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Årsredovisning
Gnutti Carlo Holding Sweden AB

Org.nr 556716-2630

Räkenskapsår 2022-01-01 - 2022-12-31

Fastställelseintyg

Undertecknad styrelseledamot intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämma den 11 maj 2023.
Årsstämman beslöt att godkänna styrelsens förslag till resultatdisposition.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Alvesta den 11 maj 2023

Giuseppe Viola

Gnutti Carlo Holding Sweden AB
556716-2630

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Årsredovisning

för räkenskapsåret 2022-01-01--2022-12-31

Styrelsen och verkställande direktören för Gnutti Carlo Holding Sweden AB avger härmed följande årsredovisning.

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Styrelsens säte: Alvesta
Företagets redovisningsvaluta: Svenska kronor (SEK).
Alla belopp redovisas, om inte annat anges, i tusentals kronor (tkr).

Förvaltningsberättelse

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Information om verksamheten
Gnutti Carlo Holding Sweden AB äger och förvaltar aktier direkt eller indirekt i verksamheter som tillverkar motorkomponenter till fordonsindustrin.
Bolaget äger till 100% dotterföretagen Gnutti Carlo Sweden AB (org nr 556034-5190), Gnutti Carlo UK Ltd (England, org nr 3047921) samt Gnutti Carlo GmbH (Tyskland, org nr HRB 21901).

Väsentliga händelser under räkenskapsåret
Kommentarerna nedan avser den svenska delen av Gnuttikoncernen, dvs dotterbolagen till Gnutti Carlo Holding Sweden AB.
Under året har försäljningen av vår enhet i Alvesta slutförts, köparen Ekets Ullman AB tog över verksamheten den 1:a oktober 2022. Alvestas verksamhet passar bra in i Eket Ullmans verksamhet med skärande bearbetning som sitt kärnområde. Efter Alvestaavyttringen har bolaget kvar en tillverkande enhet i Kungsör samt ett R&D center i Göteborg. Försäljningen innebär att företaget kan fokusera på sina kärnkompetenser, vilka är tillverkning av produkter till kompletta ventilmekanismer till tunga dieselmotorer.
Året har som för resten av industrin starkt påverkats av de ökade priserna för insatsmaterial, enegi m.m. Vi har under året delvis kunnat kompensera prisökningar från våra leverantörer till våra kunder. Komponentbrister har under året fortsatt att påverka våra kunders leveransförmåga vilket har medfört svårigheter i vår interna produktionsplanering, vilket har resulterat i att vi inte har kunnat upprätthålla en optimal produktion. Under dessa svåra omständigheter har vi ändå tack vare vårt ständiga förbättringsarbete kunnat leverera ett postivit resultat.

Förväntad framtida utveckling samt risker och osäkerhetsfaktorer
Efterfrågan på de produkter som vi tillverkar och säljer är fortfarande god både i Europa samt i Nord-och Sydamerika.
Det finns dock fortsättningsvis en stor osäkerhet beroende på kostnadsutveckling av energi samt olika insatsvaror direkt eller indirekt påverkade av kriget i Ukraina. Våra kunder har fortsatt problem med försörjningen av viktiga komponenter.
Bristen på halvledare är, om än förbättrat, fortsatt en begränsande faktor för kunders möjligheter att leverera vad marknaden efterfrågar, vilket i sin tur påverkar efterfrågan på våra produkter. På lång sikt kommer OEM kundernas satsning på elektrifiering påverka dagens befintliga affärer. Dock är prognosen att det kommer ta tid, samt med kundernas satsningar på nya respektive uppgraderade motorer där våra produkter ingår, på medellång sikt, borgar för en viss stabilitet i efterfrågan. Vi ser även för egen del kortsiktigt stora svängningar på tillgången och priser på energi, frakter och övriga komponenter vilket innebär ett ökat kostnadstryck vilket kommer att återspeglas i företagets resultat om vi inte kan kompensera genom att höja våra priser.
Fordonsindustrin präglas av stora svängningar i efterfrågan. Bolagets försäljning är diversifierad och fördelad över ett antal kunder, plattformar, modeller och fabriksanläggningar som vanligtvis dämpar effekterna av individuella förändringar. En markant minskad global efterfrågan kan dock ha en kraftig negativ påverkan. Orderböcker med fasta beställningar från kunder är normalt korta men de nära kundrelationerna gör att bolaget ändå har god information om kundernas långsiktiga planer.

Ägarförhållanden
Bolaget är ett dotterbolag till Gnutti Carlo S.p.A i Maclodio Italien (org nr 01272680172), ägarandel 68% samt Gnutti Carlo Ltd i London, Ontario Kanada (org nr 1635693), ägarandel 32%.

Flerårsöversikt*	**2022**	**2021**	**2020**	**2019**
Nettoomsättning (tkr)	26 683	27 466	21 693	20 809
Resultat efter finansiella poster (tkr)	-1 350	-1 075	-8 880	39 742
Avkastning på eget kapital (%)	-0,2%	-0,1%	-1,2%	5,2%
Balansomslutning (tkr)	818 192	898 735	823 047	950 137
Soliditet (%)	86,8%	82,3%	92,6%	81,1%
Antal anställda	1	1	1	1

Förslag till resultatdisposition (kr)
Styrelsen föreslår att till förfogande stående medel

Balanserat resultat	34 439 242
Årets resultat	34 656 915
	69 096 157
disponeras så att	
till aktieägare utdelas	67 082 290
i ny räkning överföres	2 013 867
	69 096 157

Styrelsens uppfattning är att den föreslagna utdelningen ej hindrar bolaget från att fullgöra sina förpliktelser på kort och lång sikt, ej heller att fullgöra erforderliga investeringar. Den föreslagna utdelningen kan därmed försvaras med hänsyn till vad som anförs i ABL 17 Kap 3§ 2-3 st (försiktighetsregeln).

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Resultaträkning

	Not	2022-01-01-2022-12-31	2021-01-01-2021-12-31
Nettoomsättning		26 683	27 466
Administrationskostnader	1 - 2	-26 880	-27 947
Övriga rörelseintäkter		65	126
Övriga rörelsekostnader		-1 220	-627
Rörelseresultat	3	**-1 352**	**-983**
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	4	0	-92
Övriga ränteintäkter och liknande resultatposter	5	2	0
Räntekostnader och liknande resultatposter	5	0	0
		2	**-92**
Resultat efter finansiella poster		**-1 350**	**-1 075**
Bokslutsdispositioner	6	45 000	80 000
Resultat före skatt		**43 650**	**78 925**
Skatt på årets resultat	7	-8 993	-16 278
Årets resultat		**34 657**	**62 647**

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Balansräkning

	Not	2022-12-31	2021-12-31
TILLGÅNGAR			
Andelar i koncernföretag	8 - 9	818 116	818 116
Andra långfristiga värdepappersinnehav	10	0	0
		818 116	**818 116**
Summa anläggningstillgångar		**818 116**	**818 116**
Omsättningstillgångar			
Kortfristiga fordringar			
Fordringar hos koncernföretag		0	80 000
Aktuell skattefordran		0	0
		0	**80 000**
Kassa och bank	11	76	619
Summa omsättningstillgångar		**76**	**80 619**
SUMMA TILLGÅNGAR		**818 192**	**898 735**

Balansräkning

	Not	2022-12-31	2021-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital	12		
Bundet eget kapital			
Aktiekapital, 6 407 842 aktier (A-stam 4 383 480, B pref 2 024 362)		640 784	640 784
		640 784	**640 784**
Fritt eget kapital			
Balanserat resultat		34 439	36 464
Årets resultat		34 657	62 647
		69 096	**99 111**
Summa eget kapital		**709 880**	**739 895**
Kortfristiga skulder			
Leverantörsskulder		46	73
Skulder till koncernföretag		91 872	140 121
Aktuella skatteskulder		13 880	16 166
Övriga skulder		1 726	1 643
Upplupna kostnader och förutbetalda intäkter	13	788	838
		108 312	**158 840**
SUMMA EGET KAPITAL OCH SKULDER		**818 192**	**898 735**

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Rapport över förändringar i eget kapital

	Aktie-kapital	Balanserat resultat	Årets resultat	Totalt
Ingående balans 2021-01-01	640 784	110 397	10 764	**761 945**
Omföring resultat föregående år	0	10 764	-10 764	**0**
Lämnad utdelning	0	-84 697	0	**-84 697**
Årets resultat	0	0	62 647	**62 647**
Utgående balans 2021-12-31	**640 784**	**36 464**	**62 647**	**739 895**
Omföring resultat föregående år	0	62 647	-62 647	**0**
Lämnad utdelning	0	-64 672	0	**-64 672**
Årets resultat	0	0	34 657	**34 657**
Utgående balans 2022-12-31	**640 784**	**34 439**	**34 657**	**709 880**

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Tilläggsupplysningar

Redovisningsprinciper m.m.

Allmänna redovisningsprinciper
Årsredovisningen har upprättats enligt årsredovisningslagen (1995:1554) och BFNAR 2012:1 Årsredovisning och koncernredovisning (K3):

Koncerntillhörighet
Närmast överordnade moderföretag som upprättar koncernredovisning i vilken företaget ingår är Gnutti Carlo S.p.A (org.nr. 01272680172) med säte i Maclodio, Italien. Detta bolag är även moderföretag för hela koncernen. Årsredovisning kan begäras från Chamber of commerce i Italien (Enterprise Register).

Koncernredovisning
Företaget är ett moderföretag men upprättar ingen koncernredovisning med hänvisning till undantagsregeln i årsredovisningslagen 7 kap. 2 §.

Intäktsredovisning
Bolagets nettoomsättning består av utförda tjänster till dotterbolag samt vidarefakturerade kostnader för moderbolag. Intäkterna redovisas i samband med fakturering vilket görs en gång per månad och slutavräkning genomförs i slutet av året.
Ersättning i form av ränta, royalty eller utdelning redovisas som intäkt när det är sannolikt att företaget kommer att få de ekonomiska fördelar som är förknippade med transaktionen och när inkomsten kan beräknas på ett tillförlitligt sätt.

Finansiella instrument
Finansiella instrument värderas utifrån anskaffningsvärdet.

Redovisning av leasingavtal
Företaget som leasetagare
Företaget redovisar samtliga leasingavtal, såväl finansiella som operationella, som operationella leasingavtal. Operationella leasingavtal redovisas som en kostnad linjärt över leasingperioden.

Ersättning till anställda
Ersättningar till anställda avser alla typer av ersättningar som företaget lämnar till de anställda. Företagets ersättningar innefattar bland annat löner, betald semester, betald frånvaro, bonus och ersättningar efter avslutad anställning (pensioner). Redovisning sker i takt med intjänandet. Företaget har endast avgiftsbestämda pensionsplaner. Utgifter för avgiftsbestämda planer redovisas som en kostnad under den period de anställda utför de tjänster som ligger till grund för förpliktelsen. Som avgiftsbestämda planer klassificeras planer där fastställda avgifter betalas och det inte finns förpliktelser, vare sig legala eller informella, att betala något ytterligare, utöver dessa avgifter. Företaget har inga övriga långfristiga ersättningar till anställda.

Omräkning av poster i utländsk valuta
Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs. Kursvinster och kursförluster på rörelsefordringar och rörelseskulder

redovisas i rörelseresultatet medan kursvinster och kursförluster på finansiella fordringar och skulder redovisas som finansiella poster.

Fordringar, skulder och avsättningar
Om inget annat anges ovan värderas kortfristiga fordringar till det lägsta av dess anskaffningsvärde och det belopp varmed de beräknas bli reglerade. Långfristiga fordringar och långfristiga skulder värderas efter det första värderingstillfället till upplupet anskaffningsvärde. Övriga skulder och avsättningar värderas till de belopp varmed de beräknas bli reglerade. Övriga tillgångar redovisas till anskaffningsvärde om inget annat anges ovan.

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Skatt
Total skatt utgörs av aktuell skatt och uppskjuten skatt. Skatt redovisas i resultaträkningen, utom då underliggande transaktion redovisas direkt mot eget kapital varvid tillhörande skatteeffekt redovisas i eget kapital.

Aktuell skatt
Aktuell skatt avser inkomstskatt för innevarande räkenskapsår samt den del av tidigare räkenskapsårs inkomstskatt som ännu inte redovisats. Aktuell skatt beräknas utifrån per den skattesats som gäller per balansdagen.

Uppskjuten skatt
Uppskjuten skatt är inkomstskatt som avser framtida räkenskapsår till följd av tidigare händelser. Redovisning sker enligt balansräkningsmetoden. Enligt denna redovisas uppskjutna skatteskulder och uppskjutna skattefordringar på temporära skillnader som uppstår mellan bokförda respektive skattemässiga värden för tillgångar och skulder samt för övriga skattemässiga avdrag eller underskott.

Uppskjutna skattefordringar nettoredovisas mot uppskjutna skatteskulder endast om de kan betalas med ett nettobelopp. Uppskjuten skatt beräknas utifrån gällande skattesats på balansdagen. Effekter av förändringar i gällande skattesatser resultatförs i den period förändringen lagstadgats. Uppskjutna skattefordringar reduceras till den del det inte är sannolikt att den underliggande skattefordran kommer att kunna realiseras inom en överskådlig framtid. Uppskjuten skattefordran redovisas som finansiell anläggningstillgång och uppskjuten skatteskuld som avsättning.

Koncernbidrag
Erhållna och lämnade koncernbidrag redovisas som bokslutsdisposition.

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Noter

Not 1 Arvode till revisorer

	2022	2021
Ernst & Young AB		
Revisionsuppdraget	50	50
Övriga tjänster	5	5
	55	**55**

Not 2 Anställda och personalkostnader

Medelantalet anställda

	2022	2021
Män	1	1
Kvinnor	0	0
	1	**1**

	2022	2021
Löner och andra ersättningar		
Styrelse och verkställande direktör	0	0
Övriga anställda	1 340	1 561
	1 340	**1 561**
Tantiem till styrelse och verkställande direktör ingår med	0	0
Pensions- och övriga sociala kostnader		
Pensionskostnader för styrelse och verkställande direktör	0	0
Pensionskostnader för övriga anställda	529	570
Övriga sociala kostnader enligt lag och avtal	600	555
	1 129	**1 125**

	2022-12-31	2021-12-31
Könsfördelning bland ledande befattningshavare		
Andel kvinnor i styrelsen	0%	0%
Andel män i styrelsen	100%	100%
Andel kvinnor bland övriga ledande befattningshavare	0%	0%
Andel män bland övriga ledande befattningshavare	100%	100%

Not 3 Inköp och försäljning mellan koncernföretag

	2022	2021
Andel av årets totala försäljning som skett till andra företag inom koncernen	100%	100%

Not 4 Resultat från andelar i koncernföretag

	2022	2021
Utdelning från koncernföretag	0	0
Nedskrivningar	0	-92
	0	**-92**

Not 5 Räntekostnader och liknande resultatposter

	2022	2021
Övriga räntekostnader		
	0	**0**

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Not 6 Bokslutsdispositioner

	2022	2021
Erhållet koncernbidrag	45 000	80 000
Återföring från periodiseringsfond	0	0
	45 000	**80 000**

Not 7 Skatt på årets resultat

	2022	2021
Aktuell skatt	8 993	16 278
Justering avseende tidigare år	0	0
Summa redovisad skatt	**8 993**	**16 278**
Genomsnittlig effektiv skattesats	**20,6%**	**20,6%**
Avstämning av effektiv skattesats		
Redovisat resultat före skatt	**43 650**	**78 925**
Skatt på redovisat resultat enligt gällande skattesats (20,6 %):	8 992	16 259
Skatteeffekt av:		
Övriga ej avdragsgilla kostnader	1	20
Ej skattepliktiga intäkter	0	
Återförd periodiseringsfond avsatt före 2019		
Schablonintäkt periodiseringsfond		
Justering avseende tidigare år		
Redovisad skatt	**8 993**	**16 278**
Effektiv skattesats	20,6%	20,6%

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Not 8 Andelar i koncernföretag

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	884 436	884 436
Utgående ackumulerade anskaffningsvärden	**884 436**	**884 436**
Ingående nedskrivningar	-66 320	-66 320
Årets nedskrivningar	0	0
Utgående ackumulerade nedskrivningar	**-66 320**	**-66 320**
Utgående redovisat värde	**818 116**	**818 116**

Not 9 Specifikation av andelar i koncernföretag

Namn	Kapital-andel	Rösträtts-andel	Antal andelar	Bokfört värde
Dotterföretaget Gnutti Carlo Sweden AB	100%	100%	20 608	812 960
Dotterföretaget Gnutti Carlo UK Ltd	100%	100%	619 150	4 900
Dotterföretaget Gnutti Carlo Germany GmbH	100%	100%	0	256
				818 116

	Org.nr.	Säte	Eget kapital*	Årets resultat*
Dotterföretaget Gnutti Carlo Sweden AB	556034-5190	Alvesta	719 347	65 926
Dotterföretaget Gnutti Carlo UK Ltd	3047921	Louth	11 732	1 284
Dotterföretaget Gnutti Carlo Germany GmbH	HRB 21901	Koblenz	964	39

*Eget kapital samt Årets resultat har angetts i sin helhet oavsett ägarandel.
I Eget kapital ingår 79,4 % av obeskattade reserver
Med Årets resultat avses resultat efter finansiella poster

Not 10 Andra långfristiga värdepappersinnehav

	2022-12-31	2021-12-31
Ingående anskaffningsvärden	907	907
Årets anskaffningar	0	0
Utgående ackumulerade anskaffningsvärden	**907**	**907**
Ingående nedskrivningar	-907	-815
Årets nedskrivningar	0	-92
Utgående ackumulerade nedskrivningar	**-907**	**-907**
Utgående redovisat värde	**0**	**0**

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Not 11 Kassa och bank

	2022-12-31	2021-12-31
Kassamedel	76	619
	76	**619**

Not 12 Disposition av vinst eller förlust

Förslag till resultatdisposition	**2022-12-31**	**2021-12-31**
Styrelsen föreslår att till förfogande stående medel		
Balanserat resultat	34 439	36 464
Årets resultat	34 657	62 647
	69 096	**99 111**
disponeras så att		
till aktieägare utdelas	67 082	64 672
i ny räkning överföres	2 014	34 439
	69 096	**99 111**

Not 13 Upplupna kostnader och förutbetalda intäkter

	2022-12-31	2021-12-31
Upplupna löner	262	326
Upplupna semesterlöner	223	209
Upplupna sociala avgifter	124	121
Övriga upplupna kostnader	179	182
	788	**838**

Not 14 Ställda säkerheter

	2022-12-31	2021-12-31
Säkerheter ställda till förmån för koncernföretag		
Aktier i dotterbolag, Gnutti Carlo Sweden AB	812 960	812 960

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Not 15 Eventualförpliktelser

Övriga eventualförpliktelser
Garanti till Trustee i England där man intygar att eget kapital ej ska understiga M43£

Not 16 Händelser efter balansdagen

Inga väsentliga händelser har inträffat i företaget efter balansdagen.

Alvesta 2023- 05-15

Giuseppe Viola

Claudio De Conto

Vår revisionsberättelse har lämnats 2023- 05 - 24
Ernst & Young AB

Magnus Eriksson
Auktoriserad revisor

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Building a better working world

Revisionsberättelse

Till bolagsstämman i Gnutti Carlo Holding Sweden AB, org.nr 556716-2630

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Gnutti Carlo Holding Sweden AB för år 2022.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Gnutti Carlo Holding Sweden ABs finansiella ställning per den 31 december 2022 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Gnutti Carlo Holding Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på fel.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller på fel, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller fel och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller på fel, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på fel, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de betydande brister i den interna kontrollen som vi identifierat.

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sRapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning av Gnutti Carlo Holding Sweden AB för år 2022 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Gnutti Carlo Holding Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Den verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för mitt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har jag granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Linköping 2023-05-24

Ernst & Young AB

Magnus Eriksson
Auktoriserad revisor

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Gnutti Carlo S.p.A.

Consolidated financial statements as at December 31st 2022

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

(Translation from the original Italian text)

EY S.p.A.
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25126 Brescia

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 (Translation from the original Italian text)

To the Shareholders of
Gnutti Carlo S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gnutti Carlo Group (the Group), which comprise the consolidated statement of financial position as at December 31st 2022, the consolidated statement of income, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31st 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of Gnutti Carlo S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the 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, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Gnutti Carlo S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

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Auditor's 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 auditor's 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 International Standards on Auditing (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 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 International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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;
- we have obtained 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;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated 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.

We have communicated with those charged with governance, identified at an appropriate level as 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.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Gnutti Carlo S.p.A. are responsible for the preparation of the Report on Operations of Gnutti Carlo Group as at December 31st 2022, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

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We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the consolidated financial statements of Gnutti Carlo Group as at December 31st 2022 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of Gnutti Carlo Group as at December 31st 2022 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Brescia, April 13th 2023

EY S.p.A.
Signed by: Marco Malaguti, partner

This report has been translated into the English language solely for the convenience of international readers.

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TOTAL LIABILITIES AND EQUITY			
A) EQUITY			
Share Capital	17	7,280	7,280
Equity Reserves	17	185,648	195,454 *
Profit (loss) for the year		-6,806	-6,037 *
TOTAL EQUITY		**186,122**	**196,697** *
B) NON-CURRENT LIABILITIES			
Loans and financing	18	260,882	295,300
Employee benefits	19	18,760	24,517
Other long-term debts	24 bis	8,968	6,445
Deferred tax liabilities	31	24,310	24,309
TOTAL NON-CURRENT LIABILITIES		**312,920**	**350,571**
C) CURRENT LIABILITIES			
Loans and financing	18	104,910	76,577
Derivative financial instruments	20	273	362
Trade account payables	21	137,440	138,414
Tax debts	22	3,012	4,217
Other debts	23	45,894	48,708
Provisions for short-term risks and charges	24	2,732	2,645
TOTAL CURRENT LIABILITIES		**294,261**	**270,923**
TOTAL LIABILITIES (B+C)		**607,181**	**621,494**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY (A+B+C)		**793,303**	**818,191** *

** Balance sheet item affected by restatement*

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GNUTTI CARLO S.P.A.

Registered office in VIA ARTIGIANI 2 - 25030 MACLODIO (BS) Share capital Euro 7,280,000.00 fully paid up

Consolidated Financial Statement as at 31.12.2022

Consolidated Balance Sheet

(000 Euros)	Note	31/12/2022	2021 restated	
ASSETS				
A) NON-CURRENT ASSETS				
Tangible fixed assets	5	393,771	417,813	
Intangible Fixed Assets	6	16,529	20,355	
Goodwill	7	72,060	75,041	
Shareholdings in associates	8	9,564	12,829	*
Other equity investments	9	159	159	
Receivables and other non-current assets	10-19	6,905	9,389	
Derivative financial instruments	20	7,418	0	
Deferred tax assets	31	11,194	12,037	
TOTAL NON-CURRENT ASSETS		**517,600**	**547,623**	*
B) CURRENT ASSETS				
Inventories	11	102,108	101,038	
Trade receivables	12	73,898	75,434	
Other activities	14	11,285	8,850	
Available-for-sale financial assets	15	102	102	
Cash and cash equivalents	16	88,310	85,144	
TOTAL CURRENT ASSETS		**275,703**	**270,568**	
TOTAL ASSETS (A+B)		**793,303**	**818,191**	*

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Consolidated income statement

(000 Euros)	Note	2022	2021 restated
Sales revenues	4	809,658	702,999
Total sales revenues		**809,658**	**702,999**
Cost of sales	25	-725,843	-636,302
GROSS OPERATING PROFIT		**83,815**	**66,697**
Other revenues	26	7,603	7,082
Income from investments using the equity method		1,546	1,202
Distribution costs	27	-10,695	-9,390
General and administrative expenses	28	-66,857	-61,248
Value Adjustments on Non-Current Assets and Other Provisions	32	-6,206	-5,762 *
Financial income and expenses	29	-12,350	-11,973
Foreign exchange gains and losses	33	1,322	8,847
EARNING BEFORE TAXES		**-1,822**	**-4,545** *
Income taxes	31	-4,984	-1,492
EARNING AFTER TAXES		**-6,806**	**-6,037** *

** Statement of Changes in Consolidated Equity*

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Consolidated comprehensive income statement

	Note	2022	2021 restated	
EARNING AFTER TAXES		**-6,806**	**-6,037**	*
Components that will be subsequently reclassified in the annual result				
Changes in the fair value of cash flow hedge financial instruments	20	7,162	1,480	
Tax effect		-2,141	-393	
Profit/(loss) from the conversion of the financial statements of foreign companies		-13,761	2,614	
Components that will not be subsequently reclassified in the annual result				
The actuarial gains/(losses) on defined benefit plans	19	6,531	316	
Tax effect		-1,588	-62	
TOTAL OTHER GAINS/(LOSSES)		**-3,797**	**3,955**	
COMPREHENSIVE INCOME		**-10,603**	**-2,082**	*

** Statement of Changes in Consolidated Equity*

Statement of the Changes in Consolidated Equity

Description	Share Capital	Legal reserve	Extraordinary reserve	IAS conversion reserve	Fair Value CFH Reserve	Derivatives Cash Flow Hedging reserve	IAS 19 OCI reserve	Revaluation reserve	Other equity reserve	Previous years' results reserve	Reserve from currency conversion	Earning of the year	Total Group Equity	Minorities' Share Capital	Minorities' Earning after taxes	Total equity
Equity at 31st december 2020	7.280	1.456	188.655	523	3	-1.398	-1.927	6.201	365	49.327	-22.302	-27.810	200.374	0	0	200.374
Destination of 2020's result																
Extraordinary reserve			-27.810									27.810	0			0
Dividends													0			0
Other													0			0
Other movements																
Incomes/costs recognized at Equity						1.087	254				2.614		3.955			3.955
Movements between reserves													0			0
Other													0			0
2021 Result												-5.240	-5.240			-5.240
Equity at 31st december 2021	7.280	1.456	160.845	523	3	-311	-1.673	6.201	365	49.327	-19.688	-5.240	199.088	0	0	199.088
restatement										-1.594		-797	-2.391			-2.391
Equity at 31st december 2021 restated	7.280	1.456	160.845	523	3	-311	-1.673	6.201	365	47.733	-19.688	-6.037	196.697	0	0	196.697
Destination of 2021's result																
Extraordinary reserve			-6.037									6.037	0			0
Dividends													0			0
Other													0			0
Other movements																
Incomes/costs recognized at Equity						5.021	4.971				-13.761		-3.769			-3.769
Movements between reserves													0			0
Other													0			0
2022 Result												0	0			0
Equity at 31st december 2022	7.280	1.456	154.808	523	3	4.710	3.298	6.201	365	47.733	-33.449	0	192.928	0	0	192.928

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Consolidated Cash flows

(000 Euros)	2022	2021 Restated
Opening Cash and cash equivalent	**85,142**	**83,969**
Earning after taxes	-6,806	-6,037 *
Depreciation	59,942	59,535
Value adjustments/write-downs/provisions	1,500	2,097 *
Gains and losses on unrealised exchange rates	-1,833	-8,443
Interests	12,234	11,286
Minus/(Plus) disposal of assets	0	0
Net circulating capital generated by income management	**65,037**	**58,438**
Trade Receivables	1,536	15,350
Other activities	3,314	-1,856
Inventories	-1,070	-15,857
Trade Payables	974	30,288
Deferred/prepaid taxes	844	2,985
Tax receivables/payables	-1,205	705
Other debts	-3,797	-2,913
	-1,352	**28,558**
Cash flow from operating activities	**63,685**	**86,996**
Mortgages and loans taken out by banks and other lenders	62,385	15,000
Repayments of existing loans	-80,704	-68,557
Cash flows from (for) financing activities	**-18,319**	**-53,557**
Increase in tangible fixed assets	-55,033	-41,815
Increase in intangible fixed assets	-169	2,159
Divestment of tangible fixed assets	13.004	11,708
Cash flow from (for) investing activities	**-42,198**	**32,266**
Total cash flow	**3,168**	**1,173**
Final cash and cash equivalent	**88,310**	**85,142**
Additional information		
Interest paid	12,234	11,286
Interest received	222	49
Taxes paid	7,000	6,124

** Balance sheet item affected by restatement*

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GNUTTI CARLO S.P.A.

Head Office in VIA ARTIGIANI 2 -25030 MACLODIO (BS) Share Capital 7.280,000.00 euros fully paid-up.

Accounting Standards and Notes to the Consolidated Financial Statements as off 31/12/2022

Premise

Compliance with IFRS

The consolidated financial statements at 31 December 2022 of the Gnutti Group were prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standard Board (IASB) and approved at EU level.

The draft of the Gnutti Carlo Group's consolidated financial statements for the financial year ending 31 December 2022, was approved by resolution of 31 March 2023 by the Board of Directors, which submits it to the Shareholders' Meeting.

The consolidated financial statement is presented in thousands of euros.

The consolidated financial statements have been submitted to the statutory audit pursuant to Article 14 of Legislative Decree no. 39 of 27.1.2010 by the auditing company E&Y S.p.A., as per the mandate conferred by the Ordinary Shareholders' Meeting of 4th August 2022.

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1. Drawing up Criteria

The accounting principles adopted for the preparation of these consolidated financial statements are homogeneous with those used for the preparation of the consolidated financial statements as at 31 December 2021, with the exception of what is reported in the following paragraphs.
For the first time, the Group has adopted certain accounting standards and amendments that are in force for the financial years beginning on or after 1st January 2022. The Group has not adopted in advance any other principles, interpretations or amendments published but not yet in force.
The nature and impact of each new accounting standard and change are described below. Although these new principles and amendments were applied for the first time in 2022, they had no material impact on the Group's consolidated financial statements. However, the nature and impact of each new principle/modification are listed below.

IFRS Amendments

Amendments to IAS37 – Onerous Contracts – Cost of fulfilling a Contract.

An onerous contract is a contract in which the non-discretionary costs necessary to fulfil the obligations assumed are greater than the economic benefits that are supposed to be obtainable from the contract.

The amendment specifies that, in determining whether a contract is onerous or loss-making, an entity shall consider the costs directly related to the contract for the supply of goods or services that include both incremental costs (i.e., direct labour cost and materials) and costs directly attributable to contractual activities (i.e. depreciation of equipment used for the performance of the contract as well as costs for the management and supervision of the contract). General and administrative expenses are not related to a contract and are excluded unless they are explicitly chargeable to the other party on the basis of the contract.

The modification of the principle did not have an impact on the Group for the 2022 consolidated financial statements.

Amendments to IFRS 3 – Reference to the conceptual Framework

The amendments aim to replace the references to the Framework for the Preparation and Presentation of Financial Statements, with the references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change to the requirements of the standard.

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The amendment added an exception to the measurement principles of IFRS 3 to avoid the risk of potential 'day-after' losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, if contracted separately. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21, rather than the Conceptual Framework, to determine whether a current obligation exists at the acquisition date.

The amendment also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify as recognizable assets at the acquisition date.

In accordance with the transition rules, the Group applies the change prospectively, i.e., to business combinations that occur after the beginning of the year in which this change is applied for the first time (date of first application). These changes had no impact on the Group's consolidated financial statements, as no contingent assets, liabilities and contingent liabilities were recognised for the purpose of these changes.

Amendment to IAS 16 Property Plant and Equipment: proceed before intended use.

The amendments prohibit entities from deducting from the cost of an item of property, plant and machinery, any revenue derived from the sale of products sold during the period in which such activity is brought to the place or the conditions necessary for it to be able to operate in the manner for which it was designed by management. An entity accounts for the revenues from the sale of such products, and the costs to produce those products, in the income statement.

In accordance with the transition rules, the Group applied the change retrospectively only for those items of property, plant and equipment that came into operation after or at the beginning of the comparative year to the year in which the change is first applied (date of first application).

These changes did not have an impact on the Group's consolidated financial statements as there were no sales related to these items of property, plant, and equipment before or after the beginning of the previous comparative period.

IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

This amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to account for cumulative translation differences based on the amounts recognised by the controlling entity, considering the date of transition to IFRSs by the controlling entity, in the event that no adjustments were made in the consolidation procedures and for the effects of the business combination in which

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the parent acquired the subsidiary. This amendment also applies to associated companies or joint ventures that choose to apply paragraph D16(a) of IFRS 1.

This change had no impact on the Group's consolidated financial statements as the Group is not a first-time adopter.

IFRS 9 Financial Instruments – Fees in the '10 percent' test for derecognition of financial liabilities

This amendment clarifies what fees an entity includes in determining whether the terms of a new or modified financial liability are materially different from the terms of the original financial liability. These fees include only those paid or received between the debtor and the funder, including fees paid or received by the debtor or the funder on behalf of others. No such amendment has been proposed with respect to IAS 39 Financial Instruments: Recognition and Measurement.
In accordance with the transition rules, the Company applies the change to financial liabilities that are modified or exchanged after or at the beginning of the year in which such change is first applied (date of first application). This change had no impact on the Company's financial statements as there were no changes in the Group's financial liabilities during the year.

IAS 41 Agriculture – Taxation in fair value measurements

The amendment removes the requirements in paragraph 22 of IAS 41 relating to the exclusion of cash flows for taxes when the fair value of an asset is measured for the purpose of IAS 41. This amendment had no impact on the Group's consolidated financial statements as the Group did not have any assets for the purpose of IAS 41 at the balance sheet date.

New accounting standards and amendments not yet applicable and not adopted in advance.

Principles and interpretations that had already been issued at the date of preparation of this financial report but were not yet in force are illustrated below. The Group intends to adopt these principles and interpretations, if applicable, when they enter into force.

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Amendment to IAS 1: Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies

On 12 February 2021, the IASB published an amendment to this standard in order to support companies in choosing which accounting standards to report on in their financial statements. The amendment will be effective for financial years beginning on 1 January 2023, early application is permitted.

Amendment to IAS 8: Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates

The IASB published an amendment to this standard on 12 February 2021 to introduce a new definition of an accounting estimate and to clarify the distinction between changes in accounting estimates, changes in accounting policies and errors. The amendment will be effective for financial years beginning on 1 January 2023, early application is permitted.

Amendment to IAS 12: Income Taxes: Deferred Taxes on Assets and Liabilities Arising from a Single Transaction

On 7 May 2021, the IASB published a change to this standard, which requires companies to recognise deferred tax assets and liabilities on particular transactions that, at the time of initial registration, give rise to equivalent temporary differences (taxable and deductible) – an example are transactions relating to leasing contracts. The amendment will be effective for financial years beginning on 1 January 2023, early application is permitted.

Amendment to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

On 23 January 2020, the IASB published an amendment to IAS 1 that aims to clarify one of the criteria in IAS 1 for the classification of a liability as non-current or the requirement that the entity must have the right to defer settlement of the liability for at least 12 months after the balance sheet date. The change includes:

- ✓ an indication that the right to defer settlement must exist at the balance sheet date.

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- ✓ a clarification as to whether the classification is not influenced by management's intentions or expectations as to the possibility of using the right of deferment.
- ✓ a clarification on how the financing conditions affect the classification and.
- ✓ a clarification of the requirements for the classification of liabilities that an entity intends to settle or could settle through the issuance of its own equity instruments.

In addition, on 31 October 2022, the IASB published amendments concerning non-current liabilities subject to conditions. Only the terms of a liability arising from a financing arrangement that an entity must meet by the balance sheet date will affect the classification of that liability as current or non-current.

The new amendment applies on or after 1 January 2024, and is to be applied retroactively. The Group is currently assessing any impact of these changes.

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

On 22 September 2022, the IASB issued an amendment to this standard that specifies the requirements that a seller-lessee uses to measure the lease liability arising from a sale and leaseback transaction to ensure that the seller-lessee does not recognise any amount of gain or loss that relates to the right of use it retains. The amendment is intended to improve the requirements for sales and leaseback transactions in IFRS 16 but does not change the accounting for leases not related to sales and leaseback transactions. The amendment will be effective for financial years beginning on 1 January 2024, earlier application is permitted.

IFRS 17: Insurance Contracts

The IASB published the new standard on 18 May 2017, as well as amendments on 25 June 2020, replacing IFRS 4, issued in 2004. The new principle aims to improve investors' understanding, but not only, of insurers' risk exposure, profitability, and financial position. IFRS 17 will apply from 1 January 2023; however, earlier application is permitted.

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Amendments to IFRS 17: Insurance Contracts: Initial application of IFRS 17 and IFRS 9 – Comparative information

On 9 December 2021, the IASB published an amendment to this standard. The change is a transitional option for comparative information on financial assets presented in the first application of IFRS 17. The amendment is intended to help entities avoid temporary accounting mismatches between the financial assets and liabilities of insurance contracts, and thus improve the usefulness of comparative information for users of financial statements. The amendment will be effective for financial years beginning on 1 January 2023.

Consolidation principles

The consolidated financial statements include the financial statements of Gnutti Carlo S.p.A. and its subsidiaries as at 31 December of each year.

The subsidiaries are integrally consolidated from the date of acquisition, i.e., the date on which the Group acquires control, and cease to be consolidated on the date on which the control is transferred outside the Group.

The financial statements of the subsidiaries are prepared by adopting the same accounting principles of the parent company for each accounting period.

The closing date of the financial statements of the subsidiaries coincides with that of the parent company with the exception of Gnutti Carlo India Pvt. Ltd whose financial year ends on 31 March of each year. For the preparation of the consolidated financial statements, Gnutti India prepared an interim statement on the same closing date as the parent company.

In the preparation of the consolidated financial statements, the assets, liabilities, as well as the costs and revenues of the consolidated companies in their total amount are assumed line by line, attributing to any minority shareholders, in specific items of the balance sheet and income statement, the portion of the shareholders' equity and the result of the year to which they are entitled. The carrying amount of the investment in each of the subsidiaries is eliminated against the corresponding portion of the shareholders' equity of each of the subsidiaries, including any adjustments to the fair value, at the acquisition date, of the related assets and liabilities; any residual emerging difference is allocated to the goodwill item. All intragroup balances and transactions, including any unrealised gains and losses arising from transactions between Group companies, are fully eliminated.

The list of companies fully consolidated as of 31 December 2022 has not changed compared to the previous year and is as follows:

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Denomination	Headquarters	Share capital (in thousands currency)	% of ownership contact	% of ownership indirect
Gnutti Carlo Canada Ltd.	Exeter - Canada (Ontario)	801 – CAD	100%	
Gnutti Carlo Sweden Holding AB	Gothenburg - Sweden	640,784 – SEK		100%
Gnutti Carlo Sweden AB	Kungsor - Sweden	10,304 – SEK		100%
Gnutti Carlo UK Ltd	Alford - UK	701 – GBP		100%
Gnutti Carlo Germany GMBH	Gross Gerau - Germany	25 – EURO		100%
Gnutti Carlo India Pvt. Ltd	Chennai (India)	337,602 – IR	100%	
Gnutti Carlo USA Inc.	Northvale (New Jersey) – USA	34,560 - USD	100%	
Gnutti Carlo Wuxi Engine Co.	Wuxi – RPC	30,821 - CNY	100%	
Ljunghäll Group AB	Södra Vi - Sweden	68,066 - SEK	100%	
Metalfabriken Ljunghäll AB	Södra Vi - Sweden	3,431 - SEK		100%
Ljunghäll s.r.o.	Čáslav – Czech Republic	231,385 - CZK		100%
Ljunghall Wuxi	Wuxi – RPC	137,902 - CNY		100%
Ljunghäll Canada	Exeter - Canada (Ontario)	16,900 - CAD		100%
TCG Unitech GmbH	Kirchdorf – Austria	4,360 - EURO		100%
TCG Unitech Systemtechnik GmbH	Mikeldorf - Austria	727 - EURO		100%
Gnutti Carlo Betelingungs GmbH	Kirchdorf – Austria	35 – Euro		100%

2. Discretionary valuations and significant accounting estimates

The preparation of the Group's financial statements requires directors to carry out discretionary valuations, estimates and assumptions that influence the values of revenues, costs, assets and liabilities, and the indication of potential liabilities at the balance sheet date. However, uncertainty about such assumptions and estimates could lead to outcomes that will require, in the future, a significant adjustment to the carrying amount of such assets and/or liabilities.

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Discretionary Assessments

In applying the accounting principles, the directors have not taken decisions based on discretionary valuations that have a significant effect on the values recorded in the financial statements.

Estimates and assumptions.

Below are the basic assumptions regarding the future and other important sources of uncertainty in the estimates at the balance sheet date, which could produce significant adjustments in the carrying values of assets and liabilities within the next year.

Durable impairment of non-financial assets

The Group verifies, at each balance sheet date, whether there are indicators of lasting impairment for all non-financial assets. These non-financial assets are audited annually to identify permanent write-downs, when there are indications that the carrying amount may not be recovered.
When preparing value-in-use calculations, the directors must estimate the expected cash flows from the cash-generating asset or units and choose an appropriate discount rate in order to calculate the present value of those cash flows.

Durable reduction in financial assets

The Group classifies certain assets as available for sale and recognises changes in their fair value in equity. When fair value decreases, the directors make assumptions about that decrease in fair value to determine whether it is an impairment, which must be recognised in the income statement.

Deferred tax assets

Deferred tax assets are recognised against all temporary differences in assets, to the extent that it is probable that there will be adequate future taxable profits against which such differences may be reversed. A significant discretionary valuation is required from the directors to determine the amount of deferred tax assets that can be accounted for. They have to estimate the likely temporal manifestation and the amount of future taxable profits, as well as a strategy for planning future taxes.

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Inventories

Inventories of raw materials and finished products are valued at the lower of purchase or manufacturing cost and the corresponding estimated net realizable value that emerges from market trends.

For raw, ancillary, and consumable materials, the net realisable value is represented by the replacement cost. For finished and semi-finished goods, the net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and those necessary to realise the sale.

Obsolete or slow-moving inventories are written down in relation to their presumed possibility of utilisation or future realisation, through the entry of a special provision adjusting the value of inventories.

Pension funds and other post-employment benefits

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation requires the development of assumptions about discount rates, expected rate of return on employment, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, these estimates are subject to a significant degree of uncertainty.

Funds for risks and charges

The value expressed in the balance sheet represents the best discounted estimate of the expenditure required to settle the obligation. The rate used in determining the present value of the liability reflects current market values and includes the additional effects related to the specific risk associated with each liability. The changes in estimates are reflected in the income statement for the year in which the change occurs. For some disputes, the information required by IAS 37 "Provisions, liabilities and contingent assets" is not reported, so as not to prejudice the Group's position in the context of such disputes or negotiations. The risks for which the occurrence of a liability is only possible are disclosed in the specific information section on commitments and risks and no provision is made.

3. Summary of the main accounting policies

Conversion of items in foreign currency

The consolidated financial statements are presented in euro, which is the functional and presentation currency. Foreign currency transactions are initially recorded at the exchange rate (referring to the functional currency) in effect at the date of the transaction. Monetary assets and liabilities,

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denominated in foreign currencies, are converted into the functional currency at the exchange rate prevailing at the balance sheet date. Taxes and tax credits attributable to exchange differences on these loans are also treated directly in equity. Non-monetary items valued at the historical cost in foreign currencies are converted using the exchange rates prevailing on the date of initial recognition of the transaction. Non-monetary items recorded at fair value in foreign currency are converted using the exchange rate at the date of determination of that value.

Any goodwill arising from the acquisition of foreign companies and any changes in fair value that change the carrying amount of assets and liabilities at the time of acquisition are treated as assets and liabilities for the foreign company and converted using the closing exchange rate.

At the balance sheet date, the assets and liabilities of these subsidiaries are converted into the presentation currency of the Parent Company Gnutti Carlo S.p.A. (the euro) at the exchange rate prevailing on that date and their income statement is converted using the average exchange rate for the year. Exchange differences arising from the conversion are recognised directly in equity and are shown separately in a special reserve of the same. At the time of the sale of a foreign company, the cumulative exchange differences recognised in equity in consideration of that specific foreign company are recognised in the income statement.

The following table shows the average exchange rates for the year and the spot rates as at 31/12/2022 used for the conversion of the financial statements of the companies included in the scope of consolidation.

foreign currency for 1 euro	exchange rates			
	average 2022	31/12/2022	average 2021	31/12/2021
Swedish krona	10.63	11.12	10.15	10.25
Canadian Dollar	1.37	1.44	1.48	1.43
Indian rupee	82.69	88.17	87.39	84.22
Chinese Renminbi	7.08	7.36	7.63	7.19
US Dollar	1.05	1.07	1.18	1.13
UK pound sterling	0.85	0.89	0.86	0.84
Czech koruna	24.57	24.12	25.64	24.86

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Property, plant, and equipment

Machinery and plants are initially recorded at historical cost net of ordinary maintenance costs, less the related accumulated depreciation and impairment. This cost includes the costs for the replacement of parts of machinery and plants at the time they are incurred, if they comply with the recognition criteria. Similarly, when major revisions are recognised, the cost is included in the accounting value of the plant or machinery as a replacement, if the criterion for recognition is met. Other routine repair and maintenance costs are recognised in the income statement when incurred.

Land and buildings are recorded at historical cost net of depreciation on buildings only.

The depreciation rates ascribed to the income statement have been calculated according to the use, allocation, and economic/technical life of the assets, based on the criterion of residual useful life; we deemed this criterion well represented by the following rates, unchanged with respect to the previous year:

- buildings: from 3% to 5%
- lightweight constructions: from 4% to 10%
- plants and machinery: from 10% to 33%
- office furniture and machinery: from 12% to 20%
- inland transport vehicles: 20%
- cars: 25%

A tangible asset is eliminated from the balance sheet when it is sold or when there are no expected future economic benefits from its use or disposal. Any losses or gains (calculated as the difference between the net proceeds from the sale and the book value) are included in the income statement in the year of the above-mentioned elimination.

The residual value of the asset, the useful life and the methods applied are reviewed annually and adjusted, if necessary, at the end of each financial year.

Intangible assets

Separately acquired intangible assets are initially capitalized at cost, while those acquired through companies' business combinations are capitalized at fair value at the acquisition date. After initial recognition, intangible assets are recorded at cost net of accumulated depreciation and eventual accumulated impairment losses. Internally generated intangible assets, with the exception of development costs, are not capitalised and are recognised in the income statement of the year in which they are incurred.

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The useful life of intangible assets is evaluated as finite or indefinite.

Intangible assets with a finite life are amortised over their useful life and subjected to matching tests whenever there are indications of a possible impairment. The period and the depreciation method applied to them shall be reviewed at the end of each financial year, or more frequently if necessary. Changes in the expected useful life or in the manner in which the future economic benefits associated with the intangible asset are obtained by the Group are recognised by changing the period or method of amortisation and treated as changes in accounting estimates. The quotas of amortization of intangible assets with finite life are recognized in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with an indefinite useful life are subject to annual impairment testing at the individual or at cash-generating unit level. No depreciation is recognised for these assets. The useful life of an intangible asset with an indefinite life is reviewed annually, in order to ascertain the continuation of the conditions underlying this classification. Otherwise, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are charged to the income statement when the asset is disposed of.

Research costs are charged to the income statement at the time they are incurred. The development costs incurred in relation to a given project are capitalised only when the Group can demonstrate the technical possibility of completing the intangible asset so as to make it available for use or sale, its intention to complete said activity to use or sell it, the ways in which it will generate probable future economic benefits, the availability of technical, financial or other resources to complete the development and its ability to reliably assess the cost attributable to the activity during its development.

After initial recognition, development costs are recognised at cost, decreased by any accumulated amortisation, or accumulated losses. Depreciation of the asset begins when the development is complete, and the asset is available for use. It is amortised with reference to the period in which the related project is expected to generate revenues for the Group. During the period in which the asset is not yet in use it will be reviewed annually to detect any impairment losses.

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Impairment losses on non-financial assets

At each balance sheet date, the Group assesses the existence of any indicators of impairment of assets. In this case, or in cases where an annual verification of the loss of value is required, the Group makes an update of the value. The recoverable value is the greater of the fair value of the asset or cash-generating unit, net of selling costs, and its value in use. The recoverable amount is determined per individual asset, except when that asset generates cash flows that are not largely independent of those generated by other assets or groups of assets. If the carrying amount of an asset exceeds its recoverable amount, it has suffered an impairment loss and is subsequently written down to its recoverable amount. In determining the value in use, the Company discounts future estimated cash flows to their present value using a pre-tax discount rate that reflects market valuations of the present value of money and the specific risks of the asset. In determining the fair value net of selling costs, an appropriate valuation model is used. Updates are made using appropriate valuation criteria, publicly quoted share prices for subsidiaries whose securities are publicly traded, and other available fair value indicators.

Impairment losses on assets in operation are recognised in the income statement in the cost categories consistent with the allocation of the asset that showed the impairment. Exceptions are fixed assets previously revalued, where the revaluation has been brought to equity. In such cases, the impairment loss is in turn recognised in equity up to the amount of the previous revaluation.

At each balance sheet date, the Group evaluates, with reference to the activities other than goodwill, the possible existence of indications of the disappearance (or reduction) of previously recognised impairment losses and, if such indications exist, estimates the recoverable value. The value of a previously impaired asset can only be restored if there have been changes in the estimates on which the calculation of the recoverable value was based, determined after the recognition of the last impairment loss. The revaluation may not exceed the carrying amount that would have been determined, net of amortisation, in the event that no impairment had been recognised in previous years. This recovery is recognised in the income statement, unless the asset is accounted for at revalued value, in which case the recovery is treated as a revaluation increase.

The following criteria are used for accounting for impairment losses relating to specific types of assets:

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Goodwill

The Group tests goodwill for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the carrying amount may be subject to impairment.

The impairment on goodwill is determined by measuring the recoverable value of the cash-generating unit to which the goodwill is attributable. Where the recoverable value of the cash-generating unit is less than the carrying amount of the cash-generating unit to which goodwill has been allocated, an impairment loss is recognised. The reduction in the value of goodwill cannot be restored in future years.

Intangible Fixed Assets

The Group on a yearly basis submits intangible assets with an indefinite useful life to a specific audit or at the level of the cash-generating unit, depending on which is most appropriate, to establish the existence or otherwise of impairment losses as off end of the year.

Equity investments and other financial assets

The financial assets are initially recognised at their fair value, plus ancillary expenses. At the first recognition, the financial assets are classified, as appropriate, according to the cases in the following categories: financial assets measured at fair value through income statement or recognised in OCI, loans, credits, and financial assets available for sale.

Loans and credits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these financial assets are valued at amortised cost, using the effective interest rate criterion, less impairment losses. The amortised cost is calculated by recognising any discounts, premiums on the purchase, fees or costs that are an integral part of the effective interest rate. Actual interest is recognised as financial income in the Income Statement. Write-downs deriving from impairment losses are recognised in the Income Statement as financial charges. This category normally does not include trade account receivables and other credits.

For financial assets carried at amortised cost, the Group first assesses whether there is a loss of value for each individually significant financial asset, or collectively for non-individually significant financial assets. The carrying amount of the asset is reduced through the accounting of a provision for impairment and the amount of the loss is recognised in the Income Statement. The loans and the related provisions for write-downs are reversed when there is no realistic prospect of a future recovery and the guarantees have been realised or have been transferred to the Group. If, in a subsequent financial year, the amount of the estimated impairment increases or decreases as a result of an event that occurred after the impairment was recognised, this impairment is increased or decreased by adjusting the provision.

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The financial assets are classified and measured at the fair value recognised in OCI when they are held within the framework of a business model, the objective of which is achieved both through the collection of contractual cash flows and through the sale of financial assets. For equity investments, upon initial recognition, the Group may irrevocably elect to classify its equity investments as equity instruments recognised at fair value through OCI, when they meet the definition of equity instruments under IAS 32 'Financial Instruments: Presentation' and are not held for trading. Classification is determined for each individual instrument. Gains and losses on these financial assets are never reversed in the income statement. Dividends are recognised as other income in the income statement when the right to payment has been resolved, except when the Group benefits from such income as recovery of part of the cost of the financial asset, in which case such profits are recognised in OCI. Equity instruments recorded at fair value through OCI are not subject to impairment testing. The financial assets are removed from the balance sheet when the right to receive cash is terminated, the Group has transferred to a third party the right to receive financial flows from the asset or has assumed a contractual obligation to pay them in full and without delay, and (1) has transferred substantially all risks and rewards of ownership of the financial asset, or (2) has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred control of it.

Inventories

Inventories are valued at the lower of cost and net realisable value.

The costs incurred to bring each asset to the current location and storage are recorded as follows:

Raw materials: average purchase cost.

Finished and semi-finished products: direct cost of materials and labour plus a quota for production general expenses, defined on the basis of normal production capacity, but not including financial expenses.

The net estimated realisable value is constituted by the normal estimated selling price less the estimated costs of completion and the estimated costs to realise the sale.

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Liquid assets and equivalent means

Cash and cash equivalents and short-term deposits comprise cash on hand and sight and short-term deposits, in the latter case with an original scheduled maturity of three months or less.

For the purposes of the cash flow statement, liquid funds and cash equivalents are represented by the liquid assets as defined above.

Financial Liabilities

The Group determines the classification of its financial liabilities after the initial recognition and, where appropriate and permitted, reviews this classification at the end of each financial year.

A financial liability is cancelled from the balance sheet when the underlying obligation is extinct, annulled or discharged.
In cases where an existing financial liability is replaced by another of the same lender, under substantially different conditions, or the conditions of an existing liability are substantially modified, such exchange or modification is treated as an accounting cancellation of the original liability and the recognition of a new liability, with any differences between the book values recorded in the income statement.

Onerous loans and financing

All loans are initially recognised at the fair value of the consideration received net of ancillary charges for the acquisition of the loan if they have not been recognised at fair value through profit or loss.

After initial recognition, loans are valued with the criterion of amortised cost, using the effective interest rate method.

Any gain or loss is accounted for in the income statement when the liability is settled, as well as through the amortisation process.

Financial liabilities at fair value with changes recognised in the income statement.

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Financial liabilities at fair value with changes recognised in the income statement include liabilities held for trading and financial liabilities carried at fair value with changes recognised in the income statement upon initial recognition.

The liabilities held for trading are all those acquired for short-term sale. The derivatives are classified as financial instruments held for trading, unless they are designated as hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement.

Passive financial guarantees

Passive financial guarantees issued by the Group are those contracts that require the disbursement of a payment to reimburse the holder of a loss suffered as a result of the default of a specific debtor.

Financial guarantee contracts are initially recognised as liabilities at fair value, increased by transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the best estimate of the expense required to meet the actual obligation at the balance sheet date and the amount initially recognised.

Funds for risks and charges

Provisions to reserves for risks and charges are made when the Group considers it probable that it will have to meet a future obligation (legal or constructive) resulting from a past event, for which an outflow of resources is probable and for which a reliable estimate of its amount can be made. When the Group considers that a provision for risks and charges will be partially or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised distinctly and separately under assets if, and only if, it is practically certain. In this case, in the income statement, the cost of any provision is presented net of the amount recognised for the indemnity. If the discounting effect of the value of money is significant, the provisions are discounted using a pre-tax discount rate that reflects, where appropriate, the specific risks of the liabilities. When discounting is carried out, the increase in the provision due to the passage of time is recognised as a financial expense.

Pension funds and other post-employment benefits

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The social security cost relating to past work is recognised as a cost in constant instalments over the average period of accrual of the right to benefits. If benefits accrue immediately after the introduction or amendment of the plan, social security cost relating to past benefits are recognised immediately.

The assets or liabilities relating to defined benefits comprise the current value of the defined benefit obligation, less any social security costs relating to past service not yet recognised, less the fair value of plan assets that will be used to settle the obligations directly. The value of each asset is limited to the sum of any costs for past work not yet recognised and the present value of any economic benefit available in the form of reimbursement from the plan, or reduction in future contributions to the plan.

The Group records the gains and losses arising from the actuarial calculation in the comprehensive income statement.

Leasing

The definition of a contractual arrangement as a leasing transaction (or one containing a leasing transaction) is based on the substance of the agreement and requires an evaluation of whether the fulfilment of the agreement itself depends on the use of one or more specific assets and whether the agreement transfers the right to use that asset.

The leasing contracts are capitalised at the lease commencement date at the fair value of the leased asset or, if lower, at the current value of the lease payments. The instalments are divided pro rata between the capital quota and the interest quota so that a constant interest rate is applied to the residual balance of the debt. Financial charges are recognised directly in the income statement. The asset is subsequently depreciated using the rates described above.

Operating lease payments for which the underlying asset is a low-value asset, i.e., lease agreements for which the unit value of the underlying assets is not significant, are recognised as costs in the income statement at constant rates distributed over the duration of the contract. These contracts mainly fall into the following categories:

- computers, phones, and tablets.
- office and multifunction printers.
- other electronic devices.

Revenue recognition

Revenues are recognised to the extent that the economic benefits are likely to be achieved by the Group. The revenues are recorded at the fair value of the consideration received, excluding

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discounts, rebates, and other sales taxes. The following specific revenue recognition criteria must be met prior to recognition in the income statement:

Sale of goods

Revenue is recognised when the company has transferred to the buyer all significant risks and rewards associated with ownership of the goods, generally at the date of shipment or collection by the client of the goods.

No operations of sale with obligation of retrocession at term are carried out.

Provision of services

Revenues from the provision of services (technical assistance, repair, other services rendered) are recognised with reference to the progress, measured as a percentage of the hours worked, compared to the estimated hours for each intervention.

Interests

They are recognised as financial income following the accrual of interest income using the effective interest method, i.e., the rate that accurately updates the expected future cash flows based on the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividends

The dividends are recognised when the shareholders' right to receive payment arises.

Financial charges

The financial expenses are recognised in the income statement when they are incurred.

Income taxes

Current taxes

Current tax assets and liabilities for the current and prior years are recognised at the amount expected to be recovered from or paid to the tax authorities. The tax rates and fiscal regulations

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used to calculate the amount are those issued or substantially foreseeable at the closing date of the financial statements.

Current taxes relating to items recognised directly in net equity are also recognised directly in net equity and not in the income statement.

Deferred taxes

Deferred taxes are calculated on the temporary differences arising at the date of the financial statements between the values used for tax purposes for assets and liabilities and the values reported in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of:

- when the deferred tax liability arises from the initial recognition of goodwill or from an asset or liability in a transaction that is that is not a business combination and that, at the time of the transaction, affects neither the profit for the period calculated for financial reporting purposes nor the profit or loss calculated for tax purposes.

Deferred tax assets are recognised in relation to all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that there will be adequate future taxable profits that may make the utilisation of the deductible temporary differences and tax assets and liabilities carried forward applicable, except where:

- the deferred tax asset associated with deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the actual transaction, affects neither the profit for the period calculated for financial reporting purposes nor the profit or loss calculated for tax purposes.
- With respect to taxable temporary differences associated with investments in subsidiaries and associates, the deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will be recovered in the immediate future and that there are adequate taxable profits against which the temporary differences can be utilised.

The value to be carried in the balance sheet of deferred tax assets is reviewed at each balance sheet closing date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available in the future, in order to allow all or part of this credit to be utilised. Deferred tax assets that are not recognized are reviewed annually at the balance sheet closing date and are recorded to the extent that it becomes likely that future taxable profit will be sufficient to allow these deferred tax assets to be recovered.

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Deferred tax assets and liabilities are measured based on the tax rates that are expected to be applied to the year in which those assets are realised, or those liabilities are settled, considering the rates in force and those already enacted or foreseeable at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised directly in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities offset each other if there is a legal right that permits current tax assets and current tax liabilities to be offset and the deferred income taxes refer to the same taxable entity and the same taxing authority.

Value Added Tax

The revenues, expenses and assets are recognised net of value added taxes, except where:

- such tax applied to the purchase of goods or services results to be non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item recognised in the income statement.
- refers to trade account receivables and payables that have been disclosed including the value of the tax.

The net amount of indirect sales taxes that can be recovered from or paid to the Treasury is included in the balance sheet under trade account receivables or payables, depending on the sign of the balance.

Derivative financial instruments and coverage operations

The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps (IRS) on interest rates to hedge the risks deriving mainly from fluctuations in interest and exchange rates. These derivative financial instruments are initially recognised at fair value on the date they are entered into; subsequently, this fair value is periodically remeasured. They are accounted for as an asset when the fair value is positive and as a liability when it is negative.

Any gains or losses resulting from changes in the fair value of derivatives not suitable for hedging transactions are recognised directly in the income statement during the year.

The fair value of forward foreign exchange contracts shall be determined by reference to the current forward exchange rates for contracts with a similar maturity profile. The fair value of interest rate IRS contracts is determined by reference to the market value for similar instruments.

The covers are classified as:

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- fair value hedges if they are against the risk of a change in the fair value of the underlying asset or liability.
- cash flow hedges if they are related to the exposure to the variability of cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable planned transaction or a currency risk in an irrevocable commitment.
- hedging of a net investment in a foreign company.

At the start of a hedging transaction, the Group formally designates and documents the hedging relationship, to which it intends to apply relative accounting, its risk management objectives and the strategy pursued. The documentation includes the identification of the hedging instrument, of the hedged item or transaction, the nature of the risk and how the company intends to assess the effectiveness of the hedge in offsetting the exposure to changes in the fair value of the hedged item or of the financial flows attributable to the hedged risk. It is expected that these hedges will be highly effective in offsetting the hedged item's exposure to changes in fair value or of the financial flows attributable to the hedged risk; the assessment of whether these hedges have indeed proved to be highly effective is performed on an ongoing basis during the periods in which they are activated.

Transactions that meet the criteria to be defined as hedging are accounted for as follows:

Fair value hedges

The change in fair value of hedging derivatives is recognised in the income statement. The change in the fair value of the hedged item and attributable to the hedged risk is recognised as part of the carrying amount of the hedged item and in compensation recognised in the income statement.

With regard to fair value hedges referring to items accounted for under the amortised cost criterion, the adjustment of the carrying amount is amortised in the income statement over the residual period to maturity. Any adjustments to the carrying amount of a hedged financial instrument to which the effective interest rate method is applied are amortised in the income statement.

Depreciation may begin as soon as there is an adjustment but no later than the date on which the hedged item ceases to be adjusted for changes in its fair value attributable to the hedged risk.

If the hedged item is written off, the unamortised fair value is immediately recognised in the income statement.

Where an unrecorded irrevocable commitment is identified as a hedged item, the subsequent cumulative changes in its fair value attributable to the hedged risk shall be accounted for as assets or liabilities and the corresponding gains or losses recognised in the income statement. The changes in the fair value of the hedging instrument are also recognised in the income statement.

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Cash Flow Hedging

The portion of the gain or loss on the hedged instrument relating to the effective portion of the hedge is recognised directly in net equity, while the remainder is recognised immediately in profit or loss.

Profit or loss posted to shareholders' equity is reclassified to the income statement in the period in which the hedged transaction influences the income statement (for example when the financial expense or income is recognised or when a planned sale or purchase occurs). When the hedged item is the cost of a non-financial asset or liability, the amounts posted to net equity are transferred to the initial carrying amount of the asset or liability.

If it is considered that the planned transaction no longer occurs, the amounts initially recorded in net equity are transferred to the income statement. If the hedging instrument expires or is sold, cancelled, or exercised without replacement, or if its designation as a hedge is revoked, the amounts previously recognised in net equity remain recognised there in until the expected transaction occurs.

Correction of accounting representation

Following an analysis carried out during the year on the values attributed in the acquisition phases of industrial groups in recent years, some inaccuracies were identified with regard in particular to the value attributed to the subsidiary Jebsen TCG Industrial Holding in the acquisition of the TCG group in 2018 (through the attribution of an equity value of 15 million euros, of which 5.8 million euros related to the adjustment for valuation to equity and 9.2 million euros as implicit goodwill). In specific, the failure to assess the fair value of specific assets of the associate for the purpose of a timely allocation of the share of capital gain is recognised as inadequate. We therefore proceeded to identify, on the basis of those already available at the time of the acquisition, specific assets on which to allocate this higher value and a fair value was obtained relating to intangibles referring to the associate equal to 3.2 million euros. It was considered plausible to assume an amortisation in the income statement of the value thus allocated over four years so that the effects on the restated asset income statement and net equity would result the following:

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	2019		2020		2021	
	original	restated	original	restated	original	restated
Affiliate value	15,265	14,468	15,368	13,774	15,220	12,829
Fiscal year result	8,406	7,609	-27,810	-28,607	-5,240	-6,037
Net shareholders' equity	226,891	226,094	200,374	198,780	199,088	196,697

It is believed that the restatement of the balance sheet and equity of previous years allows a valuation more in line with the scenarios that have occurred in the meantime.

4. Information by geographical area

Below is the information by geographical areas.

Information by geographic area

Revenues from external Clients

The table below highlights revenue information based on the clients' geographic location.

(data in thousands of euros)	2022	2021
Italy	2,348	4,563
Other EU	498,912	461,553
North America	227,613	183,080
South America	3,463	1,964

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Others	77,322	51,839
	809,658	**702,999**

Revenues related to the three main customers amount to about 43% (2021: 35%) of total sales and service revenues.

The following table shows the assets and liabilities classified according to geographical location.

(data in thousands of euros)	**31/12/2022**	**31/12/2021**
(A) NON-CURRENT ASSETS		
Italy	32,577	22,693
Other EU	375,600	374,023
North America	65,841	78,358
Others	43,582	72,549
TOTAL FIXED ASSETS	**517,600**	**547,623**
B) CURRENT ASSETS		
Italy	41,705	49,451
Other EU	105,325	145,421
North America	83,897	59,144
South America	476	104
Others	44,300	16,448
TOTAL CURRENT ASSETS	**275,703**	**270,568**

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B) NON-CURRENT LIABILITIES		
Italy	221,222	214,485
Other EU	84,372	134,120
North America	6,268	1,939
Others	1,058	27
TOTAL NON-CURRENT LIABILITIES	**312,920**	**350,571**
C) CURRENT LIABILITIES		
Italy	96,409	80,946
Other EU	144,547	143,299
North America	27,622	20,901
South America	0	31
Others	25,682	25,744
TOTAL CURRENT LIABILITIES	**294,260**	**270,921**

5. Tangible fixed assets

The increases for the year refer to the strengthening of production capacity through purchases or modifications of plants and equipment.

The following table summarizes the changes that occurred during the year:

(data in thousands of euros)	Land and buildings	Plants and machinery	Total
Cost			
At 01/01/2022	166,558	817,199	983,757
Increases	2,168	52,865	55,033
Disposals	-3,819	-14,661	-18,480
Reclassifications	1,104	-7,466	-6,362
As of 31/12/2022	**166,011**	**847,937**	**1,013,948**

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Depreciations and devaluations			
At 01/01/2022	-54,858	-511,086	-565,944
Depreciation quota for the year	-8,834	-47,039	-55,873
Value adjustments			0
Disposals	1,412	4,064	5,476
Exchange rate differences	-585	-3,251	-3,836
As of 31/12/2022	**-62,865**	**-557,312**	**-620,177**
Net book value			
As of 31/12/2022	**103,146**	**290,625**	**393,771**
At 01/01/2022	**111,700**	**306,113**	**417,813**

The most significant changes in the financial year 2022 relate to:

- Italy PWT: the main increases in the year 2022 are related to the item fixed assets under construction and other tangible assets and refer for 2,054 thousand Euro to new automated plants for the new line dedicated to the production of Roller Carpets for DAF, for 696 thousand Euro to a production plant dedicated to the Line 15 dedicated to Caterpillar and for the remaining part to the purchase of equipment to support production. During the year 2022, activities were completed for the interconnection to the corporate information system of automatic plants for a total of Euro 2,925,000. These plants have been certified by a special technical appraisal as functional to the technological and digital transformation according to the 'Industry 4.0' model and are therefore included in the investments for which it was possible to calculate an IRES tax credit for 1,095 thousand Euro, recorded in the income statement under other revenues (then deferred on an accrual basis) and in the balance sheet under tax credits, usable in 5 years starting from 2023.
  The disposals recognised mainly under the item plant and machinery mostly refer to the sale of already fully depreciated plant to a business partner. This sale has not generated significant economic impacts.
- Canada PWT: for about Euro 336,000, mainly for equipment related to customer John Deere.
- Sweden PWT: about 1,187 Euro for the purchase of a new DMG Multispring assembly line and related machinery, and about 876 thousand Euro for various production-related equipment for Volvo.
- China PWT: 427 thousand Euro for investments on assembly line destined to the production of components for Daimler.
- United States PWT: for about 805 thousand Euro for investments on equipment intended for

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production for Eaton; for about 1,881 thousand Euro for the purchase of Heller machines intended for production for Daimler; for 250 thousand Euro for machinery intended for product quality testing procedures.

- Czech Republic LMT: for about 617 thousand Euro for the purchase of moulds.
- China LMT: for 1,500 thousand Euro for the activation of the new lease contract related to the new building in which the company is now operating (for this new asset, the associated financial debt was recognised in correspondence), 513 thousand Euro for the purchase of a machine for the mechanical processing of aluminium die-cast products, and 580 thousand Euro for the purchase of moulds.
- Sweden LMT: for about 2,075 thousand Euro for machinery and assembly line for new products (liner shafts) dedicated to customer Scania, for 1,026 thousand Euro for the purchase of a machinery for the mechanical machining of components to be connected to the rear gearbox system, for 751 thousand Euro for the purchase of a new aluminium smelting furnace, for 640 thousand Euro for the purchase of a new washing machine, for 340 thousand Euro for the purchase of a new drying machine.
- Canada LMT: for approximately 454 thousand Euro for the purchase of an aluminium press destined for production for Daimler, for 310 thousand Euro for the purchase of a die-cast component deburring machine.
- Austria: for about 3.9 million Euro for an aluminium press to increase capacity related to the BMW customer, for about 2,600 thousand Euro for new mechanical processing and assembly equipment related to the BMW Heat platform, for about 700 thousand Euro for a furnace for the casting line dedicated to BMW, for 400 thousand Euro for a friction welding machine for Bosh, for 700 thousand Euro for deburring machines.

6. Intangible Fixed Assets

(data in thousands of euros)	Total intangibles
Cost	
At 01/01/2022	146,095
Increases	169
Decreases	1
reclassification	12
As of 31/12/2022	**146,277**
Depreciations and devaluations	
At 01/01/2022	-125,740

Depreciation quota for the year	-4,069
Exchange Difference	61
As of 31/12/2022	**-129,748**
Net book value	
As of 31/12/2022	**16,529**
At 01/01/2022	**20,355**

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The increases for the year mainly refer to the adjustment to the year-end exchange rate of the pre-existing values.

7. Goodwill

Goodwill acquired through business combinations has been allocated to the separate cash flow generating units for the purpose of verifying any impairment:

(data in thousands of euros)	Value initial	Increases	Decreases	Value final
Gnutti Carlo Canada Ltd.	1,094			1,094
Gnutti Carlo Sweden H. AB	48,149		-3,458	44,691
Gnutti Carlo USA	17,833	1,102		18,935
Ljunghäll Group AB	7,964		-624	7,340
Total	**75,040**	**1,102**	**-4,082**	**72,060**

The changes during the year are due to the effects of conversion currencies.

As required by IAS 36, at least once a year the recoverability of the carrying amount of goodwill is verified in order to determine if these assets may have suffered an impairment loss, by comparing their recoverable amount with their carrying amount (so-called impairment test). The impairment test procedure was delegated to a specialised company and was then subject to autonomous and specific approval by the Board of Directors. The value recoverable was determined starting from the future cash flows expected from the Cash Generating Units ('CGUs') corresponding to either the individual companies belonging to the group or the subgroups subject to the acquisitions, updated to the reference date of the analysis according to the so-called Discounted Cash Flow Model ('DCF'). The estimated future cash flows were derived from the 2023 - 2027 industrial plan approved by the Board of Directors on 20 February 2023. The impairment work conducted assumes a terminal value

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(i.e., the present value of the perpetual annuity), which was determined on the basis of a medium- and long-term growth rate in line with that of the specific sector and considering the countries in which the CGU operates. The above-mentioned estimated future financial flows were actualised at the weighted average cost of capital (WACC) net of the taxes. In particular, for the calculation of betas (a coefficient measuring the specific riskiness of the individual company or operating sector), reference was made to the betas of the comparable reference companies cleared of the specific financial risk in order to make them indicators of operational riskiness only ('Beta unlevered'). The specific beta ("Beta-relevered") was then calculated with reference to the Debt/Equity ratio of comparable companies. The following table shows the result of the impairment tests performed, which shows, for each CGU, values in use higher than the book values (the book value is given by the value of goodwill allocated to the CGU plus the value of the assets that can be allocated directly or divided according to a reasonable and uniform criterion to the CGU itself - the so-called Net Invested Capital):

CGU	WACC	G	IMPAIREMENT TEST		DELTA
			ACCOUNTING	OF USE	
Ljunghall Group	8.41%	2%	155,306	225,617	70,311
Gnutti Carlo Sweden H	8.38%	2%	89,067	98,947	9,880
Gnutti Carlo Canada	8.41%	2%	48,321	55,707	80.007
Gnutti Carlo USA	8.40%	2%	50,583	79,525	28,942

As required by accounting standard IAS 36, sensitivity analyses were performed on the results of the test as the following basic assumptions changed jointly: i) discount rate of cash flows (WACC) - The discount rate used expresses the cost of the financing sources of the business under analysis: the cost of equity and the cost of the debt; it is a weighted average between the cost of capital at risk and the cost of debt capital - ii) growth factor G and iii) the level of EBITDA expected in the forecast period. In particular, the sensitivity test was measured by simulating increases of the WACC by 50 base points at a time, decreases of the growth factor G by 25 base points at a time, and reductions of EBITDA by 5%, by 10% and by 15%. Sensitivity tests showed no criticality for any of the CGUs. Based on this evidence, and the results of the impairment tests and of the sensitivity analyses conducted, the carrying value of goodwill was considered recoverable as of 31 December 2022.

8. Shareholdings in associated companies

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The value of associated companies as of 31 December 2022, amounting to 9,564 thousand Euro (2021 restated: 12,829), refers to the shareholding, held as a 50% joint venture, in the company Jebsen TCG Industrial Holdings Limited based in Hong Kong, the latter owning 100% of the shares of the company under Chinese law Jebsen TCG Automotive Systems (Dalian) Co Ltd based in Dalian in the People's Republic of China. Please note that the comparative data for 2021 represents a readjusted value following the adjustment of the allocation made PPP as already stated in the section on the adjustment of accounting representation in this note. The correction expresses a reduction effect on the value previously exposed of Euro 2.4 million.

In addition to this, an impairment test was also performed on the associate for the first time, as required by IAS 36 with the same criteria as those identified above. The outcome of the test resulted in the recognition in the income statement of an impairment loss totalling 2.5 million Euro in addition to the release of the final accrued portion of the intangibles identified in the PPA in the amount of 0.8 million Euro.

CGU	WACC	G	IMPAIREMENT TEST		DELTA
			ACCOUNTING	OF USE	
Jebsen TCG Industrial Holding	11.97%	2%	12,085	9,563	-2,522

The associate realised a profit in the year of HKD 20 million (in 2021 equal to HKD 24 million) leaving the equity at HKD 0.6 million unchanged from 2021 with a dividend paid in the year of HKD 25 million.

9. Equity investments in other companies

The following table shows the list of the equity investments in other companies:

(data in thousands of euros)	31.12.2021	Increases	Decreases	31.12.2022
Cargine Engineering AB	10			10
CSMT	35			35
Technologie und Inn. GmbH	100			100
Other	14			14
Total	**159**	**-**	**-**	**159**

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The Group (through Gnutti Sweden Holding AB) holds a participation of 6.4% (2021: 6.4%) in the Swedish company Cargine Engineering AB. Cargine Engineering AB is a research company active in the field of internal combustion engine technology and is owned by medium-sized industrial groups with an interest in the development of new implementation systems. The company evaluates this investment at cost as it has no control over it.

The Group holds an interest equal to 0.625% in the company CSMT Gestione Scarl. CSMT (Multisectoral and Technological Service Centre) through its parent company Gnutti Carlo S.p.A. The company operates as a private company, albeit non-profit, and provides consulting and training services to companies by transferring university skills and knowledge to industrial applications in the Brescia area.

The Group (through TCG Unitech GmbH) holds a 20.83% interest in the Austrian-registered company Technologie und Innovationszentrum Kirchdorf GmbH, a research and development company for technological innovations. The company evaluates this investment at cost as it does not have control or even a significant influence.

10. Credits and other non-current assets

(data in thousands of euros)	31.12.2021	Increases	Decreases	31.12.2022
Gnutti Carlo UK pension fund	3,453		-2,569	884
Advances to clients	6,095		-74	6,021
Total credits and other non-current activities	**9,548**	**0**	**-2,643**	**6,905**

The year's decrease is due for -2,569 thousand Euro to the Gnutti Carlo UK defined-benefit pension fund, which decreased due to the effect of the change in the discounting parameters (more details are provided in Note 19 below on employee benefits), and on the other hand to the decrease in advances paid to certain customers as "nomination fees", due to the natural process of release to the income statement during the duration of the project, as well as obviously phenomena connected to the exchange rate trend of the companies in foreign currencies present in the aggregate.

11. Inventories

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The item inventories are composed as follows:

(data in thousands of euros)	2022	2021
Raw and subsidiary materials	65,117	64,402
Finished products	13,016	13,468
Work in progress	23,975	23,168
Total inventories	**102,108**	**101,038**

Total write-downs for slow-moving material amount of 7,528,000 thousand Euro (2021: 7,510,000 thousand Euro). The increase in the total value of the inventories is partly due to the inflationary phenomenon of the purchase costs of materials and components and partly due to the increase in volumes compared to 2021. It should be noted, however, that a more careful policy of containing stock levels has nevertheless led to a rotation of average days in stock from 52 days in 2021 to 47 in 2022.

12. Trade account receivables

Trade account receivables are non-interest-bearing, they generally have a maturity of 30-120 days and are composed as follows.

(data in thousands of euros)	2022	2021
Trade account receivables	75,969	76,872
Credit devaluation fund	-2,071	1,438
Total trade account receivables	**73,898**	**75,434**

The decrease for the year, despite the increase in volumes, is partly due to a better management the overdue amounts and partly to the increased utilisation of the advances from factors.
The adjustment of the nominal value of the credits to their estimated realisable value was achieved by means of a special provision for bad debts.

The breakdown of total trade account receivables by maturity is shown below:

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(data in thousands of euros)	2022	2021
Overdue credits	**61,651**	**60,454**
Credits overdue by 30 days	8,353	9,244
Credits overdue by 60 days	1,827	2,894
Credits overdue by 90 days	552	736
Credits overdue by more than 120 days	1,515	2,106
Total trade account receivables	**73,898**	**75,434**

In view of the recovery prospects, it is not considered necessary to proceed with further increases in the provision for bad debts.

13. Tax credits

As at 31 December 2022, the Group did not have any net tax receivables. For further details, please refer to the following footnote 22.

14. Other activities

The item other assets show a balance of 11,285 thousand euro and is broken down as follows:

(data in thousands of euros)	2022	2021
VAT credits	1,927	2,608
Accruals and deferrals	2,938	788
Credits to suppliers	597	383
Storage areas	333	59
Others	5,490	5,779
Total other assets	**11,285**	**9,617**

The item VAT credits refers to value added tax credits claimed by the group from the reference tax authorities.

The item Accrued expenses and deferred income as at 31 December 2022 essentially refers to rent and fees for the use of software licences, insurance premiums and other miscellaneous maintenance fees.

The item Credits to Suppliers refers to advances paid to suppliers of utilities and various services.

The Other item mainly includes other credits including 1.8 million euro relating to the sale of the energy contract of the Alvesta plant.

15. Available-for-sale financial assets

The financial assets available for sale are as follows:

(data in thousands of euros)	2022	2021
Balanced mutual funds	102	102
Total financial assets held for sale	**102**	**102**

16. Cash and Cash equivalents

The liquidity deposited with the banks accrues interest at variable rates based on the banks' daily deposit rates. The value of the cash availability is 88,310 thousand Euro (2021: 85,144 thousand Euro).

17. Net shareholders' equity

Shareholders' Equity as at 31 December 2022 is broken down as follows:

(data in thousands of euros)	2022	*2021	Variations
Share pertaining to the Group	186,122	196,697	-10,575
Share pertaining to third parties	-	-	-
Total Net Equity	**186,122**	**196,697**	**-10,575**

**value readjusted*

Changes in shareholders' net equity are shown in the attached dedicated table.

The Share Capital amounts to 7,280 thousand euros, divided into 14,000,000 ordinary shares with a nominal value of 0.52 euros each.

The following table shows the reconciliation between the net result and the shareholders' equity of the parent company Gnutti Carlo S.p.A. and the respective values resulting from the consolidated financial statements.

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(data in thousands of euros)	Assets Net	Result
Net equity and fiscal year result as reported in the fiscal year financial statement of the parent company	**148,680**	**8,674**
Elimination of the carrying value related to the consolidated equity participations		
a) difference between book value and pro-rata value of the net equity and pro-rata results achieved by the subsidiaries	-113,207	-5,440
b) goodwill	53,125	
(c) fair value Ljunghall Group AB, TCG Unitech GmbH, Jebsen	37,295	-3,320
Elimination of the effects of transactions carried out between consolidated companies	60,229	-6,720
Shareholders' net equity and result pertaining to the group	**186,122**	**-6,806**
Shareholders' net equity and result for the year pertaining to third parties	-	-
Shareholder's Equity and Consolidated Net Result	**186,122**	**-6,806**

18. Loans and financing

With reference to the composition of the debt, during the 2022 financial year the Group has:

- provided for the finalisation of the drawing of the CAPEX line in the Euro 36 million pooled loan agreement provided to the parent company, under the same conditions as those provided on the other lines already settled. It should be noted that, as contractually required, the Group has stipulated a hedging contract by means of an IRS contract on the financing rate linked to this new section of the capex line drawn equal to 70% of the liquidated value.

- executed a partial drawing of the Revolving line (also part of the pooled contract) for Euro 10 million (equal to 25% of the total available line of Euro 40 million).

- obtained a loan from Deutsche Bank in the amount of 11,950 thousand euro on the Italian holding company, ii) rate: Euribor 3M - zero floor + spread 2%, iii) guarantee cost: remunerated at

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35 BP iv) preliminary investigation costs: 60 thousand Euro, v) pre-amortisation: 6 months, vi) duration: 60 months, vii) instalment: quarterly, viii) annual turnover restriction on the account equal to the residual debt. The loan was provided through a SACE guarantee within the "Support Italia" measures made available by the Government to support companies impacted by the economic crisis following the Russia-Ukraine war:

- obtained a loan to support a significant investment in the American company for about 4.4 million euro from The Huntington Bank; ii) rate: 5.69%; ii) duration 72 months; iii) monthly installment supported by a Parental guarantee.

- under the anti-Covid 19 legislation, the Austrian subsidiary had stipulated a loan of 15,900 thousand Euro in 2021. The financing that accrued interest at a fixed rate of 0.8% was due on 31 March 2022. This loan was renewed in March 2022 for a further year and the company has already been granted its extension for 15.6 million euros from 2023 until 31 January 2025 under the same conditions. Regardless of the extension already contracted, the debt of 15.9 million euros was classified among short-term payables as of 31 December 2022.

- regularly repaid at maturity the amortization instalments of the outstanding loans (for an examination of the repaid values, please refer to the financial statement).

It should be noted that, as a result of the temporary failure to comply with the covenants required for the loan provided to the Czech plant by the bank Ceska spořitelna, the debt towards the same was also classified in short-term financial payables for 8.8 million euros, despite the bank itself having guaranteed after 31 December 2022 the waiver of the early collection of the debt itself in light of the results 2023.

The following table shows the details of the loans and other short-term and medium/long-term financing:

(data in thousands of euros)	Rate of effective interest		expiry	2022	2021
Soon					
Financing of the Liquidity Decree 2020 - MCC	+1.05%	Euribor 6 Mio	31/05/2026	1,000	1,000
Liquidity Decree 2020 - SACE - MPS	+1.05%	Euribor 6 Mio	31/03/2026	5,330	2,667
Liquidity Decree 2022 - SACE - DB		Euribor 3 Mio + 2%	30/09/2027	1,992	0
Term Loan - 2018	3.1%	Euribor 3 Mio+	06/12/2025	46,535	32,505
Covid OKR Loan		0.80%	31/03/2023	15,900	0
Raffeisenlandesbank		3.43%	30/09/2023	769	1,026
Raffeisenlandesbank		2.45%	31/12/2024	718	718
Raffeisenlandesbank		1.52%	31/03/2028	2,105	2,105
Intesa Shanghai - RMB		5.25%	2023	2,204	6,952
Unicredit Shanghai - RMB		6.65%	2021	0	781
The Huntington		5.69%	29/07/2028	593	0
Bond Loan - PRICOA		3.60%	12/12/2028	5,556	5,556
Ceska Sporitelna	1.45%	Euribor 1Mio +	31/03/2034	8,821	9,189
Bonds deriving from leasing				12,076	13,412
Advances on invoices and current account overdrafts		0% - 0.5%		1,235	517
Accrued interest				76	149
				104,910	**76,577**
A Medium/long					
Financing of the Liquidity Decree 2020 - MCC - MPS	+1.05%	Euribor 6 Mio	31/05/2026	2,417	3,410
Financing of the Liquidity Decree 2020 - SACE - MPS	+1.08%	Euribor 6 Mio	31/03/2026	11,997	17,327
Liquidity Decree 2021 - SACE - MPS	+1.00%	Euribor 6 Mio	31/03/2027	6,995	6,994
Liquidity Decree 2021 - SACE - MPS	+1.00%	Euribor 6 Mio	31/03/2027	2,995	2,994
Liquidity Decree 2021 - SACE - BPM	1.1%	Euribor 3 Mio +	30/06/2027	4,993	4,993
Term Loan - 2018	3.1%	Euribor 3 Mio+	06/12/2025	67,041	89,403
Revolving - 2018	3.1%	Euribor 3 Mio+	06/12/2025	10,000	-213
Capex Line - 2018	3.1%	Euribor 3 Mio+	06/12/2025	66,356	60,523
Liquidity Decree 2022 - SACE - DB		Euribor 3 Mio + 2%	30/09/2027	9,898	0
The Huntington		5.69%	29/07/2028	3,205	0

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Raffeisenlandesbank	3.43%	30/09/2023	0	769
Raffeisenlandesbank	2.45%	31/12/2024	718	1,436
Raffeisenlandesbank	1.52%	31/03/2028	9,474	11,579
Covid OKR Loan	0.80%	31/03/2023	0	15,900
Bank of Nova Scotia	3.08%	28/02/2025	44	68
Unicredit Shanghai - RMB	6.65%	2022	0	1,171
Bond Loan - PRICOA	3.60%	12/12/2028	33,210	38,732
Bonds deriving from leasing			31,539	40,214
			260,882	**295,300**

The loans granted by Raiffeisen Landesbank and Ceska Sporitelna are secured by a mortgage on real estate for 25 million euros and 120-million-euro Czech crowns respectively (approximately 5 million euro). The same loans are also guaranteed by a surety granted by the parent company Gnutti Carlo S.p.A.

As already indicated in the management report, it should be noted that the covenants linked to the syndicated loan were respected as at 31 December 2022 as shown in the table below:

No.	Indicator	Description	Required value Banks	Required value Pricoa	Values as at 31/12/2022
1)	LEVERAGE	Ratio between Net Financial Position and EBITDA	**less than 4.5**	**less than 4.5**	**3.68**
2)	Interest cover	Ratio between EBITDA and Financial Income and Charges	**greater than 4.3**	**greater than 4.3**	**6.1**
3)	Debt to Equity	Ratio of Net Financial Position and Shareholders' Equity	**less than 2.3**	**less than 2.3**	**1.49**

Below we report the stratification of the composition of current debt by year of the amortisation of the debt itself. In this regard, it should be noted, as already stated above, that the Austrian OKR Covid Loan (15.9 million Euro) and the debt to Ceska Sporitelna (8 million Euro) of the Czech plant,

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used to calculate the amount are those issued or substantially foreseeable at the closing date of the financial statements.

Current taxes relating to items recognised directly in net equity are also recognised directly in net equity and not in the income statement.

Deferred taxes

Deferred taxes are calculated on the temporary differences arising at the date of the financial statements between the values used for tax purposes for assets and liabilities and the values reported in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences, with the exception of:

- when the deferred tax liability arises from the initial recognition of goodwill or from an asset or liability in a transaction that is that is not a business combination and that, at the time of the transaction, affects neither the profit for the period calculated for financial reporting purposes nor the profit or loss calculated for tax purposes.

Deferred tax assets are recognised in relation to all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that there will be adequate future taxable profits that may make the utilisation of the deductible temporary differences and tax assets and liabilities carried forward applicable, except where:

- the deferred tax asset associated with deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the actual transaction, affects neither the profit for the period calculated for financial reporting purposes nor the profit or loss calculated for tax purposes.
- With respect to taxable temporary differences associated with investments in subsidiaries and associates, the deferred tax assets are recognised only to the extent that it is probable that the deductible temporary differences will be recovered in the immediate future and that there are adequate taxable profits against which the temporary differences can be utilised.

The value to be carried in the balance sheet of deferred tax assets is reviewed at each balance sheet closing date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available in the future, in order to allow all or part of this credit to be utilised. Deferred tax assets that are not recognized are reviewed annually at the balance sheet closing date and are recorded to the extent that it becomes likely that future taxable profit will be sufficient to allow these deferred tax assets to be recovered.

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Deferred tax assets and liabilities are measured based on the tax rates that are expected to be applied to the year in which those assets are realised, or those liabilities are settled, considering the rates in force and those already enacted or foreseeable at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised directly in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities offset each other if there is a legal right that permits current tax assets and current tax liabilities to be offset and the deferred income taxes refer to the same taxable entity and the same taxing authority.

Value Added Tax

The revenues, expenses and assets are recognised net of value added taxes, except where:

- such tax applied to the purchase of goods or services results to be non-deductible, in which case it is recognised as part of the purchase cost of the asset or part of the cost item recognised in the income statement.
- refers to trade account receivables and payables that have been disclosed including the value of the tax.

The net amount of indirect sales taxes that can be recovered from or paid to the Treasury is included in the balance sheet under trade account receivables or payables, depending on the sign of the balance.

Derivative financial instruments and coverage operations

The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps (IRS) on interest rates to hedge the risks deriving mainly from fluctuations in interest and exchange rates. These derivative financial instruments are initially recognised at fair value on the date they are entered into; subsequently, this fair value is periodically remeasured. They are accounted for as an asset when the fair value is positive and as a liability when it is negative.

Any gains or losses resulting from changes in the fair value of derivatives not suitable for hedging transactions are recognised directly in the income statement during the year.

The fair value of forward foreign exchange contracts shall be determined by reference to the current forward exchange rates for contracts with a similar maturity profile. The fair value of interest rate IRS contracts is determined by reference to the market value for similar instruments.

The covers are classified as:

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- fair value hedges if they are against the risk of a change in the fair value of the underlying asset or liability.
- cash flow hedges if they are related to the exposure to the variability of cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable planned transaction or a currency risk in an irrevocable commitment.
- hedging of a net investment in a foreign company.

At the start of a hedging transaction, the Group formally designates and documents the hedging relationship, to which it intends to apply relative accounting, its risk management objectives and the strategy pursued. The documentation includes the identification of the hedging instrument, of the hedged item or transaction, the nature of the risk and how the company intends to assess the effectiveness of the hedge in offsetting the exposure to changes in the fair value of the hedged item or of the financial flows attributable to the hedged risk. It is expected that these hedges will be highly effective in offsetting the hedged item's exposure to changes in fair value or of the financial flows attributable to the hedged risk; the assessment of whether these hedges have indeed proved to be highly effective is performed on an ongoing basis during the periods in which they are activated.

Transactions that meet the criteria to be defined as hedging are accounted for as follows:

Fair value hedges

The change in fair value of hedging derivatives is recognised in the income statement. The change in the fair value of the hedged item and attributable to the hedged risk is recognised as part of the carrying amount of the hedged item and in compensation recognised in the income statement.

With regard to fair value hedges referring to items accounted for under the amortised cost criterion, the adjustment of the carrying amount is amortised in the income statement over the residual period to maturity. Any adjustments to the carrying amount of a hedged financial instrument to which the effective interest rate method is applied are amortised in the income statement.

Depreciation may begin as soon as there is an adjustment but no later than the date on which the hedged item ceases to be adjusted for changes in its fair value attributable to the hedged risk.

If the hedged item is written off, the unamortised fair value is immediately recognised in the income statement.

Where an unrecorded irrevocable commitment is identified as a hedged item, the subsequent cumulative changes in its fair value attributable to the hedged risk shall be accounted for as assets or liabilities and the corresponding gains or losses recognised in the income statement. The changes in the fair value of the hedging instrument are also recognised in the income statement.

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Cash Flow Hedging

The portion of the gain or loss on the hedged instrument relating to the effective portion of the hedge is recognised directly in net equity, while the remainder is recognised immediately in profit or loss.

Profit or loss posted to shareholders' equity is reclassified to the income statement in the period in which the hedged transaction influences the income statement (for example when the financial expense or income is recognised or when a planned sale or purchase occurs). When the hedged item is the cost of a non-financial asset or liability, the amounts posted to net equity are transferred to the initial carrying amount of the asset or liability.

If it is considered that the planned transaction no longer occurs, the amounts initially recorded in net equity are transferred to the income statement. If the hedging instrument expires or is sold, cancelled, or exercised without replacement, or if its designation as a hedge is revoked, the amounts previously recognised in net equity remain recognised there in until the expected transaction occurs.

Correction of accounting representation

Following an analysis carried out during the year on the values attributed in the acquisition phases of industrial groups in recent years, some inaccuracies were identified with regard in particular to the value attributed to the subsidiary Jebsen TCG Industrial Holding in the acquisition of the TCG group in 2018 (through the attribution of an equity value of 15 million euros, of which 5.8 million euros related to the adjustment for valuation to equity and 9.2 million euros as implicit goodwill). In specific, the failure to assess the fair value of specific assets of the associate for the purpose of a timely allocation of the share of capital gain is recognised as inadequate. We therefore proceeded to identify, on the basis of those already available at the time of the acquisition, specific assets on which to allocate this higher value and a fair value was obtained relating to intangibles referring to the associate equal to 3.2 million euros. It was considered plausible to assume an amortisation in the income statement of the value thus allocated over four years so that the effects on the restated asset income statement and net equity would result the following:

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	2019		2020		2021	
	original	restated	original	restated	original	restated
Affiliate value	15,265	14,468	15,368	13,774	15,220	12,829
Fiscal year result	8,406	7,609	-27,810	-28,607	-5,240	-6,037
Net shareholders' equity	226,891	226,094	200,374	198,780	199,088	196,697

It is believed that the restatement of the balance sheet and equity of previous years allows a valuation more in line with the scenarios that have occurred in the meantime.

4. Information by geographical area

Below is the information by geographical areas.

Information by geographic area

Revenues from external Clients

The table below highlights revenue information based on the clients' geographic location.

(data in thousands of euros)	2022	2021
Italy	2,348	4,563
Other EU	498,912	461,553
North America	227,613	183,080
South America	3,463	1,964

Others	77,322	51,839
	809,658	**702,999**

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Revenues related to the three main customers amount to about 43% (2021: 35%) of total sales and service revenues.

The following table shows the assets and liabilities classified according to geographical location.

(data in thousands of euros)	**31/12/2022**	**31/12/2021**
(A) NON-CURRENT ASSETS		
Italy	32,577	22,693
Other EU	375,600	374,023
North America	65,841	78,358
Others	43,582	72,549
TOTAL FIXED ASSETS	**517,600**	**547,623**
B) CURRENT ASSETS		
Italy	41,705	49,451
Other EU	105,325	145,421
North America	83,897	59,144
South America	476	104
Others	44,300	16,448
TOTAL CURRENT ASSETS	**275,703**	**270,568**

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B) NON-CURRENT LIABILITIES		
Italy	221,222	214,485
Other EU	84,372	134,120
North America	6,268	1,939
Others	1,058	27
TOTAL NON-CURRENT LIABILITIES	**312,920**	**350,571**
C) CURRENT LIABILITIES		
Italy	96,409	80,946
Other EU	144,547	143,299
North America	27,622	20,901
South America	0	31
Others	25,682	25,744
TOTAL CURRENT LIABILITIES	**294,260**	**270,921**

5. Tangible fixed assets

The increases for the year refer to the strengthening of production capacity through purchases or modifications of plants and equipment.

The following table summarizes the changes that occurred during the year:

(data in thousands of euros)	Land and buildings	Plants and machinery	Total
Cost			
At 01/01/2022	166,558	817,199	983,757
Increases	2,168	52,865	55,033
Disposals	-3,819	-14,661	-18,480
Reclassifications	1,104	-7,466	-6,362
As of 31/12/2022	**166,011**	**847,937**	**1,013,948**

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Depreciations and devaluations			
At 01/01/2022	-54,858	-511,086	-565,944
Depreciation quota for the year	-8,834	-47,039	-55,873
Value adjustments			0
Disposals	1,412	4,064	5,476
Exchange rate differences	-585	-3,251	-3,836
As of 31/12/2022	**-62,865**	**-557,312**	**-620,177**
Net book value			
As of 31/12/2022	**103,146**	**290,625**	**393,771**
At 01/01/2022	**111,700**	**306,113**	**417,813**

The most significant changes in the financial year 2022 relate to:

- Italy PWT: the main increases in the year 2022 are related to the item fixed assets under construction and other tangible assets and refer for 2,054 thousand Euro to new automated plants for the new line dedicated to the production of Roller Carpets for DAF, for 696 thousand Euro to a production plant dedicated to the Line 15 dedicated to Caterpillar and for the remaining part to the purchase of equipment to support production. During the year 2022, activities were completed for the interconnection to the corporate information system of automatic plants for a total of Euro 2,925,000. These plants have been certified by a special technical appraisal as functional to the technological and digital transformation according to the 'Industry 4.0' model and are therefore included in the investments for which it was possible to calculate an IRES tax credit for 1,095 thousand Euro, recorded in the income statement under other revenues (then deferred on an accrual basis) and in the balance sheet under tax credits, usable in 5 years starting from 2023.
  The disposals recognised mainly under the item plant and machinery mostly refer to the sale of already fully depreciated plant to a business partner. This sale has not generated significant economic impacts.
- Canada PWT: for about Euro 336,000, mainly for equipment related to customer John Deere.
- Sweden PWT: about 1,187 Euro for the purchase of a new DMG Multispring assembly line and related machinery, and about 876 thousand Euro for various production-related equipment for Volvo.
- China PWT: 427 thousand Euro for investments on assembly line destined to the production of components for Daimler.
- United States PWT: for about 805 thousand Euro for investments on equipment intended for

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production for Eaton; for about 1,881 thousand Euro for the purchase of Heller machines intended for production for Daimler; for 250 thousand Euro for machinery intended for product quality testing procedures.

- Czech Republic LMT: for about 617 thousand Euro for the purchase of moulds.
- China LMT: for 1,500 thousand Euro for the activation of the new lease contract related to the new building in which the company is now operating (for this new asset, the associated financial debt was recognised in correspondence), 513 thousand Euro for the purchase of a machine for the mechanical processing of aluminium die-cast products, and 580 thousand Euro for the purchase of moulds.
- Sweden LMT: for about 2,075 thousand Euro for machinery and assembly line for new products (liner shafts) dedicated to customer Scania, for 1,026 thousand Euro for the purchase of a machinery for the mechanical machining of components to be connected to the rear gearbox system, for 751 thousand Euro for the purchase of a new aluminium smelting furnace, for 640 thousand Euro for the purchase of a new washing machine, for 340 thousand Euro for the purchase of a new drying machine.
- Canada LMT: for approximately 454 thousand Euro for the purchase of an aluminium press destined for production for Daimler, for 310 thousand Euro for the purchase of a die-cast component deburring machine.
- Austria: for about 3.9 million Euro for an aluminium press to increase capacity related to the BMW customer, for about 2,600 thousand Euro for new mechanical processing and assembly equipment related to the BMW Heat platform, for about 700 thousand Euro for a furnace for the casting line dedicated to BMW, for 400 thousand Euro for a friction welding machine for Bosh, for 700 thousand Euro for deburring machines.

6. Intangible Fixed Assets

(data in thousands of euros)	Total intangibles
Cost	
At 01/01/2022	146,095
Increases	169
Decreases	1
reclassification	12
As of 31/12/2022	**146,277**
Depreciations and devaluations	
At 01/01/2022	-125,740

Depreciation quota for the year	-4,069
Exchange Difference	61
As of 31/12/2022	**-129,748**
Net book value	
As of 31/12/2022	**16,529**
At 01/01/2022	**20,355**

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The increases for the year mainly refer to the adjustment to the year-end exchange rate of the pre-existing values.

7. Goodwill

Goodwill acquired through business combinations has been allocated to the separate cash flow generating units for the purpose of verifying any impairment:

(data in thousands of euros)	Value initial	Increases	Decreases	Value final
Gnutti Carlo Canada Ltd.	1,094			1,094
Gnutti Carlo Sweden H. AB	48,149		-3,458	44,691
Gnutti Carlo USA	17,833	1,102		18,935
Ljunghäll Group AB	7,964		-624	7,340
Total	**75,040**	**1,102**	**-4,082**	**72,060**

The changes during the year are due to the effects of conversion currencies.

As required by IAS 36, at least once a year the recoverability of the carrying amount of goodwill is verified in order to determine if these assets may have suffered an impairment loss, by comparing their recoverable amount with their carrying amount (so-called impairment test). The impairment test procedure was delegated to a specialised company and was then subject to autonomous and specific approval by the Board of Directors. The value recoverable was determined starting from the future cash flows expected from the Cash Generating Units ('CGUs') corresponding to either the individual companies belonging to the group or the subgroups subject to the acquisitions, updated to the reference date of the analysis according to the so-called Discounted Cash Flow Model ('DCF'). The estimated future cash flows were derived from the 2023 - 2027 industrial plan approved by the Board of Directors on 20 February 2023. The impairment work conducted assumes a terminal value

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(i.e., the present value of the perpetual annuity), which was determined on the basis of a medium- and long-term growth rate in line with that of the specific sector and considering the countries in which the CGU operates. The above-mentioned estimated future financial flows were actualised at the weighted average cost of capital (WACC) net of the taxes. In particular, for the calculation of betas (a coefficient measuring the specific riskiness of the individual company or operating sector), reference was made to the betas of the comparable reference companies cleared of the specific financial risk in order to make them indicators of operational riskiness only ('Beta unlevered'). The specific beta ("Beta-relevered") was then calculated with reference to the Debt/Equity ratio of comparable companies. The following table shows the result of the impairment tests performed, which shows, for each CGU, values in use higher than the book values (the book value is given by the value of goodwill allocated to the CGU plus the value of the assets that can be allocated directly or divided according to a reasonable and uniform criterion to the CGU itself - the so-called Net Invested Capital):

CGU	WACC	G	IMPAIREMENT TEST		DELTA
			ACCOUNTING	OF USE	
Ljunghall Group	8.41%	2%	155,306	225,617	70,311
Gnutti Carlo Sweden H	8.38%	2%	89,067	98,947	9,880
Gnutti Carlo Canada	8.41%	2%	48,321	55,707	80.007
Gnutti Carlo USA	8.40%	2%	50,583	79,525	28,942

As required by accounting standard IAS 36, sensitivity analyses were performed on the results of the test as the following basic assumptions changed jointly: i) discount rate of cash flows (WACC) - The discount rate used expresses the cost of the financing sources of the business under analysis: the cost of equity and the cost of the debt; it is a weighted average between the cost of capital at risk and the cost of debt capital - ii) growth factor G and iii) the level of EBITDA expected in the forecast period. In particular, the sensitivity test was measured by simulating increases of the WACC by 50 base points at a time, decreases of the growth factor G by 25 base points at a time, and reductions of EBITDA by 5%, by 10% and by 15%. Sensitivity tests showed no criticality for any of the CGUs. Based on this evidence, and the results of the impairment tests and of the sensitivity analyses conducted, the carrying value of goodwill was considered recoverable as of 31 December 2022.

8. Shareholdings in associated companies

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The value of associated companies as of 31 December 2022, amounting to 9,564 thousand Euro (2021 restated: 12,829), refers to the shareholding, held as a 50% joint venture, in the company Jebsen TCG Industrial Holdings Limited based in Hong Kong, the latter owning 100% of the shares of the company under Chinese law Jebsen TCG Automotive Systems (Dalian) Co Ltd based in Dalian in the People's Republic of China. Please note that the comparative data for 2021 represents a readjusted value following the adjustment of the allocation made PPP as already stated in the section on the adjustment of accounting representation in this note. The correction expresses a reduction effect on the value previously exposed of Euro 2.4 million.

In addition to this, an impairment test was also performed on the associate for the first time, as required by IAS 36 with the same criteria as those identified above. The outcome of the test resulted in the recognition in the income statement of an impairment loss totalling 2.5 million Euro in addition to the release of the final accrued portion of the intangibles identified in the PPA in the amount of 0.8 million Euro.

CGU	WACC	G	IMPAIREMENT TEST		DELTA
			ACCOUNTING	OF USE	
Jebsen TCG Industrial Holding	11.97%	2%	12,085	9,563	-2,522

The associate realised a profit in the year of HKD 20 million (in 2021 equal to HKD 24 million) leaving the equity at HKD 0.6 million unchanged from 2021 with a dividend paid in the year of HKD 25 million.

9. Equity investments in other companies

The following table shows the list of the equity investments in other companies:

(data in thousands of euros)	31.12.2021	Increases	Decreases	31.12.2022
Cargine Engineering AB	10			10
CSMT	35			35
Technologie und Inn. GmbH	100			100
Other	14			14
Total	**159**	**-**	**-**	**159**

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The Group (through Gnutti Sweden Holding AB) holds a participation of 6.4% (2021: 6.4%) in the Swedish company Cargine Engineering AB. Cargine Engineering AB is a research company active in the field of internal combustion engine technology and is owned by medium-sized industrial groups with an interest in the development of new implementation systems. The company evaluates this investment at cost as it has no control over it.

The Group holds an interest equal to 0.625% in the company CSMT Gestione Scarl. CSMT (Multisectoral and Technological Service Centre) through its parent company Gnutti Carlo S.p.A. The company operates as a private company, albeit non-profit, and provides consulting and training services to companies by transferring university skills and knowledge to industrial applications in the Brescia area.

The Group (through TCG Unitech GmbH) holds a 20.83% interest in the Austrian-registered company Technologie und Innovationszentrum Kirchdorf GmbH, a research and development company for technological innovations. The company evaluates this investment at cost as it does not have control or even a significant influence.

10. Credits and other non-current assets

(data in thousands of euros)	31.12.2021	Increases	Decreases	31.12.2022
Gnutti Carlo UK pension fund	3,453		-2,569	884
Advances to clients	6,095		-74	6,021
Total credits and other non-current activities	**9,548**	**0**	**-2,643**	**6,905**

The year's decrease is due for -2,569 thousand Euro to the Gnutti Carlo UK defined-benefit pension fund, which decreased due to the effect of the change in the discounting parameters (more details are provided in Note 19 below on employee benefits), and on the other hand to the decrease in advances paid to certain customers as "nomination fees", due to the natural process of release to the income statement during the duration of the project, as well as obviously phenomena connected to the exchange rate trend of the companies in foreign currencies present in the aggregate.

11. Inventories

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The item inventories are composed as follows:

(data in thousands of euros)	2022	2021
Raw and subsidiary materials	65,117	64,402
Finished products	13,016	13,468
Work in progress	23,975	23,168
Total inventories	**102,108**	**101,038**

Total write-downs for slow-moving material amount of 7,528,000 thousand Euro (2021: 7,510,000 thousand Euro). The increase in the total value of the inventories is partly due to the inflationary phenomenon of the purchase costs of materials and components and partly due to the increase in volumes compared to 2021. It should be noted, however, that a more careful policy of containing stock levels has nevertheless led to a rotation of average days in stock from 52 days in 2021 to 47 in 2022.

12. Trade account receivables

Trade account receivables are non-interest-bearing, they generally have a maturity of 30-120 days and are composed as follows.

(data in thousands of euros)	2022	2021
Trade account receivables	75,969	76,872
Credit devaluation fund	-2,071	1,438
Total trade account receivables	**73,898**	**75,434**

The decrease for the year, despite the increase in volumes, is partly due to a better management the overdue amounts and partly to the increased utilisation of the advances from factors.
The adjustment of the nominal value of the credits to their estimated realisable value was achieved by means of a special provision for bad debts.

The breakdown of total trade account receivables by maturity is shown below:

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(data in thousands of euros)	2022	2021
Overdue credits	**61,651**	**60,454**
Credits overdue by 30 days	8,353	9,244
Credits overdue by 60 days	1,827	2,894
Credits overdue by 90 days	552	736
Credits overdue by more than 120 days	1,515	2,106
Total trade account receivables	**73,898**	**75,434**

In view of the recovery prospects, it is not considered necessary to proceed with further increases in the provision for bad debts.

13. Tax credits

As at 31 December 2022, the Group did not have any net tax receivables. For further details, please refer to the following footnote 22.

14. Other activities

The item other assets show a balance of 11,285 thousand euro and is broken down as follows:

(data in thousands of euros)	2022	2021
VAT credits	1,927	2,608
Accruals and deferrals	2,938	788
Credits to suppliers	597	383
Storage areas	333	59
Others	5,490	5,779
Total other assets	**11,285**	**9,617**

The item VAT credits refers to value added tax credits claimed by the group from the reference tax authorities.

The item Accrued expenses and deferred income as at 31 December 2022 essentially refers to rent and fees for the use of software licences, insurance premiums and other miscellaneous maintenance fees.

The item Credits to Suppliers refers to advances paid to suppliers of utilities and various services.

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The Other item mainly includes other credits including 1.8 million euro relating to the sale of the energy contract of the Alvesta plant.

15. Available-for-sale financial assets

The financial assets available for sale are as follows:

(data in thousands of euros)	2022	2021
Balanced mutual funds	102	102
Total financial assets held for sale	**102**	**102**

16. Cash and Cash equivalents

The liquidity deposited with the banks accrues interest at variable rates based on the banks' daily deposit rates. The value of the cash availability is 88,310 thousand Euro (2021: 85,144 thousand Euro).

17. Net shareholders' equity

Shareholders' Equity as at 31 December 2022 is broken down as follows:

(data in thousands of euros)	2022	*2021	Variations
Share pertaining to the Group	186,122	196,697	-10,575
Share pertaining to third parties	-	-	-
Total Net Equity	**186,122**	**196,697**	**-10,575**

**value readjusted*

Changes in shareholders' net equity are shown in the attached dedicated table.

The Share Capital amounts to 7,280 thousand euros, divided into 14,000,000 ordinary shares with a nominal value of 0.52 euros each.

The following table shows the reconciliation between the net result and the shareholders' equity of the parent company Gnutti Carlo S.p.A. and the respective values resulting from the consolidated financial statements.

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(data in thousands of euros)	Assets Net	Result
Net equity and fiscal year result as reported in the fiscal year financial statement of the parent company	**148,680**	**8,674**
Elimination of the carrying value related to the consolidated equity participations		
a) difference between book value and pro-rata value of the net equity and pro-rata results achieved by the subsidiaries	-113,207	-5,440
b) goodwill	53,125	
(c) fair value Ljunghall Group AB, TCG Unitech GmbH, Jebsen	37,295	-3,320
Elimination of the effects of transactions carried out between consolidated companies	60,229	-6,720
Shareholders' net equity and result pertaining to the group	**186,122**	**-6,806**
Shareholders' net equity and result for the year pertaining to third parties	-	-
Shareholder's Equity and Consolidated Net Result	**186,122**	**-6,806**

18. Loans and financing

With reference to the composition of the debt, during the 2022 financial year the Group has:

- provided for the finalisation of the drawing of the CAPEX line in the Euro 36 million pooled loan agreement provided to the parent company, under the same conditions as those provided on the other lines already settled. It should be noted that, as contractually required, the Group has stipulated a hedging contract by means of an IRS contract on the financing rate linked to this new section of the capex line drawn equal to 70% of the liquidated value.

- executed a partial drawing of the Revolving line (also part of the pooled contract) for Euro 10 million (equal to 25% of the total available line of Euro 40 million).

- obtained a loan from Deutsche Bank in the amount of 11,950 thousand euro on the Italian holding company, ii) rate: Euribor 3M - zero floor + spread 2%, iii) guarantee cost: remunerated at

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35 BP iv) preliminary investigation costs: 60 thousand Euro, v) pre-amortisation: 6 months, vi) duration: 60 months, vii) instalment: quarterly, viii) annual turnover restriction on the account equal to the residual debt. The loan was provided through a SACE guarantee within the "Support Italia" measures made available by the Government to support companies impacted by the economic crisis following the Russia-Ukraine war:

- obtained a loan to support a significant investment in the American company for about 4.4 million euro from The Huntington Bank; ii) rate: 5.69%; ii) duration 72 months; iii) monthly installment supported by a Parental guarantee.

- under the anti-Covid 19 legislation, the Austrian subsidiary had stipulated a loan of 15,900 thousand Euro in 2021. The financing that accrued interest at a fixed rate of 0.8% was due on 31 March 2022. This loan was renewed in March 2022 for a further year and the company has already been granted its extension for 15.6 million euros from 2023 until 31 January 2025 under the same conditions. Regardless of the extension already contracted, the debt of 15.9 million euros was classified among short-term payables as of 31 December 2022.

- regularly repaid at maturity the amortization instalments of the outstanding loans (for an examination of the repaid values, please refer to the financial statement).

It should be noted that, as a result of the temporary failure to comply with the covenants required for the loan provided to the Czech plant by the bank Ceska spořitelna, the debt towards the same was also classified in short-term financial payables for 8.8 million euros, despite the bank itself having guaranteed after 31 December 2022 the waiver of the early collection of the debt itself in light of the results 2023.

The following table shows the details of the loans and other short-term and medium/long-term financing:

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(data in thousands of euros)	Rate of effective interest		expiry	2022	2021
Soon					
Financing of the Liquidity Decree 2020 - MCC	+1.05%	Euribor 6 Mio	31/05/2026	1,000	1,000
Liquidity Decree 2020 - SACE - MPS	+1.05%	Euribor 6 Mio	31/03/2026	5,330	2,667
Liquidity Decree 2022 - SACE - DB		Euribor 3 Mio + 2%	30/09/2027	1,992	0
Term Loan - 2018	3.1%	Euribor 3 Mio+	06/12/2025	46,535	32,505
Covid OKR Loan		0.80%	31/03/2023	15,900	0
Raffeisenlandesbank		3.43%	30/09/2023	769	1,026
Raffeisenlandesbank		2.45%	31/12/2024	718	718
Raffeisenlandesbank		1.52%	31/03/2028	2,105	2,105
Intesa Shanghai - RMB		5.25%	2023	2,204	6,952
Unicredit Shanghai - RMB		6.65%	2021	0	781
The Huntington		5.69%	29/07/2028	593	0
Bond Loan - PRICOA		3.60%	12/12/2028	5,556	5,556
Ceska Sporitelna	1.45%	Euribor 1Mio +	31/03/2034	8,821	9,189
Bonds deriving from leasing				12,076	13,412
Advances on invoices and current account overdrafts		0% - 0.5%		1,235	517
Accrued interest				76	149
				104,910	**76,577**
A Medium/long					
Financing of the Liquidity Decree 2020 - MCC - MPS	+1.05%	Euribor 6 Mio	31/05/2026	2,417	3,410
Financing of the Liquidity Decree 2020 - SACE - MPS	+1.08%	Euribor 6 Mio	31/03/2026	11,997	17,327
Liquidity Decree 2021 - SACE - MPS	+1.00%	Euribor 6 Mio	31/03/2027	6,995	6,994
Liquidity Decree 2021 - SACE - MPS	+1.00%	Euribor 6 Mio	31/03/2027	2,995	2,994
Liquidity Decree 2021 - SACE - BPM	1.1%	Euribor 3 Mio +	30/06/2027	4,993	4,993
Term Loan - 2018	3.1%	Euribor 3 Mio+	06/12/2025	67,041	89,403
Revolving - 2018	3.1%	Euribor 3 Mio+	06/12/2025	10,000	-213
Capex Line - 2018	3.1%	Euribor 3 Mio+	06/12/2025	66,356	60,523
Liquidity Decree 2022 - SACE - DB		Euribor 3 Mio + 2%	30/09/2027	9,898	0
The Huntington		5.69%	29/07/2028	3,205	0

Raffeisenlandesbank	3.43%	30/09/2023	0	769
Raffeisenlandesbank	2.45%	31/12/2024	718	1,436
Raffeisenlandesbank	1.52%	31/03/2028	9,474	11,579
Covid OKR Loan	0.80%	31/03/2023	0	15,900
Bank of Nova Scotia	3.08%	28/02/2025	44	68
Unicredit Shanghai - RMB	6.65%	2022	0	1,171
Bond Loan - PRICOA	3.60%	12/12/2028	33,210	38,732
Bonds deriving from leasing			31,539	40,214
			260,882	**295,300**

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The loans granted by Raiffeisen Landesbank and Ceska Sporitelna are secured by a mortgage on real estate for 25 million euros and 120-million-euro Czech crowns respectively (approximately 5 million euro). The same loans are also guaranteed by a surety granted by the parent company Gnutti Carlo S.p.A.

As already indicated in the management report, it should be noted that the covenants linked to the syndicated loan were respected as at 31 December 2022 as shown in the table below:

No.	Indicator	Description	Required value Banks	Required value Pricoa	Values as at 31/12/2022
1)	LEVERAGE	Ratio between Net Financial Position and EBITDA	**less than 4.5**	**less than 4.5**	**3.68**
2)	Interest cover	Ratio between EBITDA and Financial Income and Charges	**greater than 4.3**	**greater than 4.3**	**6.1**
3)	Debt to Equity	Ratio of Net Financial Position and Shareholders' Equity	**less than 2.3**	**less than 2.3**	**1.49**

Below we report the stratification of the composition of current debt by year of the amortisation of the debt itself. In this regard, it should be noted, as already stated above, that the Austrian OKR Covid Loan (15.9 million Euro) and the debt to Ceska Sporitelna (8 million Euro) of the Czech plant,

are classified as short-term but have, as of the date of approval of the financial statements, already been renewed in agreement with the counterparties.

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(data in thousands of euros)	2023	2024	2025	2026	2026	2027	2028
Soon							
Financing of the Liquidity Decree 2020 - MCC	1,000						
Liquidity Decree 2020 - SACE - MPS	5,330						
Liquidity Decree 2022 - SACE - DB	1,992						
Term Loan - 2018	46,535						
Covid OKR Loan	15,900						
Raffeisen landesbank	769						
Raffeisen landesbank	718						
Raffeisen landesbank	2,105						
Intesa Shanghai - RMB	2,204						
Unicredit Shanghai - RMB	0						
The Huntington	593						
Bond Loan - PRICOA	5,556						
Ceska Sporitelna	8,821						
Bonds deriving from leasing	12,076						
Advances on invoices and current account overdrafts	1,235						
Accrued interest	76						
	104,910	**0**	**0**	**0**	**0**	**0**	**0**
A Medium/long							
Financing of the Liquidity Decree 2020 - MCC - MPS		1,000	1,000	417			
Financing of the Liquidity Decree 2020 - SACE - MPS		5,330	5,330	1,337			
Liquidity Decree 2021 - SACE - MPS		1,166	2,333	2,333	1,163		
Liquidity Decree 2021 - SACE - MPS		500	1,000	1,000	495		
Liquidity Decree 2021 - SACE - BPM		833	1,666	1,666	828		
Term Loan - 2018		22,461	44,580				
Revolving - 2018			10,000				
Capex Line - 2018		29,424	36,932				
Liquidity Decree 2022 - SACE - DB		2,656	2,656	2,656	1,930		
The Huntington		534	534	534	534	534	534
Raffeisen landesbank							
Raffeisen landesbank		359	359				
Raffeisen landesbank		1,579	1,579	1,579	1,579	1,579	1,579
Covid OKR Loan							
Bank of Nova Scotia		22	22				
Unicredit Shanghai - RMB							

Bond Loan - PRICOA		5,555	5,555	5,555	5,555	10,990	
Bonds deriving from leasing		6,308	6,308	6,308	6,308	6,308	
	0	**77,727**	**119,854**	**23,385**	**18,392**	**19,411**	**2,113**
TOTAL	**104,910**	**77,727**	**119,854**	**23,385**	**18,392**	**19,411**	**2,113**

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19. Employee benefits

The following table summarizes the detail of the benefits granted to the employees of the group (data in thousands of euros):

Company	Type	balance 2022	2021
Gnutti Carlo S.p.A.	Defined benefits	890	1,065
Gnutti Carlo Sweden AB	Defined benefits	2,863	3,991
Ljunghall Group AB	Defined benefits	1,811	2,525
TCG Unitech GmbH	Defined benefits	13,196	16,936
Total benefits to employees		**18,760**	**24,517**

(The pension fund of Gnutti Carlo UK as at 31 December 2022 shows a positive balance of Euro 884,000 - 2021: 3,454 thousand euro - and is represented in the item Credits and Other Non-Current Assets - see Note 10 above).*

Gnutti Carlo S.p.A.

The benefit to the employees, amounting to 890 thousand Euro, refers entirely to the Severance Indemnity Fund.

In accordance with IAS 19, actuarial simulations were performed according to the accrued benefit method by using the criterion of the expected unit credit (Projected Unit Credit Method) determining:
the cost relating to the service already provided by the worker (Past Service Liability).
the cost related to the service rendered by the employee during the financial year (Service Cost).
the cost relating to interest expense arising from the actuarial liability (Interest Cost).

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actuarial gains/losses relating to the valuation period considered (Actuarial (gain)/loss).
The unitary credit criterion foreseen provides that the costs to be incurred in the year for the establishment of the severance indemnity are determined on the basis of the portion of the benefits accrued in the same year.

Specifically:

- the Past Service Liability is the present value calculated in a demographic-financial sense of the benefits due to the worker (severance indemnities) deriving from the seniority accrued.
- the Service Cost is the present value calculated in a demographic-financial sense of the benefits accrued by the worker during the year at the end only.
- the Interest Cost represents the cost of the liability deriving from the passage of time and is proportional to the interest rate adopted in the valuations and the amount of the liability to the previous year.
- the actuarial gains/losses measure the change in the liability during the period considered generated by

- deviation between the assumptions used in the calculation models and the actual dynamics of the quantities subject to verification.
- changes of hypotheses recorded during the period under consideration.

Considering, moreover, of the evolutionary nature of the fundamental economic quantities, actuarial valuations were carried out under "dynamic" economic conditions; such an approach required the formulation of economic-financial assumptions capable of summarizing in the medium to long term:

- the average annual variation of inflation in respect, of course, of the regulations in force and of expectations related to the general macroeconomic context.
- the evolution of expected interest rates on the financial market.

With regard to the choice of interest rate to be used in the simulations, it is important to bear in mind that IAS 19, paragraph 83 et seq. requires that the rates used correspond to the maturity of the quantities whose valuation is being performed.
In the course of the assessments, the probability of resignation and requests for severance pay advances were considered, based on the Company's historical statistics.

For the actuarial valuations of the TFR, the following demographic and economic/financial assumptions were adopted:

for the probabilities of death those determined by the General Accounting Office of the State called RG48.

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for the probabilities of disability, those, broken down by sex, adopted in the INPS model for the projections for 2010. These probabilities have been constructed starting from the distribution by age and sex of the pensions in force on January 1, 1987 with effect from 1984, 1985, 1986 relating to personnel in the credit branch.

for the retirement time for the active generic, it was assumed that the first of the pensionable requirements valid for the General Compulsory Insurance is reached.

for the probability of leaving work due to causes other than death, based on historical statistics, the annual frequencies were considered to be 5.00%.

- for the probabilities of anticipation, a year-on-year value of 3.00% was assumed.

Economic and financial assumptions

- Annual technical discount rate 3.77% (2021: 0.98%)
- Annual inflation rate 5.9% for 2023, 2.3% for 2024 and 2% for 2025 (2021: 1.2%)
- Annual TFR increase rate 5.93% for 2023. 3.33% for 2024 and 3% for 2025 (2021: 2.4%).

With regard to the discount rate, the iBoxx EUROZONE CORPORATE AA 10+ index was taken as a reference for the valuation of said parameter at the valuation date.

Gnutti Carlo Sweden AB

The following table summarises the changes for the year in the Swedish PRI pension fund (values in thousands of Euros).

Past Service Liability 31.12.2021	**3,991**
Interest cost 01.01.2022 – 31.12.2022	59
Actuarial (gain) / Loss 01.01.2022 – 31.12.2022	-470
Transfer In / (Out)	244
Exchange rate differences	-473
Past Service Liability 31.12.2022	**2,863**

The Gnutti Carlo S.p.A. issued a commitment letter in favour of the Swedish Pension Authority (PRI) for an amount of SEK 623,000 (about 56, thousand Euro) corresponding to 2% of the pension debt of Gnutti Carlo Sweden AB as of 31 December 2022.

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Gnutti Carlo UK Ltd

The item refers to the pension fund of employees of Gnutti Carlo UK Ltd, a company based in Alford, England and that is 100% controlled by Gnutti Carlo Sweden Holding AB. The pension fund, called the Finnveden Powertrain Pension and Life Assurance Scheme, was activated in 1995 as a defined benefit fund and is administered according to the English regulations in the form of a trust. In November 2005, Gnutti Carlo UK Ltd decided to convert the pension fund into a defined contribution fund. Since 2005, therefore, the company has managed two pension funds, the old fund with defined benefits and the new fund with defined contributions.

In August 2005, the company committed to the trustees of the pension fund to pay in monthly instalments, over a 15-year term, the entire deficit of the plan calculated using the buy-out methodology (cost of transferring the liability to an insurance company). The agreement with the trustees provides for a review of the monthly instalments with a three-year maturity on the occasion of the update of the present value of the assets and obligations of the fund. This revision may result, depending on the development of the value of the trust's assets, in a decrease or increase of the residual debt. The last three-year actuarial valuation prepared in November 2020 for the fund's situation as at 1 July 2019 showed a surplus of GBP 545,000 (equivalent to about 614 thousand Euro at the exchange rate of 31 December 2022 - last valuation in 2016: surplus of GBP 127,000). Consequently, the company's contributions to the fund remain zero.

In April 2009, the company signed an agreement with the Trustees of the pension fund that prevents the possibility (so-called winding up) to dissolve the fund (and to request the payment of any deficit). The main terms and conditions of the agreement are summarised below:

- impossibility for the Trustees to wind up the fund subject to compliance with the conditions listed below.
- regular payment of the monthly contributions granted (see above).
- issue of a guarantee in favour of the pension fund by the parent company Gnutti Sweden Holding AB for a maximum amount of GBP 5.5 million.
- the net asset value of the guarantor company is not less than GBP 43.2 million.

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During the first months of the 2021 financial year, in consideration of the reduced operating activities of Gnutti Carlo UK, the guarantee issued by Gnutti Carlo Sweden Holding AB was increased to GBP 9.5 million (equal to approximately EUR 10.7 million).

The following table shows the details of the IAS 19 valuation as at 31 December 2022:

Past Service Liability 31.12.2021	**3,453**
Interest cost 01.01.2022 – 31.12.2022	67
Actuarial (gain) / Loss 01.01.2022 – 31.12.2022	-2,551
Transfer In / (Out)	
Exchange rate differences	-85
Past Service Liability 31.12.2022	**884**

Ljunghäll Group AB

Ljunghäll Group AB and Metalfabriken Ljunghäll AB manage the pension funds resulting from Swedish national collective bargaining in the private industrial sector. In particular, the following schemes are active:

- ITP1 (defined contribution) for employees born after 1979.
- ITPK (defined contribution) and ITP2 (defined benefits) for employees born before 1979.
- ITP alternatives (hybrid between defined contribution and defined benefits) for employees in the ITP2 scheme with more than 10 times the basic salary.

In addition, Ljunghäll Group AB contributes to a number of private pension funds on behalf of some of the company's managers. These schemes are defined-contribution schemes.

The following table summarises the movements of the Swedish PRI pension fund for the year:

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Past Service Liability 31.12.2021	**2,525**
Interest cost 01.01.2022 – 31.12.2022	42
Actuarial (gain) / Loss 01.01.2022 – 31.12.2022	-471
Transfer In / (Out)	-107
Exchange rate differences	-178
Past Service Liability 31.12.2022	**1,811**

The pension scheme with benefits defined ITP2 is insured through the company Alecta for bonds after the 2009 financial year and through PRI (state pension institution) for earlier bonds. The company also granted a privilege on the assets to guarantee the obligations deriving from the pension scheme for SEK 44.8 million (equal to approximately 4.5 million euros). Gnutti Carlo S.p.A. issued a commitment letter in favour of the Swedish Pension Authority (PRI) in the amount of 402 thousand SEK (about 36 thousand euro) corresponding to 2% of the pension debt of Ljunghall Metallfabriken AB as of 31 December 2022.

TCG Unitech GmbH

The item essentially refers to the provision relating to the severance pay and to the jubilee pay. These provisions are due for the benefit of employees in force until 1 January 2003 (thereafter the reference standard was changed, and the contribution is made to an external fund). The provision is due in proportion to the length of service of the individual employee (the maximum amount is 12 months' remuneration for seniority over 25 years). The company is required to pay the amount due in the event of the employee's dismissal or upon reaching retirement age (it is not paid if the employee resigns voluntarily).

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The following table summarizes the movements of the year:

Past Service Liability 31.12.2021	**16,936**
Interest cost 01.01.2022 – 31.12.2022	225
Actuarial (gain) / Loss 01.01.2022 – 31.12.2022	-2,962
Transfer In / (Out)	-1,003
Past Service Liability 31.12.2022	**13,196**

20. Derivative financial instruments and cover operations

The following table summarises the fair value of the derivative instruments outstanding at 31 December 2022:

	31/12/2022			31/12/2021		
(data in thousands of euros)	**speculative**	**of coverage**	**total**	**speculative**	**of coverage**	**total**
Active derivatives						
Interest Rates	730	6,688	7,418			
Total derivative assets	**730**	**6,688**	**7,418**	**0**	**0**	**0**
Passive derivatives						
Interest Rates	273		273	362	1,825	2,187
Total derivative liabilities	**273**	**0**	**273**	**515**	**1,242**	**1,757**

The change in the year was mainly due to the improvement in the fair value associated with active instruments.

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Total trade account payables

Trade account payables amounted to 137,440 thousand euro (2021: 138,414 thousand euro) and are generally due within 30-90 days.

22. Tax debts

The following table shows a detailed breakdown of net tax liabilities as at 31 December 2022 and 31 December 2021.

(data in thousands of euros)	2022	2021
Advances paid and withholdings incurred	-2,297	-1,472
Taxes due for the year	3,038	1,399
Taxes on wages and salaries	4,663	4,194
Other tax credits	-2,456	0
Other taxes	64	96
Tax debts	**3,012**	**4,217**

23, Other debts

The following table summarizes the breakdown of the item other debts:

(data in thousands of euros)	2022	2021
Debts to social security institutions	6,505	6,280
VAT Debts	4,433	2,432
Debts to supplementary pension	401	195
Amounts owed to employees	13,796	14,076
Other	20,759	25,725
Other debts	**45,894**	**48,708**

The item 'debts to social security institutions' refers to social security charges related to employees' salaries.

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Debts to supplementary pension funds relate to payments due to category and private pension funds.

Debts to employees refer to holiday accruals, salaries for the month of December and other outstanding emoluments.

The item 'other' essentially refers for about 17,800, thousand euro to liabilities from price differences with customers as well as advance payments received from customers, and for about 1,500 thousand euro to deferred income related to tax credits linked to 4.0 investments in Italy, which are deferred on an accrual basis to subsequent years.

24 Funds for short-term risks and charges

The item includes 1,228 thousand euros (1,345 thousand euros in 2021) relating to a possible dispute with a customer (however not strategic and not relevant in terms of turnover for the Group) relating to the supply of balance sheets deemed defective occurred between 2016 and 2017 by the subsidiary Gnutti Carlo UK. The customer complained of engine failures due to a component that Gnutti Carlo UK purchased from a subcontractor imposed by the customer on the basis of technical specifications that were not shared as they were agreed directly between the customer and the subcontractor. The client agrees that Gnutti Carlo UK is not at fault with respect to the breakage, which is deemed to be wholly attributable to the sub-supplier imposed by them; however, it has proceeded to activate the claim against the parent company Gnutti Carlo S.p.A. by virtue of certain contractual provisions that, according to the client's interpretation, not only render the Company liable to its subsidiaries, but also with respect to components incorporated in the delivered product even though purchased from sub-suppliers imposed by the client. The client's total request amounts to GBP 10,300 thousand. The Company has given a mandate to a law firm to respond to the claim and at the same time to take action to involve the subcontractor of the component deemed defective in the legal dispute. At the same time, insurance companies were alerted even though, given the circumstances, any damage might not be reimbursable. Although it considers that it has no responsibility for the dispute in question; in view of the complexity of the case also from a legal point of view, based on the assessments made, it was decided to allocate an additional 1,000 thousand euros to the 1,500 thousand euros initially allocated and partially used in the years of the dispute to cover legal expenses. However, a favourable conclusion seems to emerge for our company in this matter; the company's non-liability from a technical point of view is established, and it remains to be settled the direct correspondence between the customer to whom the damage was caused and our supplier of the component that this damage caused. However, the management considers that the

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outcome of the matter in the sense outlined is not yet conclusive, and therefore prudentially believes that the remaining allocation must be maintained.

During the year, the Group also provided for a prudential allocation of 500 thousand euros to cover expenses related to a potential dispute with a customer related to a quality problem relating to a piece purchased by us from a supplier and then supplied to the final customer. During 2022, the customer communicated the intention to launch a recall campaign of which the perimeter and extension are not yet known. The company is adequately protected by insurance policies to protect the costs associated with this campaign and also assesses the low risk of being involved in the costs of the campaign, however it was considered appropriate to provide for the above allocation to cover any consultancy costs or deductibles not covered by the policy. The latest developments in the case also indicate that the Company's responsibility is to be excluded since the parts supplied are in compliance with the drawings and technical production specifications indicated by the customer.

In addition to this amount, the item includes provisions for risks of a prudential nature that the Group has decided to allocate for precautionary purposes, including for ancillary defence costs that the tortuous negotiation process may generate.

It should be noted that since November 2022 an inspection is underway by the Economic and Financial Police of the Guardia di Finanza of Brescia at the headquarters of the holding company. The inspection is still ongoing, and its purpose is to verify compliance with the regulations governing the Transfer Price as part of the relations between Gnutti Carlo S.p.A. and the other group companies for the period between 2017 and 2022.

As the verification process has not yet been completed, and in light of the information held by management and the policies implemented by the Group, the Group does not consider it necessary to allocate amounts to cover this risk.

24 bis. Other long-term debts

Other long-term payables of 8,868 thousand euros (2021: 6,445 thousand euros) mainly include the portion of contributions paid by certain customers (mainly BMW) following the allocation of new engine platforms. These contributions will be released gradually together with the supplies of the finished components.

COMMENTS ON THE INCOME STATEMENT

Please refer to section 4 of this note for an analysis of the data of the sales revenue figures.

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25. Cost of sales

The following table provides a detailed breakdown of the item cost of sales for the years 2022 and 2021.

(data in thousands of euros)	2022	2021
Material	359,436	294,815
External processing	19,708	22,685
Staff	163,758	155,904
Auxiliary production material	50,693	53,266
Maintenance	13,607	12,139
Leasing	2,080	1,431
Utilities	38,977	26,148
Amortisation	54,582	52,915
Other	23,002	16,999
Total Cost of Sales	**725,843**	**636,302**

The variation with respect to the previous year is mainly due to the increase in business encountered during the year.
However, there is also a significant impact given by the inflationary phenomenon on the costs of raw materials and energy costs whose increases have burdened European plants the most.

26. Other income

The following table summarises the contents of the item Other revenues.

(data in thousands of euros)	2022	2021

Net capital gains on disposal of assets	849	76
Miscellaneous Reimbursements and Insurance Indemnities	1,197	2,363
Other	5,557	4,643
	7,603	**7,082**

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The item 'Other' includes turnover related to processing scraps as well as recharges of various expenses to customers, as well as the proceeds from the sale of the energy contract related to the plant in Alvesta for Euro 1.8 million.

The item "Miscellaneous reimbursements and insurance compensation" also includes the amount of the share of contributions in tax credits for investments 4.0 and for research and development activities.

The item "net capital gains" includes in 2022 mainly the capital gain for the early conclusion of the lease agreement for the Chinese plant of the light metal division replaced by a new lease agreement with consequent relocation of the production site.

27. Distribution costs

The following table summarises the content of the item Distribution costs.

(data in thousands of euros)	2022	2021
Transport on sales	10,622	9,317
Consignment stock management expenses	73	73
Total costs of distribution	**10,695**	**9,390**

The increase in transport costs is mainly related to the increase in sales volumes.

28. General and administration expenses

The following table shows the details of the item general and administrative expenses.

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(data in thousands of euros)	2022	2021
Staff costs	37,197	34,984
Travel expenses	1,210	884
Miscellaneous trade expenses	224	95
Business expenses	5,082	4,424
Telephone expenses	387	444
Stationery and printing	591	637
Security expenses	378	347
Training	535	363
Municipal taxes	587	483
Other taxes	378	368
Insurances	2,890	2,777
Bank charges and factor	1,375	788
Directors' remuneration	3,000	3,000
Management of company vehicles	725	554
Other	2,594	66
IT expenses	4,343	4,414
Amortisations	5,361	6,620
	66,857	**61,248**

The higher cost related to the residual cost item 'Other' is primarily attributable to the provisions for risk funds as already mentioned in Note 24 for 1.5 million euro and for the residual part to higher costs related to activities related to recruiting and to building activities.

The general increase in general and administrative expenses is partly a reflection of the reorganisation phase that is affecting the group, which is also partly linked to the inflationary phenomenon.

29. Financial charges and revenue

The table below shows the breakdown of financial income and expenses.

(data in thousands of euros)	2022	2021

Total financial revenues	221	81
Total financial charges	-12,571	12,054
Total financial income and expenses	**-12,350**	**-11,973**

For more details, please refer to the previous note no. 18.

30. Development costs

During the financial year 2022, the Group continued its research and development activities and focused its efforts in particular on projects that we consider to be particularly innovative, and which are described in the Report on Operations.
The Group expenses the costs related to research to the income statement as required by IAS 38.

31. Taxes

The main components of income taxes for the years ended December 31, 2022 and 2021 are:

(data in thousands of euros)	2022	2021
Current taxes IRES	0	0
Current taxes IRAP	486	464
Current Taxes - Foreign Taxes	5,931	4,653
Deferred taxes	-1,433	-3,625
Total taxes for the financial year	**4,984**	**1,492**

The increase in the overall tax burden, together with the decrease in deferred tax assets, is due not only to temporary positive differences mainly related to exchange rate effects and interest expenses, but also to the utilisation of prior losses realised by some group companies due to the Covid 19 pandemic. The credit relating to tax losses to be carried forward has been prudentially recognised only in companies with a high probability of recovery starting from the financial year 2023.

Changes in net equity

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Deferred taxes relating to items charged directly to net equity:

(data in thousands of euros)	2022	2021
Movements of instruments deriving from cash flow hedging	2,141	393
Change in actuarial profits/losses of defined benefit plans	1,588	62
Income taxes recorded in net equity	**3,729**	**455**

Deferred taxes

Deferred taxes as of December 31 are detailed as follows:

(data in thousands of euros)	Balance Sheet 2022	2021
Deferred tax liabilities		
Amortisations	-21,225	-20,788
Derivative financial instruments - Available-for-sale financial assets	-2,010	
Other	-1,075	-3,521
	-24,310	**-24,309**
Deferred tax assets		
Representation expenses - employee benefits - inventory write-down - etc.	698	2,479
Previous losses	3,807	5,161
Other	5,739	3,415
Derivative financial instruments and financial assets AFS	950	982
	11,194	**12,037**
Net liabilities for deferred taxes	**-13,116**	**12,272**

32. Value adjustments and other provisions

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The item Value Adjustments and other provisions amounted to 6,206 thousand euro (2021 restated: 5,762 thousand euro) and is referred for about 2,828 thousand euro to the final costs related to the transfer of certain operating assets (plants related to the production of the high pressure connector) from the Alvesta plant to the Kungsor plant of Gnutti Carlo Sweden AB and for 3,319 thousand euro to the effect of the impairment on the value of the associated company Jebsen (see Note 8 for further details).

33. exchange rate gains

Exchange rate gains amounted to 1,322 thousand Euro (2021: losses of 8,847 thousand Euro) and are predominantly related to the positive, unrealised effect of the exchange rate adjustment of 31 December 2022. The loss is related to the strengthening of the US dollar experienced during 2022 and refers prevalently to intra-group loans denominated in the US currency.

34. Other information

a) Commitments

Guarantees provided.

The companies belonging to the Group provided the following guarantees as at 31 December 2022:

- as part of the loan agreement signed on 6 December 2018 and related to the acquisition of TCG Unitech GmbH; Gnutti Carlo S.p.A. guarantees, together with the subsidiaries Gnutti Carlo Canada Ltd, Metallfabriken Ljunghall AB and Gnutti Carlo Sweden AB, the residual debt towards the lending institution. No amount associated with this guarantee was set aside in the financial statements. The financing is guaranteed by a pledge on the shares of Metalfabriken Ljunghäll AB, Ljunghall Group AB, Gnutti Carlo Sweden AB, Gnutti Carlo Canada ltd, TCG Unitech GmbH and Gnutti Carlo USA. Pledges were also released on the financing granted at closing by the Company to TCG Unitech GmbH and Gnutti Carlo Betelingungs GmbH in the amounts of EUR 20,420 thousand and EUR 3,690 thousand, respectively.

- surety issued in favour of the Austrian bank Raiffeisen Landesbank OÖ for a total of 6,333 thousand euro to guarantee the debt exposure of TCG Unitech GmbH and its subsidiary TCG Unitech Systemtecnich GmbH.

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- letter of Commitment in favour of the Company Trimet Prag s.r.o. to guarantee the supply obligations to the controlled Company Ljunghall Group s.r.o. and valid until 30 June 2023.

- Guarantee in favour of the defined benefit pension fund of Gnutti Carlo UK by Gnutti Sweden Holding AB up to GBP 9,5 million (see footnote 19 above).

- Privilege on the assets of Ljunghäll Group AB to guarantee the defined benefit pension scheme ITP2 for SEK 44.8 million (approximately EUR 4.4 million).

- Guarantee issued to the supplier Amag by Ljunghall Group AB to guarantee the contractual commitments of the subsidiary Metallfabriken Ljunghall AB for a maximum amount of SEK 3 million (approximately 298 thousand euros).

- Guarantee issued by Gnutti Carlo India in favour of the local government body managing the special free zone (SEZ) where the company resides for an amount equal to 687 million Indian rupees (equal to 7,662 thousand euros).

- Guarantee issued by Gnutti Carlo Sweden AB to the Lansforsakringar pension fund for SEK 458 thousand (approximately 44 thousand euros).

- Mortgage on Kirkhdorf industrial property issued by TCG Unitech GmbH to Raiffeisen Landesbank to cover loans and overdraft and export credit lines for a total of 19 million euros.

- Mortgage on the Caslav industrial property issued by Ljunghall s.r.o. to the bank Ceska Sporitelna to cover the loans granted for a total of 120 million kroon's (equal to about 5 million euros).

Legal action and controversies

The Group companies are involved in some legal actions and disputes in the normal course of business. Apart from what is indicated in note 23 above, it is believed that the resolution of such disputes will not generate significant liabilities.

b) Fair value of financial instruments

In relation to financial instruments noted in the balance sheet and financial situation at fair value, IFRS 7 requires that those values be classified according to a hierarchy of levels that reflects the

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significance of the inputs used in determining fair value. The fair value hierarchy has the following levels:

- Level 1 – prices recorded on an active market for assets or liabilities subject to valuation.
- level 2 - inputs other than the quoted prices referred to in the previous point, which are observable directly (prices) or indirectly (derived from prices) in the market.
- level 3: Inputs that are not based on observable market data.

Below is a comparison of the book value and the fair value by category of all the Group's financial instruments.

(data in thousands of euros)	Level	book value		fair value	
		2022	2021	2022	2021
Financial assets					
Derivative financial instruments	level 3	7,418	0	7,418	0
Total financial assets held for sale	level 1	102	102	102	102
Financial liabilities					
Loans and financing - non-current	level 2	260,882	295,300	260,882	295,300
Loans and financing - current	level 2	104,910	76,577	104,910	76,577
Derivative financial instruments	level 3	273	362	273	362

During the financial year 2022, there were no transfers from level 1 to level 2 and vice versa.

c) Remuneration to Directors, Statutory Auditors, and the Independent Auditors

The total remuneration due to the directors and members of the board of statutory auditors (values in thousands of euros) are shown below:

Upload	Remuneration
Directors	3,000
Board of Statutory Auditors	60
Legal audit Parent company	50
Statutory audit of other companies	546

35. Related Party Disclosure

During the 2021 financial year, there were no transactions with related parties.

Directors

There are no financial relationships between the Group and the directors of the Group companies.

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Continuity of the business

As already reported in relation to management, in light of the 2023-2027 Economic and Financial Plan approved by the Board of Directors of Gnutti Carlo S.p.A. in February 2023, there are no risks related to business continuity. In particular, it should be noted that the forecast of cash flows included in the plan itself highlights the Group's ability to meet its contractual obligations, including the repayment of the loan shares highlighted in the paragraph of the note relating to loans. It should also be noted, as set out above and in greater detail in the explanatory notes to the consolidated financial statements, that the Group has complied with the covenants relating to the syndicated loan as at 31 December 2022, and has already obtained, on the date of the Board of Directors that approves the 2022 consolidated financial statements, confirmation of waiver by the foreign banks interested in minor local situations of covenants' breach of their respective loans, as detailed in the Explanatory Notes.

With reference to the loan from the syndicate, the holding company has already agreed with the banks that are part of the pool on a path to redefine and reshape a more linear course of the debt repayment plan within the existing contractual framework, and envisage, if necessary, additional financing lines, to allow the Group a stable flow of investments for future development.

Significant events occurring after the end of the financial year

There are no significant events to be reported after the end of the financial year.

Maclodio 31 March 2023

The Chairman of the Board of Directors

PIERCARLO GNUTTI