amendments are not expected to have a material impact on the Group financial statements upon first-time application.



Significant estimates

Principles applying to estimates and judgments are described under Note 2.5 to the financial statements for the year ended December 31, 2021. In some cases, such principles have been adapted to comply with the specific features of interim reporting.

Specific interim reporting accounting principles

- Income tax

The tax charge is computed separately for each company. The Group has not identified any material differences that would modify the effective tax rate calculated on a full-year basis compared with the effective rate calculated on June 30, 2022.

- Post retirement benefits

Pursuant to IAS 34, provisions for pensions and similar commitments have not been calculated on a detailed basis as required for annual financial statements. Changes to net pension liabilities as of June 30, 2022 have been estimated as follows:

- Interest expense and the cost of services provided have been estimated based on the budget;
- Discount rates have been updated on the basis of information available as of June 30, 2022; the Group has taken into account the impact of interest rate fluctuations on the valuation of the liability as of June 30, 2022, on the basis of sensitivity tests performed during the preparation of the 2021 full-year financial statements;
- The other actuarial assumptions (e.g. pay rises, staff turnover) are updated when the full-year financial statements are prepared. No changes that could have a material impact on the valuation of these assumptions were identified as of June 30, 2022;
- No adjustments were made to the fair value of plan assets (long-term investments) as of June 30, 2022. No changes that could have a material impact on the fair value of plan assets were identified as of June 30, 2022.

The statement of changes in the total net pension liability is given under Note 18.

- Impairment tests

Procedures for performing impairment tests are described in Notes 2.7 “Goodwill” and 2.11 “Asset impairment” to the 2021 financial statements, as presented in the 2021 Universal Registration Document.

The Group carried out an impairment test on its “innovative composite materials and accessories” cash-generating unit at December 31, 2021. In the absence of indication of impairment as of June 30, 2022, the Group did not repeat the process. Failing indication of impairment in the meantime, the Group will perform an annual impairment test on its cash-generating unit as part of the annual financial statements closing procedure.

As a reminder, the main assumptions used as of December 31, 2021 to determine asset value in use using the future cash flow method are presented below:

- Forecast: 5 yrs
- Perpetual growth rate of 1.8% to project cash flows beyond the forecast period
- Discount rate of 9% applied to cash flow projections
- Sensitivity tests on the discount rate and the perpetual growth rate (+/- 0.5 pp on each of the assumptions) had no impact on the conclusions of impairment testing.



Note 4 - Scope of consolidation

Company	Activity	Headquarters	Percentage interest		2022 full consolidation method
			2022	2021	
Serge Ferrari Group	Holding	La Tour du Pin (France)	100%	100%	Parent company
Serge Ferrari SAS	Production and distribution	La Tour du Pin (France)	100%	100%	Full consolidation
Serge Ferrari North America	Distribution	Deerfield Beach (USA)	100%	100%	Full consolidation
Serge Ferrari Asia Pacific	Distribution	Hong Kong (HK)	100%	100%	Full consolidation
Serge Ferrari Japan	Distribution	Kamakura (Japan)	83%	83%	Full consolidation
Serge Ferrari Brasil	Distribution	São Paulo (Brazil)	100%	100%	Full consolidation
CI2M SAS	Equipment manufacture	La Tour du Pin (France)	100%	100%	Full consolidation
Serge Ferrari AG	Production and distribution	Eglisau (Switzerland)	100%	100%	Full consolidation
Serge Ferrari Tersuisse (formerly Ferfil Multifils)	Production	Emmenbrücke (Switzerland)	100%	100%	Full consolidation
Texyloop SAS	Recycling	La Tour du Pin (France)	100%	100%	Full consolidation
Serge Ferrari India Limited	Distribution	Delhi (India)	100%	100%	Full consolidation
Serge Ferrari Shanghai	Distribution	Shanghai (China)	100%	100%	Full consolidation
Serge Ferrari GmbH	Distribution	Berlin (Germany)	100%	100%	Full consolidation
Serge Ferrari AB	Distribution	Veddige (Sweden)	100%	100%	Full consolidation
Serge Ferrari Tekstil	Distribution	Istanbul (Turkey)	100%	100%	Full consolidation
Ferramat Tekstil	Distribution	Istanbul (Turkey)	100%	100%	Full consolidation
Serge Ferrari Spa	Production and distribution	Carmignano di Brenta (Italy)	100%	100%	Full consolidation
Istratextum	Production and distribution	Novigrad (Croatia)	100%	100%	Full consolidation
Giofex Group Srl	Holding	Milan (Italy)	51%	51%	Full consolidation
Giofex France	Distribution	La Tour du Pin (France)	51%	51%	Full consolidation
Giofex UK	Distribution	Dartford (United Kingdom)	51%	51%	Full consolidation
Giofex GmbH	Distribution	Chemnitz (Germany)	51%	51%	Full consolidation
Giofex Slovakia	Distribution	Bratislava (Slovakia)	51%	51%	Full consolidation
Giofex sp. z o.o.	Distribution	Warsaw (Poland)	51%	51%	Full consolidation
Giofex Bulgaria	Distribution	Plovdiv (Bulgaria)	51%	51%	Full consolidation
F.I.T.	Production and distribution	Chiayi (Taiwan)	55%	55%	Full consolidation
Taiwan Eden	Production and distribution	Chiayi (Taiwan)	55%	55%	Full consolidation
F.I.T. HK	Holding	Hong Kong (HK)	-	28%	Liquidated in 2022
Verseidag-Indutex GmbH	Production and distribution	Krefeld (Germany)	100%	100%	Full consolidation
Cubutex GmbH	None	Krefeld (Germany)	100%	100%	Full consolidation
Verseidag-US Inc.	Distribution	New Jersey (USA)	100%	100%	Full consolidation
Deutsche Biogas Dach-Systeme GmbH	Manufacture	Kreuzau, Germany	60%	60%	Full consolidation

MTB Group (5% owned) is excluded from the consolidation scope due to the absence of significant influence over this entity.

The Group holds a 35% stake in VR Développement and does not take part in strategic decision-making regarding the company's operations. The company is therefore not included in the first half 2022 consolidated financial statements.

S3A and Baltijos Tentas, companies respectively created and acquired in first half 2022, are also excluded from the first half 2022 consolidated financial statements.



Note 5 – Conversion of foreign currency financial statements

	Average rate		Closing rate	
	H1 2022	H1 2021	June 30, 2022	Dec 31, 2021
BGN Bulgarian lev	1.96	1.96	1.96	1.96
BRL Brazilian real	5.56	6.49	5.42	6.31
CHF Swiss franc	1.03	1.09	1.00	1.03
CLP Chilean peso	903.51	868.13	967.81	964.85
CNY Chinese yuan	7.08	7.8	6.96	7.19
EUR Euro	1.00	1	1.00	1
GBP Pound sterling	0.84	0.87	0.86	0.84
HKD Hong Kong dollar	8.56	9.36	8.15	8.83
HRK Croatian kuna	7.54	7.55	7.53	7.52
INR Indian rupee	83.34	88.45	82.11	84.23
JPY Japanese yen	134.30	129.81	141.54	130.38
PLN Polish zloty	4.63	4.54	4.69	4.6
ROL Romanian leu	4.88	4.9	4.95	4.95
SEK Swedish krona	10.48	10.13	10.73	10.25
TRY New Turkish lira	16.24	9.51	17.32	15.23
TWD Taiwan dollar	31.36	33.86	30.98	31.34
USD US dollar	1.09	1.21	1.04	1.13

Note 6 – Revenue breakdown and seasonal effects

In the past, the Group has generated over 50% of its annual revenues in the first half, mainly due to residential and commercial building applications, which generate higher sales in the first half than the second. Group first half 2022 results should not be taken as an indication of second half results, given that fixed costs in the second half are often a higher proportion of earnings on sales.

Note 7 – Goodwill

Goodwill - €'000	June 30, 2022	Dec 31, 2021
Innovative composite materials and accessories	20,658	20,722

Changes impacting goodwill of the Group's innovative composite materials and accessories CGU as of June 30, 2022 result from fluctuations in currencies in which goodwill was recognized during the purchase price allocation procedure.

As no indication of impairment had been identified, the Group did not perform an impairment test on its cash-generating unit as of June 30, 2022.



Note 8 - Intangible assets

Intangible assets break down as follows:

€'000	Dec 31, 2021	Acquisitions	Disposals	Increases	Changes in exchange rates	Reclassification and retirement	June 30, 2022
Development costs	15,655	301	-	-	118	(25)	16,048
Concessions, patents & similar rights	648	-	-	-	-	1	649
Intangible assets in progress	226	323	-	-	-	(3)	546
Trademark, customers	13,685	-	-	-	9	-	13,694
Right-of-use assets - Software	1,376	114	(18)	-	-	-	1,471
Other intangible assets	14,323	33	-	-	116	25	14,497
Total intangible assets	45,914	771	(18)	-	243	(3)	46,906
Dev. costs amortization/impairment	(10,384)	-	-	(684)	(82)	-	(11,151)
Concessions, patents & similar rights amortization/impairment	(443)	-	-	(46)	-	-	(489)
Customers amortization/impairment	(1,079)	-	-	(134)	(4)	-	(1,217)
Amort. of right-of-use assets - Software	(1,041)	-	-	(191)	-	(13)	(1,245)
Other intangible assets amortization/impairment	(12,711)	-	-	(404)	(118)	(3)	(13,235)
Total intangible assets amortization/impairment	(25,658)	-	-	(1,459)	(204)	(16)	(27,336)
Total net book value	20,259	771	(18)	(1,459)	39	(19)	19,570

Development expenses capitalized during the first half totaled €301,000.

Development projects are amortized as from commissioning. For projects in progress and not yet commissioned, a provision for impairment is recognized when the likelihood of success is uncertain.

Other intangible assets and intangible assets in progress mainly consist of IT solutions and systems used by the Group.



Note 9 - Property, plant and equipment

Property, plant and equipment breaks down as follows:

€'000	Dec 31, 2021	Acq.	Disposals	Increases	Changes in exchange rates	Reclassification and retirement	June 30, 2022
Land	6,053	-	-	-	121	-	6,173
Buildings	49,617	49	(14)	-	884	137	50,674
Plant and equipment	148,269	2,157	(109)	-	2,612	1,435	154,364
Other PP&E	13,023	325	(58)	-	292	97	13,679
Right-of-use assets - Buildings	38,332	1,749	(90)	-	191	-	40,181
Right-of-use assets - Production facilities	4,545	86	(76)	-	15	-	4,569
Right-of-use assets - Other items	2,779	439	(602)	-	(14)	-	2,602
PP&E in progress	4,038	2,510	-	-	23	(1,688)	4,883
Total property, plant and equipment	266,655	7,315	(949)	-	4,124	(19)	277,125
Building depreciation/impairment	(35,818)	-	13	(944)	(698)	-	(37,448)
Plant and equipment depreciation/impairment	(127,768)	-	10	(2,345)	(2,495)	-	(132,598)
Depr./imp. of right-of-use assets - Buildings	(13,714)	-	-	(2,929)	(90)	-	(16,732)
Depr./imp. of right-of-use assets - Production facilities	(1,930)	-	76	(418)	(12)	-	(2,284)
Depr./imp. of right-of-use assets - Other	(1,593)	-	563	(399)	4	-	(1,425)
Other PP&E depreciation/impairment	(10,618)	-	55	(324)	(244)	33	(11,098)
Total PP&E depreciation/impairment	(191,441)	-	717	(7,359)	(3,534)	33	(201,584)
Total net book value	75,216	7,315	(232)	(7,359)	590	13	75,543

Note 10 – Non-current financial assets

€'000	June 30, 2022	Dec 31, 2021
Non-consolidated investment	1,707	911
Other loans and receivables	1,112	1,075
Total other financial assets	2,819	1,986

The increase in non-consolidated equity investments is mainly due to the acquisition of Baltijos Tentas, as presented in the highlights section above.

Note 11 - Deferred tax assets and liabilities

Deferred taxes are shown on the balance sheet separately from current tax assets and liabilities and are classified as non-current items.

€'000	June 30, 2022	Dec 31, 2021
Deferred tax assets related to employee benefits	275	524
Tax loss carryforwards	4,884	5,188
Elimination of intercompany gains and losses	1,408	757
Research tax credit	47	76
Fair values of interest rate and currency hedges	(184)	(27)
Asset revaluation - first-time consolidation of acquired company	(614)	(656)
Temporary differences	471	760
Total net deferred tax	6,287	6,622



Note 12 – Inventories

€'000	June 30, 2022			Dec 31, 2021		
	Gross	Provisions	Net	Gross	Provisions	Net
Raw materials, supplies and other	25,039	(168)	24,871	19,508	(106)	19,402
Work-in-progress	630		630	690		690
Finished goods and components	73,382	(6,981)	66,401	61,608	(5,778)	55,830
Goods for resale	8,901	(95)	8,807	6,629	(96)	6,534
Total inventories	107,952	(7,244)	100,708	88,436	(5,980)	82,456

Note 13 - Trade receivables and related accounts

€'000	June 30, 2022	Dec 31, 2021
Trade receivables and payments on account	61,700	44,209
Receivables sold to the factoring company	12,889	10,692
Trade receivables	74,589	54,901
Trade receivables impairment	(4,183)	(3,082)
Net trade receivables	70,407	51,819

Note 14 - Other current assets

€'000	June 30, 2022	Dec 31, 2021
Current accounts - assets	265	176
Tax receivables excl. income tax	4,463	3,563
Staff and related receivables	370	524
Supplier receivable balances	87	175
Other receivables	3,635	2,950
Prepaid expenses	2,414	1,484
Loans receivable, guarantees and other receivables	240	44
Advances and payments on account to suppliers	667	547
Receivables against suppliers (rebates, discounts, refunds and other credits)	436	466
Tax receivables	400	385
Total other current assets	12,976	10,313

Tax receivables excluding corporate income tax mainly include customs duties and VAT receivables.

The change in current accounts is presented in “Other cash flows from financing activities” in the cash flow statement.

The change in prepaid expenses is due to the timing of service invoicing.



Note 15 - Cash and cash equivalents

€'000	June 30, 2022	Dec 31, 2021
Cash equivalents	9,653	15,353
Cash	20,886	31,517
Total cash and cash equivalents	30,539	46,871

As of June 30, 2022, term deposits amounted to €9 million. The valuation methods for cash and cash equivalents are presented in Note 2.15 “Accounting rules and methods” in the 2021 Universal Registration Document.

Note 16 - Capital stock

The capital stock of SergeFerrari Group as of June 30, 2022 comprised 12,299,259 shares with a par value of €0.40 each.

In accordance with economic conditions and changing requirements, the Group may opt to make changes to its capital stock, for example by issuing new shares or by purchasing and canceling existing shares.

As of June 30, 2022, the Group held 244,584 treasury shares. These shares are eliminated via an offsetting entry under equity; the value of treasury shares held and deducted from equity as of June 30, 2022 was €1,934,000. Gains or losses made under the liquidity contract are removed from the income statement and posted to shareholders' equity. These impacts are recorded under the “Treasury shares” column in the statement of changes in shareholders' equity.



Note 17 – Borrowings and debt

Presentation of net debt

June 30, 2022 - €'000	Current	Non-current	Total	Due in < 1 yr	Due in 1-5 yrs	Due in > 5 yrs
Bank loans and bonds	8,383	72,529	80,912	8,383	34,204	38,325
Finance lease liabilities	606	652	1,258	606	652	
Operating lease liabilities	6,875	20,079	26,953	6,875	17,142	2,937
Factoring	3,930		3,930	3,930	-	-
Total borrowings and debt	19,794	93,259	113,053	19,794	51,998	41,262
Cash and cash equivalents	(30,539)	-	(30,539)	(30,539)		
Net (cash)/debt	(10,745)	93,259	82,514	(10,745)	51,998	41,262

Dec 31, 2021 - €'000	Current	Non-current	Total	Due in < 1 yr	Due in 1-5 yrs	Due in > 5 yrs
Bank loans and bonds	6,402	59,083	65,485	6,402	29,083	30,000
Finance lease liabilities	593	966	1,558	593	966	
Operating lease liabilities	6,616	21,841	28,456	6,616	17,369	4,472
Factoring	6,178		6,178	6,178	-	-
Total borrowings and debt	19,788	81,889	101,677	19,788	47,417	34,472
Cash and cash equivalents	(46,871)	-	(46,871)	(46,871)		
Net (cash)/debt	(27,082)	81,889	54,807	(27,082)	47,417	34,472

During first half 2022, the Group drew €18.6 million under the loan agreement signed with its relationship banks.

Net debt restated for the application of IFRS 16 to operating leases amounted to €55,561,000 at June 30, 2022 and €26,350,000 at December 31, 2021.

Note 18 - Provisions for pensions and similar obligations

The discount rate applicable to post-employment benefits for French companies was 2.75% as of June 30, 2022 compared to 0.64% as of December 31, 2021.

Regarding the pension liabilities of the Group's Swiss companies, a 2.2% discount rate (based on the yield of Swiss blue-chip corporate bonds in the industrial sector) was applied at June 30, 2022. This discount rate was 0.40% at December 31, 2021.

Given that pension plan assets mainly consist of real estate investments, as of June 30, 2022 no changes were made to their fair value (apart from the discounting effect) at December 31, 2021.

The discount rate applied to the post-employment commitments of Verseidag-Indutex GmbH was 3.22% at June 30, 2022 compared to 1.02% at December 31, 2021.



€'000	Retirement compensati on - France	Switzerland		Retirement compensati on - Italy	Retirement compensati on - Germany	Total
		Pension plan	Long- service awards			
Dec 31, 2020	2,110	5,931	417	951	1,604	11,015
Cost of past services	355	821	(35)	162	(17)	1,286
Sustain plan impact		(562)	(90)			(652)
Interest expense	6	12	1		14	33
Actuarial gains/(losses)	(1,192)	(5,518)			(43)	(6,753)
Benefits paid	(41)	(464)	(66)	(162)	(20)	(753)
Exchange differences		3	19			22
Dec 31, 2021	1,238	224	246	951	1,538	4,198
Cost of past services	165	327	23	33	10	558
Interest expense	4	1	0		8	12
Actuarial gains/(losses)	(313)	(61)	0		(599)	(973)
Benefits paid	0	(282)	(24)	(37)		(343)
Exchange differences	0	3	3			6
June 30, 2022	1,094	212	248	947	956	3,459

NOTE 19 - Other non-current liabilities

€'000	June 30, 2022	Dec 31, 2021
Commitment to purchase shares from minority shareholders (put option)	5,243	5,171
Liabilities to shareholders of acquired companies	103	12,289
Other	15	48
Total other non-current liabilities	5,361	17,508

Commitments to purchase shares from minority shareholders relate to put option liabilities provided for in the subsidiaries acquisition agreement, which are valued on the basis of discounted future cash flows.

As of December 31, 2021, liabilities to shareholders of acquired companies related to earn-outs provided for in the Verseidag and Sunteam acquisition agreements.

The change in this item is due to the reclassification of the Verseidag earn-out from non-current to current liabilities.



Note 20 – Provisions for risks and contingencies

€'000	Dec 31, 2021	Increases	Reversals		Ch. in conso. scope	June 30, 2022
			Used	Not used		
Current provisions	1,002	193	(156)			1,040
Provisions for guarantees	765	96	-			861
Disputes	237	97	(156)			178

Note 21 – Other current liabilities

€'000	June 30, 2022	Dec 31, 2021
Current accounts - liabilities	44	26
Tax and social security payables	16,442	16,076
Customers - Advances and down payments received	4,469	4,477
Customers - Credits, rebates, discounts & refunds	1,552	2,037
Other payables	1,374	1,454
Liabilities to shareholders of acquired companies and share purchase commitments	17,212	9,881
Tax payables	1,964	2,924
Total other current liabilities	43,056	36,876

The change in current accounts is presented in “Other cash flows from financing activities” in the cash flow statement.

Liabilities to shareholders of acquired companies relate to deferred payments provided for in the Verseidag and F.I.T. acquisition agreements at December 31, 2021 and those of Verseidag and Baltijos Tentas at June 30, 2022. The increase versus December 31, 2021 is due to the reclassification of the Verseidag earn-out from non-current to current liabilities.

Note 22 - Regional information

Revenues

€'000	H1 2022	H1 2021	Ch. at current scope and exchange rates	Ch. at constant scope and exchange rates
Northern Europe	64,020	55,931	14.5%	13.6%
Southern Europe – Americas	80,471	68,442	17.6%	16.7%
Asia – Africa – ME – Pacific	25,549	20,336	25.6%	19.7%
Total revenues	170,040	144,709	17.5%	15.9%



Note 23 – External expenses

€'000	H1 2022	H1 2021
Bank charges	(256)	(351)
Maintenance and repairs	(2,795)	(2,582)
Leasing and rental costs	(633)	(608)
Transport	(6,684)	(5,246)
Fees and advertising expenses	(7,480)	(6,906)
Other external expenses	(6,754)	(5,946)
Total external expenses	(24,602)	(21,640)

The amounts recorded under the leasing line item relate to contracts not eligible for accounting treatment under IFRS 16.

The increase in transport costs, fees, advertising expenses and other external expenses is mainly due to first half 2022 business growth.

Note 24 - Personnel expenses and executive remuneration

Personnel expenses

€'000	H1 2022	H1 2021
Staff pay	(29,804)	(28,133)
Social security charges	(8,329)	(8,077)
Pension commitments	(558)	(746)
Other personnel expenses	(2,069)	(2,214)
Total personnel expenses	(40,760)	(39,171)

The headcount at period-end breaks down as follows:

	June 30, 2022	June 30, 2021
TOTAL	1,230	1,194
Commercial	351	298
Production / Logistics	731	715
Support Functions - R&D	148	181

Executive remuneration

€'000	H1 2022	H1 2021
Ferrari Participations (for services provided)	402	275
Corporate office	30	48
Benefits in kind	4	5
Total executive remuneration	436	328

Ferrari Participations (for services provided)

The amounts shown comprise remuneration paid in respect of corporate officer operational positions.



The total invoiced amount under the management fees agreement, which amounted to €1,417,000 in H1 2022 and €1,753,000 in H1 2021, is presented in the table in Note 32 “Related party transactions” and is recognized under other external expenses.

Corporate office

All remuneration received by Group corporate officers in respect of Group corporate office positions.

Benefits in kind

Benefits in kind relating to the provision of company vehicles.

Note 25 – Miscellaneous taxes

€'000	H1 2022	H1 2021
Other miscellaneous taxes	(855)	(1,024)
Miscellaneous payroll taxes	(346)	(278)
Total miscellaneous taxes	(1,201)	(1,301)

Miscellaneous payroll taxes include ongoing training, the 1% housing contribution, apprenticeship tax and the disability tax paid in France. All other miscellaneous taxes are included under “Other miscellaneous taxes”.

€314,000 was recognized in H1 2022 in respect of the CVAE business value added tax, compared to €286,000 in H1 2021.

These amounts are included in the calculation of adjusted EBITDA.

Note 26 - Depreciation, amortization and impairment

€'000	H1 2022	H1 2021
Intangible assets	(1,459)	(1,723)
Property, plant and equipment	(7,359)	(7,145)
Total depreciation, amortization and impairment	(8,818)	(8,868)

The impacts of the application of IFRS 16 are set out below.

€'000	H1 2022	H1 2021
Interest on lease liabilities	(316)	(363)
Total depreciation, amortization and impairment	(3,836)	(3,674)
Canceled rental costs	4,126	3,945
Other impacts (forex, lease termination, etc.)	(2)	8
Impact on income before tax	(28)	(84)
Deferred tax	8	17
Impact on income after tax	(20)	(67)



€'000	H1 2022	H1 2021
Lease liabilities – Non-current	20,079	23,903
Lease liabilities – Current	6,875	6,384
Impact on borrowings	26,953	30,287

Note 27 - Net provisions for impairment

€'000	H1 2022	H1 2021
Operating provisions	(193)	(332)
Receivables provisions	(1,343)	(981)
Provisions for inventories, WIP and finished goods	(1,662)	(1,350)
WIP and finished goods reversals	453	251
Reversals of receivables provisions	308	365
Reversals of operating provisions	213	174
Net provisions for impairment	(2,225)	(1,872)

Note 28 - Other recurring income and expenses

€'000	H1 2022	H1 2021
Operating grants	346	390
Gains/(losses) on disposal of assets	(51)	(142)
Bad debt losses	(35)	-
Other	347	(172)
Other recurring income and expenses	607	75

Operating grants comprise €346,000 of income from the research tax credit.

Bad debt losses were offset by reversals of provisions for impairment, as presented in Note 27.

Note 29 - Non-recurring operating income and expenses

€'000	H1 2022	H1 2021
Non-recurring operating income and expenses	-	(293)

Non-recurring operating income and expenses mainly comprise non-recurring expenses relating to the implementation of the integration program for companies acquired in first half 2021, which was completed according to plan in 2021.



Note 30 – Financial income and expenses

	H1 2022	H1 2021
Net cost of debt	(1,279)	(1,510)
Income from cash and cash equivalents	7	16
Interest expense	(969)	(1,168)
Interest on lease liabilities	(316)	(357)
Other financial income and expenses	308	(174)
Net currency gains/(losses)	648	279
- USD	518	257
- AED	(74)	
- CHF	(133)	
- TWD	149	(24)
- INR	116	(59)
- TRY	159	111
- BRL	2	40
- GBP	(47)	
- Other	(42)	(46)
Financial expenses on employee benefits	(12)	(9)
Dividends from non-consolidated entities	6	6
Other	(333)	(450)
Net financial expense	(970)	(1,684)

The decrease in interest expense on borrowings is due to the reduction in interest rates in accordance with the bank agreements in response to the improvement in the covenant ratios defined in these agreements.

Note 31 - Tax charge

The notional tax charge is calculated using the French corporate tax rate of 25.83% for fiscal 2022 and 27.37% for fiscal 2021. This charge is reconciled with the recognized tax charge as follows:

€'000	H1 2022	H1 2021
Net income	11,064	9,299
Offset:		
=> Tax charge	3,836	3,064
Income before tax	14,899	12,364
French statutory tax rate	25.83%	27.37%
Notional tax charge	3,848	3,384
Reconciliation		
=> Tax credits	(94)	(118)
=> Tax rate differences - France/other countries	(184)	(307)
=> Permanent differences	94	109
=> Other	172	(4)
Actual tax charge	3,836	3,064
Effective tax rate	25.7%	24.8%

CVAE business value added tax has been recognized in “Miscellaneous taxes” under operating income.



Note 32 – Related party transactions

€'000	June 30, 2022 (H1 2022)		June 30, 2021 (H1 2021)	
	Ferrari Participations	Real estate companies	Ferrari Participations	Real estate companies
Operating payables	1,739	1,963	2,498	1,913
Operating receivables	88	-	316	59
Current accounts	-	-	5,000	-
Purchases of goods and services	1,417	1,625	1,753	1,611
Sales of goods and services	11	0	76	59

Income recognized corresponds to services rendered under the services agreement whereby Serge Ferrari SAS provides administrative services (assistance in accounting, human resources management and IT services) to other Group entities and companies related to the Group.

Expenses correspond to:

- Ferrari Participations: re-invoicing under the agreement described in Note 24 “Executive remuneration”.
- Real estate companies: rent paid to real estate companies directly or indirectly controlled by the same Ferrari family group, for industrial sites in France.

These agreements were entered into on arm’s length terms.

Note 33 – Off-balance sheet commitments

There was no material change in off-balance sheet commitments during first half 2022 in relation to the commitments presented in the 2021 Universal Registration Document.



Serge Ferrari Group
Statutory Auditors' Report on the half-year financial report

Period from January 1 to June 30, 2022