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**INTERIM CONSOLIDATED FINANCIAL  
STATEMENTS AS AT 31 MARCH**





# **INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 31 MARCH 2021**



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# HIGHLIGHTS

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U-POWER GROUP S.P.A.  
Single-member company

Registered office in Paruzzaro (NO) - Via Borgomanero 50

Share capital: Euro 10,000,000 = fully paid-in

Tax Code and Novara Register of Companies no. 08482990150

Chamber of Commerce of Novara no. 163970 R.E.A. (Economic and Administrative Index)

## TOTAL REVENUES

€52.02 m

+21.2% VS 1Q 2020

## EBITDA

€15.2 m

+55.9% VS 1Q 2020

## EBITDA MARGIN

29.6%\*

26.2 % on a like for like basis, calculated considering the amount of expenses for marketing activities pertaining to the quarter whose start has been postponed to the month of May

## EBIT

€13.64 m

+67.4% VS 1Q 2020

## NET PROFIT

€8.76 m

+44.9% VS 1Q 2020

## NET FINANCIAL DEBT

€10.6 m

€19 m AT 31.12.2020





**INTERIM  
CONSOLIDATED  
STATEMENT  
OF FINANCIAL  
POSITION**

# INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

## ASSETS

(Euro thousand)

|   | NOTES | 31.03.21       | 31.12.20       |
|---|-------|----------------|----------------|
| <b>NON-CURRENT ASSETS</b>                         |       |                |                |
| Intangible assets                                 | 6     | 3,710          | 3,930          |
| Property, plant and equipment                     | 7     | 27,952         | 28,065         |
| Rights of use                                     | 8     | 5,661          | 6,005          |
| Deferred tax assets                               | 9     | 12,258         | 13,281         |
| Other non-current assets                          | 10    | 1,365          | 1,355          |
| <b>Total Non-current assets</b>                   |       | <b>50,946</b>  | <b>52,636</b>  |
| <b>CURRENT ASSETS</b>                             |       |                |                |
| Inventories                                       | 11    | 50,860         | 51,070         |
| Trade receivables                                 | 12    | 46,400         | 51,510         |
| Receivables from related parties                  | 13    | 23             | 12             |
| Tax receivables                                   | 14    | 770            | 1,026          |
| Other current assets                              | 15    | 5,502          | 4,649          |
| Cash and cash equivalents and short-term deposits | 16    | 37,874         | 37,989         |
| <b>Total Current assets</b>                       |       | <b>141,429</b> | <b>146,256</b> |
| <b>TOTAL ASSETS</b>                               |       | <b>192,375</b> | <b>198,892</b> |

**EQUITY AND LIABILITIES**

(Euro thousand)

|                                      | NOTES     | 31.03.21       | 31.12.20       |
|--------------------------------------|-----------|----------------|----------------|
| <b>EQUITY</b>                        | <b>17</b> |                |                |
| Share capital                        |           | 10,000         | 10,000         |
| Other reserves                       |           | 4,293          | 4,188          |
| Capital contributions reserves       |           | 8,600          | 8,600          |
| Retained earnings                    |           | 45,299         | 22,359         |
| Profit for the period                |           | 8,761          | 33,007         |
| <b>Total Group Equity</b>            |           | <b>76,953</b>  | <b>78,154</b>  |
| Minority interest                    |           | -              | -              |
| <b>Total Equity</b>                  |           | <b>76,953</b>  | <b>78,154</b>  |
| <b>NON-CURRENT LIABILITIES</b>       |           |                |                |
| Employee benefit obligations         | 18        | 1,072          | 1,014          |
| Provisions                           | 19        | 5,206          | 5,052          |
| Non-current financial liabilities    | 20        | 32,432         | 35,779         |
| <b>Total Non-current liabilities</b> |           | <b>38,710</b>  | <b>41,845</b>  |
| <b>CURRENT LIABILITIES</b>           |           |                |                |
| Current financial liabilities        | 20        | 16,045         | 21,203         |
| Trade payables                       | 21        | 33,419         | 41,815         |
| Payables to related parties          | 37        | 12,558         | 2,253          |
| Tax payables                         | 22        | 10,076         | 8,903          |
| Other current liabilities            | 23        | 4,614          | 4,719          |
| <b>Total Current liabilities</b>     |           | <b>76,712</b>  | <b>78,893</b>  |
| <b>TOTAL LIABILITIES</b>             |           | <b>115,422</b> | <b>120,738</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |           | <b>192,375</b> | <b>198,892</b> |

## INTERIM CONSOLIDATED STATEMENT OF PROFIT/(LOSS) AS AT 31 MARCH 2021

(Euro thousand)

|  | NOTES | 01.01.21 / 31.03.21 | 01.01.20 / 31.03.20 |
|--|-------|---------------------|---------------------|
| Revenues from contracts with customers                 | 24    | 51,428              | 42,741              |
| Other income   | 25    | 592                 | 172                 |
| <b>Total revenues and income</b>                       |       | <b>52,020</b>       | <b>42,913</b>       |
| Raw materials, consumables and supplies                | 26    | (17,597)            | (15,431)            |
| Personnel costs  | 27    | (8,163)             | (7,769)             |
| Cost of services                                       | 28    | (10,552)            | (9,717)             |
| Other operating expenses                               | 29    | (513)               | (242)               |
| Depreciation   | 30    | (1,529)             | (1,544)             |
| Write-downs  | 31    | (27)                | (64)                |
| <b>Operating profit</b>                                |       | <b>13,639</b>       | <b>8,146</b>        |
| Financial income                                       | 32    | 11                  | 31                  |
| Financial expenses                                     | 33    | (222)               | (276)               |
| Other net financial income/(expense)                   | 34    | (158)               | 88                  |
| <b>Profit before tax</b>                               |       | <b>13,270</b>       | <b>7,989</b>        |
| Income tax expenses                                    | 35    | (4,509)             | (1,944)             |
| <b>Group profit for the period</b>                     |       | <b>8,761</b>        | <b>6,045</b>        |
| Profit for the period pertaining to minority interests |       | -                   | -                   |
| <b>Total profit for the period</b>                     |       | <b>8,761</b>        | <b>6,045</b>        |
| <b>No. shares making up share capital</b>              |       | <b>100,000,000</b>  |                     |
| <b>Basic earnings per share - €</b>                    |       | <b>0.09</b>         | <b>n.a.</b>         |

## INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME AS AT 31 MARCH 2021

(Euro thousand)

|  | NOTES     | 01.01.21 / 31.03.21 | 01.01.20 / 31.03.20 |
|--|-----------|---------------------|---------------------|
| <b>Profit for the period</b>   | <b>17</b> | <b>8,761</b>        | <b>6,045</b>        |
| <b>Other comprehensive income</b>  |           |                     |                     |
| <i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax)</i>                  |           |                     |                     |
| Net gain/(loss) on cash flow hedges  | 20        | 38                  | 37                  |
| <b>Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax)</b>       |           | <b>38</b>           | <b>37</b>           |
| <i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax)</i>             |           |                     |                     |
| Remeasurement gain/(loss) on defined benefit plans   |           | -                   | -                   |
| <b>Total other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax</b> |           | <b>-</b>            | <b>-</b>            |
| <b>Total other comprehensive income/(loss) for the year, net of tax</b>  |           | <b>38</b>           | <b>37</b>           |
| <b>Total comprehensive income for the year, net of Group tax</b>   |           | <b>8,799</b>        | <b>6,082</b>        |
| Total comprehensive income for the year, net of third-party tax  |           | -                   | -                   |
| <b>Total comprehensive income for the year, net of tax</b>   |           | <b>8,799</b>        | <b>6,082</b>        |

## INTERIM CONSOLIDATED STATEMENT OF CHANGES EQUITY AS AT 31 DECEMBER 2020 AND 31 MARCH 2021

(Euro thousand)

|                                       | Share capital | Other reserves | Capital contributions reserves | Retained earnings | Profit for the period | Total Group Equity | Minority interest | Total Equity  |
|---------------------------------------|---------------|----------------|--------------------------------|-------------------|-----------------------|--------------------|-------------------|---------------|
| <b>NOTES</b>                          | <b>17</b>     | <b>17</b>      | <b>17</b>                      | <b>17</b>         | <b>17</b>             | <b>17</b>          | <b>17</b>         | <b>17</b>     |
| <b>Balance as at 1 January 2020</b>   | <b>10,000</b> | <b>3,491</b>   | <b>8,600</b>                   | <b>16,364</b>     | <b>18,966</b>         | <b>57,421</b>      | <b>-</b>          | <b>57,421</b> |
| Allocation of 2019 profit             | -             | 721            | -                              | 18,245            | (18,966)              | -                  | -                 | -             |
| Dividends 2020                        | -             | -              | -                              | (12,250)          | -                     | (12,250)           | -                 | (12,250)      |
| Profit for the year                   | -             | -              | -                              | -                 | 33,007                | 33,007             | -                 | 33,007        |
| Other comprehensive income            | -             | (24)           | -                              | -                 | -                     | (24)               | -                 | (24)          |
| <b>Balance as at 31 December 2020</b> | <b>10,000</b> | <b>4,188</b>   | <b>8,600</b>                   | <b>22,359</b>     | <b>33,007</b>         | <b>78,154</b>      | <b>-</b>          | <b>78,154</b> |
| Allocation of 2020 profit             | -             | 67             | -                              | 32,940            | (33,007)              | -                  | -                 | -             |
| Dividends 2021                        | -             | -              | -                              | (10,000)          | -                     | (10,000)           | -                 | (10,000)      |
| Profit for the period                 | -             | -              | -                              | -                 | 8,761                 | 8,761              | -                 | 8,761         |
| Other comprehensive income            | -             | 38             | -                              | -                 | -                     | 38                 | -                 | 38            |
| <b>Balance as at 31 March 2021</b>    | <b>10,000</b> | <b>4,293</b>   | <b>8,600</b>                   | <b>45,299</b>     | <b>8,761</b>          | <b>76,953</b>      | <b>-</b>          | <b>76,953</b> |

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 31 MARCH 2021

(Euro thousand)

|  | NOTES | 01.01.21 / 31.03.21 | 01.01.20 / 31.03.20 |
|--|-------|---------------------|---------------------|
| <b>Operating Activities:</b>   |       |                     |                     |
| <b>PROFIT FROM OPERATING ACTIVITIES NET OF TAXES</b>                   |       | <b>8,761</b>        | <b>6,045</b>        |
| <b>Adjustments to reconcile profit to net cash flows before taxes:</b> |       |                     |                     |
| <i>Amortisation and impairment of intangible assets</i>                | 6-30  | 260                 | 256                 |
| <i>Depreciation and impairment of property, plant and equipment</i>    | 7-30  | 1,000               | 1,039               |
| <i>Depreciation and impairment of right-of-use assets</i>              | 8-30  | 268                 | 249                 |
| <i>Financial income</i>  | 32    | (11)                | (31)                |
| <i>Financial expenses</i>  | 33    | 223                 | 276                 |
| <i>Other net financial income/(expense)</i>                            | 34    | 158                 | (88)                |
| <i>Income tax expenses</i>   | 35    | 4,509               | 1,944               |
| <i>Write-down of current assets</i>                                    | 31    | 27                  | 64                  |
| <b>Subtotal of operating activities</b>                                |       | <b>15,195</b>       | <b>9,754</b>        |
| <i>Change in employee benefit obligations</i>                          | 18    | 58                  | 19                  |
| <i>Changes in provisions</i>   | 19    | 154                 | 74                  |
| <i>Interest paid</i>   |       | (438)               | (254)               |
| <i>Income taxes paid</i>   |       | (2,189)             | (99)                |
| <i>Net foreign exchange differences</i>                                | 34    | (179)               | 132                 |
| <b>Changes in working capital:</b>                                     |       |                     |                     |
| <i>Changes in inventories</i>  | 11    | 209                 | (1,210)             |
| <i>Changes in trade receivables</i>                                    | 12    | 5,083               | 2,421               |
| <i>Changes in other non-financial receivables</i>                      |       | (707)               | 1,169               |
| <i>Changes in trade payables</i>                                       | 21    | (8,395)             | (7,338)             |
| <i>Changes in other non-financial liabilities</i>                      |       | 164                 | (863)               |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |       | <b>8,955</b>        | <b>3,805</b>        |
| <b>Investing activities:</b>   |       |                     |                     |
| <i>Investments in intangible assets</i>                                | 6     | (40)                | (50)                |
| <i>Investments in property, plant and equipment</i>                    | 7     | (887)               | (426)               |
| <i>Increase/(decrease) in financial assets</i>                         |       | 5                   | (307)               |
| <b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>                     |       | <b>(922)</b>        | <b>(783)</b>        |
| <b>Financing activities:</b>   |       |                     |                     |
| <i>Increase in non-current loans and financing</i>                     | 20    | 0                   | 5,000               |
| <i>(Repayment) of non-current loans and financing</i>                  | 20    | (2,231)             | (6,025)             |
| <i>Net change in other current financial assets/liabilities</i>        | 20    | (5,917)             | 2,430               |
| <i>Dividends paid to Parent Company shareholders</i>                   | 17    | 0                   | (290)               |
| <b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>                     |       | <b>(8,148)</b>      | <b>1,115</b>        |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>            |       | <b>(115)</b>        | <b>4,137</b>        |
| <i>Cash and cash equivalents at the beginning of the year</i>          | 16    | 37,989              | 21,372              |
| <b>Cash and cash equivalents at the end of the period</b>              |       | <b>37,874</b>       | <b>25,509</b>       |





**NOTES TO  
THE INTERIM  
CONSOLIDATED  
FINANCIAL  
STATEMENTS**

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

U-POWER GROUP S.P.A. is a company registered and domiciled in Italy.

The registered office is in Paruzzaro (NO), in via Borgomanero 50.

The U-POWER Group is active in the research, development and design ("R&D"), production and sale of certain personal protective equipment ("PPE"), intended for individual protection and safety in the work environments of operators in

the different sectors of industry and trade, as well as agriculture, including therein highly regulated sectors (such as the chemical industry, construction, farming, construction in general and services).

The Group directly controls the entire value chain of the design, prototyping, production and sales of safety footwear and technical clothing.

The Group consolidated financial statements include:

| Name                | Registered office | Type of control | Currency | Functional currency | % equity investment |      |
|---------------------|-------------------|-----------------|----------|---------------------|---------------------|------|
|                     |                   |                 |          |                     | Mar-2021            | 2020 |
| U-Group s.r.l.      | Italy             | Direct          | EUR      | EUR                 | 100%                | 100% |
| Altek Europe s.r.l. | Italy             | Direct          | EUR      | EUR                 | 100%                | 100% |
| U-Logistics s.r.l.  | Italy             | Direct          | EUR      | EUR                 | 100%                | 100% |
| Lupos G.m.b.H.      | Germany           | Direct          | EUR      | EUR                 | 100%                | 100% |
| Belbis Sarl         | Tunisia           | Direct          | TND      | EUR                 | 100%                | 100% |
| Granbis Sarl        | Tunisia           | Direct          | TND      | EUR                 | 100%                | 100% |
| Martek Sarl         | Tunisia           | Direct          | TND      | EUR                 | 100%                | 100% |
| Jallatte SAS        | France            | Direct          | EUR      | EUR                 | 100%                | 100% |

The Tunisian companies have used the Euro as the functional currency.

The scope of consolidation remains unchanged with respect to the previous period.

### Ultimate parent

The ultimate parent of the U-POWER GROUP S.P.A group is Fin Reporter S.r.l., also domiciled in Italy, which owns 100% of the shares.

## 2. DRAFTING PRINCIPLES AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES

### 2.1. DRAFTING PRINCIPLES

The condensed quarterly consolidated financial statements for the period until 31 March 2021 were drafted on the basis of IAS 34 Interim financial reporting.

The condensed quarterly consolidated financial statements do not provide all the information required by the preparation of the annual consolidated financial statements. For said reason, the condensed quarterly consolidated financial statements must be read together with the consolidated financial statements as at 31 December 2020.

### 2.2. NEW ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting standards adopted to draft the condensed quarterly consolidated financial statements conform to those used to prepare the consolidated financial statements as at 31 December 2020, except for the adoption of the new standards and amendments in force from 1 January 2021. The Group has not arranged for the early adoption of any other standard, interpretation or amendment, issued but still not in force.

The following amendments take effect from 1 January 2021, which did not impact the condensed quarterly consolidated financial statements of the Group:

- Amendments to IFRS4, IFRS 7, IFRS 9, IFRS16 and IAS 39: Interest rate benchmark reform.

## 3. ASSUMPTIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

In drafting the interim consolidated financial statements, also in light of the impacts of Covid-19, the company's management carried out evaluations, estimates and assumptions that impact the values of the revenues, costs, assets and liabilities and the disclosure relating to contingent assets and liabilities at the reporting date. It is noted that, as they are estimates, they could differ from actual future results. Certain evaluation processes, particularly the more complex ones, such as the determination of any impairment of non-current assets and/or calculation of taxes, are only carried out completely at the time of drafting of the year-end consolidated financial statements, when all the necessary information is available. The calculation of taxes as at 31 March 2021 was determined by considering the exact tax rate; the company did not make use of the possibility of using the weighted average of the annual expected tax rate according to the provisions of IAS 34, paragraph 30.

## 4. BUSINESS SEASONALITY

The protective footwear market, which is the main market in which the Group operates, is not greatly affected by seasonality factors; in fact, sales are distributed substantially equally over the year; while the technical work clothing market which, in the first half accounted for roughly 10% of sales, is more subject to seasonality; the economic results in the second half are normally higher than those of the first half.

This disclosure is provided to allow readers to better understand the results, however, the management concluded that Group operations do not represent a "highly seasonal activity" as set forth in IAS 34.

In carrying out these evaluations, estimates and assumptions, the company's management took into due consideration the effects, including potential, of the Covid-19 pandemic which involved the performance of specific analyses on certain financial statements items.

## 5. FAIR VALUE MEASUREMENT

The following table shows the comparison, by individual class, between the book value and the fair value of the financial instruments held by the Group, excluding those whose book value reasonably approximates the fair value, with an indication of the relative hierarchical scale envisaged by the standard:

|  | 31 March 2021   |                 |              |                 |         |
|--|-----------------|-----------------|--------------|-----------------|---------|
|  | Carrying amount | Fair Value      | Level 1      | Level 2         | Level 3 |
| <b>Financial assets at fair value reported in the Income Statement</b> |                 |                 |              |                 |         |
| Unicredit securities   | 1,330           | 1,330           | 1,330        |                 |         |
| <b>Total</b>   | <b>1,330</b>    | <b>1,330</b>    | <b>1,330</b> | -               | -       |
| <b>Financial liabilities at amortised cost</b>                         |                 |                 |              |                 |         |
| Bonds  | (24,781)        | (24,781)        |              | (24,781)        |         |
| Floating rate borrowings   | (9,586)         | (9,586)         |              | (9,586)         |         |
| Fixed rate borrowings  | (7,937)         | (7,937)         |              | (7,937)         |         |
| <b>Total</b>   | <b>(42,304)</b> | <b>(42,304)</b> | -            | <b>(42,304)</b> | -       |
| <b>Derivative financial instruments</b>                                |                 |                 |              |                 |         |
| Effective hedging derivatives  | (219)           | (219)           |              | (219)           |         |
| Derivatives not designated as hedges                                   | (38)            | (38)            |              | (38)            |         |
| <b>Total</b>   | <b>(257)</b>    | <b>(257)</b>    | -            | <b>(257)</b>    | -       |
| <b>31 March 2020</b>   |                 |                 |              |                 |         |
|  | Carrying amount | Fair Value      | Level 1      | Level 2         | Level 3 |
| <b>Financial assets at fair value reported in the Income Statement</b> |                 |                 |              |                 |         |
| Unicredit securities   | 1,315           | 1,315           | 1,315        |                 |         |
| <b>Total</b>   | <b>1,315</b>    | <b>1,315</b>    | <b>1,315</b> | -               | -       |
| <b>Financial liabilities at amortised cost</b>                         |                 |                 |              |                 |         |
| Bonds  | (24,751)        | (24,751)        |              | (24,751)        |         |
| Floating rate borrowings   | (15,956)        | (15,956)        |              | (15,956)        |         |
| Fixed rate borrowings  | (9,714)         | (9,714)         |              | (9,714)         |         |
| <b>Total</b>   | <b>(50,421)</b> | <b>(50,421)</b> | -            | <b>(50,421)</b> | -       |
| <b>Derivative financial instruments</b>                                |                 |                 |              |                 |         |
| Effective hedging derivatives  | (277)           | (277)           |              | (277)           |         |
| Derivatives not designated as hedges                                   | (35)            | (35)            |              | (35)            |         |
| <b>Total</b>   | <b>(312)</b>    | <b>(312)</b>    | -            | <b>(312)</b>    | -       |

Management verified that the fair value of cash and cash equivalents and short-term deposits, trade receivables and payables, bank overdrafts and other current liabilities approximates the book value as a result of the short-term maturities of these instruments.

## 6. INTANGIBLE ASSETS

Intangible assets, as detailed in the table below, amounted to Euro 3,710 thousand as at 31 March 2021.

|                                 | Concessions, licences and trademarks |
|---------------------------------|--------------------------------------|
| <b>Historical cost</b>          |                                      |
| As at 1 January 2021            | 12,688                               |
| Increases                       | 41                                   |
| Disposals                       | -                                    |
| As at 31 March 2021             | 12,729                               |
| <b>Accumulated depreciation</b> |                                      |
| As at 1 January 2021            | (8,758)                              |
| Amortisation in the period      | (261)                                |
| Increases                       | -                                    |
| Disposals                       | -                                    |
| As at 31 March 2021             | (9,019)                              |
| <b>Net book value</b>           |                                      |
| As at 1 January 2021            | 3,930                                |
| As at 31 March 2021             | 3,710                                |

The comparative table for 2020 is provided below:

|                                 | Concessions, licences and trademarks |
|---------------------------------|--------------------------------------|
| <b>Historical cost</b>          |                                      |
| As at 1 January 2020            | 12,529                               |
| Increases                       | 162                                  |
| Disposals                       | (3)                                  |
| As at 31 December 2020          | 12,688                               |
| <b>Accumulated amortisation</b> |                                      |
| As at 1 January 2020            | (7,721)                              |
| Amortisation in the year        | (1,033)                              |
| Increases                       | (7)                                  |
| Disposals                       | 3                                    |
| As at 31 December 2020          | (8,758)                              |
| <b>Net book value</b>           |                                      |
| As at 1 January 2020            | 4,808                                |
| As at 31 December 2020          | 3,930                                |

The item "Concessions, licences, trademarks and similar rights" refers mainly to the value of the U Power, Jallatte, Aimont, and Lupos trademarks, relating to the products sold by the Group in the safety footwear and clothing sector.

The value of the Aimont, Lupos trademarks and other minor trademarks, totalling Euro 1,272 thousand, corresponds to the purchase value net of the amortisation already incurred. The value of the U-Power and Jallatte trademarks reported

in the financial statements amounts, respectively, to Euro 934 thousand and Euro 1,341 thousand, net of amortisation for the period.

As regards trademarks, considered by management as assets with definite useful life and amortised over 10 years, no indicators of impairment or indicators that could identify a different useful life from the current one emerged during the period, based on future plans.

## 7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, as detailed in the table below, amounted to Euro 27,952 thousand as at 31 March 2021.

|                                 | Land and buildings | Plant and equipment & Industrial and commercial equipment | Other assets | Total    |
|---------------------------------|--------------------|---|--------------|----------|
| <b>Historical cost</b>          |                    |   |              |          |
| As at 1 January 2021            | 16,419             | 38,180  | 2,449        | 57,049   |
| Increases                       | 7                  | 831   | 49           | 887      |
| Reclassifications               | -                  | -   | -            | -        |
| As at 31 March 2021             | 16,426             | 39,011  | 2,499        | 57,936   |
| <b>Accumulated amortisation</b> |                    |   |              |          |
| As at 1 January 2021            | (4,523)            | (22,661)  | (1,800)      | (28,984) |
| Depreciation in the period      | (168)              | (767)   | (65)         | (1,000)  |
| As at 31 March 2021             | (4,691)            | (23,428)  | (1,865)      | (29,984) |
| <b>Net book value</b>           |                    |   |              |          |
| As at 1 January 2021            | 11,897             | 15,519  | 650          | 28,065   |
| As at 31 March 2021             | 11,735             | 15,583  | 634          | 27,952   |

The comparative table for 2020 is provided below:

|                                 | Land and buildings | Plant and equipment & Industrial and commercial equipment | Other assets | Total    |
|---------------------------------|--------------------|---|--------------|----------|
| <b>Historical cost</b>          |                    |   |              |          |
| As at 1 January 2020            | 16,348             | 33,614  | 2,188        | 52,150   |
| Increases                       | 71                 | 4,407   | 421          | 4,899    |
| Reclassifications               | -                  | 159   | (159)        | -        |
| As at 31 December 2020          | 16,419             | 38,180  | 2,449        | 57,049   |
| <b>Accumulated amortisation</b> |                    |   |              |          |
| As at 1 January 2020            | (3,854)            | (19,423)  | (1,573)      | (24,850) |
| Amortisation in the year        | (669)              | (3,239)   | (226)        | (4,134)  |
| As at 31 December 2020          | (4,523)            | (22,661)  | (1,800)      | (28,984) |
| <b>Net book value</b>           |                    |   |              |          |
| As at 1 January 2020            | 12,494             | 14,191  | 614          | 27,300   |
| As at 31 December 2020          | 11,897             | 15,519  | 650          | 28,065   |

The item "Land and buildings" mainly contains the values relating to buildings located in Tunisia, amounted to Euro 11,584 thousand as at 31 March 2021; the remainder amount relates to the buildings of Jallatte.

The majority of plants, machinery and equipment are located in the Tunisian production facilities for a value of Euro 13,935 thousand, partly in the logistics plant of the subsidiary U-Logistics for Euro 652 thousand, partly for the modelling department located in Italy for Euro 734 thousand and, only to a marginal degree, in the production facility of the French subsidiary Jallatte for Euro 251

thousand. The increases in the period are due primarily to the acquisitions of plant and equipment for the facilities in Tunisia. Industrial and commercial equipment relate predominantly to moulds and production equipment in the Tunisian subsidiaries.

The item "Other tangible assets" mainly includes IT material, office furniture and vehicles.

No indicators of impairment or indicators that could identify a different useful life from the current one emerged during the period, based on future plans.

## 8. RIGHTS OF USE ASSETS

With the application of IFRS 16 concerning rights of use and lease agreements, the statement of financial position included a value of Euro 5,661 thousand, net of amortisation calculated for the period.

Details are provided in the table below:

|                                 | Right of use -<br>Properties | Right of use - Industrial<br>and commercial<br>equipment | Right of use -<br>Cars | Total   |
|---------------------------------|------------------------------|--|------------------------|---------|
| <b>Historical cost</b>          |                              |  |                        |         |
| As at 1 January 2021            | 5,990                        | 2,686  | 735                    | 9,411   |
| Increases                       |                              |  |                        |         |
| Disposals                       | -                            | (19)   | (250)                  | (269)   |
| As at 31 March 2021             | 5,990                        | 2,667  | 485                    | 9,142   |
| <b>Accumulated amortisation</b> |                              |  |                        |         |
| As at 1 January 2021            | (1,036)                      | (1,841)  | (529)                  | (3,406) |
| Depreciation in the period      | (164)                        | (80)   | (24)                   | (268)   |
| Disposals                       | -                            | 19   | 174                    | 193     |
| As at 31 March 2021             | (1,200)                      | (1,902)  | (379)                  | (3,481) |
| <b>Net book value</b>           |                              |  |                        |         |
| As at 1 January 2021            | 4,954                        | 846  | 207                    | 6,005   |
| As at 31 March 2021             | 4,790                        | 765  | 106                    | 5,661   |

The comparative table for 2020 is provided below:

|                                 | Right of use -<br>Properties | Right of use - Industrial<br>and commercial<br>equipment | Right of use -<br>Cars | Total   |
|---------------------------------|------------------------------|--|------------------------|---------|
| <b>Historical cost</b>          |                              |  |                        |         |
| As at 1 January 2020            | 6,199                        | 2,632  | 937                    | 9,768   |
| Increases                       | 3,829                        | 58   | 49                     | 3,936   |
| Disposals                       | (4,037)                      | (5)  | (251)                  | (4,293) |
| As at 31 December 2020          | 5,990                        | 2,686  | 735                    | 9,411   |
| <b>Accumulated amortisation</b> |                              |  |                        |         |
| As at 1 January 2020            | (1,231)                      | (1,504)  | (563)                  | (3,299) |
| Amortisation in the year        | (645)                        | (341)  | (202)                  | (1,188) |
| Disposals                       | 840                          | 5  | 237                    | 1,081   |
| As at 31 December 2020          | (1,036)                      | (1,840)  | (528)                  | (3,406) |
| <b>Net book value</b>           |                              |  |                        |         |
| As at 1 January 2020            | 4,967                        | 1,128  | 374                    | 6,469   |
| As at 31 December 2020          | 4,954                        | 846  | 207                    | 6,005   |

The item relating to the right of use for properties mainly refers to the logistics plant of the subsidiary U-Logistics and to the offices used by the other European companies.

## 9. DEFERRED TAX ASSETS AND LIABILITIES

Details of deferred tax assets and liabilities are provided below:

|   | 31.03.2021                      |                   |               | 31.12.2020                      |        |               |
|---|---------------------------------|-------------------|---------------|---------------------------------|--------|---------------|
|   | Amount of temporary differences | Rate              | Tax effect    | Amount of temporary differences | Rate   | Tax effect    |
| Derivatives   | 257                             | 24.00%            | 62            | 312                             | 24.00% | 75            |
| Inventory write-down  | 2,342                           | 24.00%            | 562           | 2,825                           | 24.00% | 678           |
| Provisions for losses on receivables                            | 147                             | 24.00%            | 35            | 147                             | 24.00% | 35            |
| Tax losses - Jallatte   | 24,403                          | 25.00%            | 6,101         | 25,830                          | 25.00% | 6,458         |
| Temporary differences in services provided                      | 412                             | 24.00%            | 99            | 412                             | 24.00% | 99            |
| Exchange losses from translation                                | 55                              | 24.00%            | 13            | 70                              | 24.00% | 17            |
| IFRS adjustment of TFR (employee severance indemnity)           | 198                             | 24.00%            | 47            | 198                             | 24.00% | 47            |
| TAX AUTH.   | 457                             | 27.90%            | 128           | 457                             | 27.90% | 128           |
| Revaluation of trademarks and patents                           | 27,123                          | 27.90%            | 7,567         | 27,998                          | 27.90% | 7,811         |
| Consolidation entries   | 2,901                           | 27.90%            | 810           | 3,113                           | 27.90% | 868           |
| <b>Subtotal Deferred tax assets</b>                             |                                 |                   | <b>15,424</b> |                                 |        | <b>16,216</b> |
| Amortisation of intangible fixed assets                         | 2,275                           | 27.90%            | 635           | 2,635                           | 27.90% | 735           |
| Gains from translation  | 33                              | 24.00%            | 8             | 52                              | 24.00% | 12            |
| Leasing   | 217                             | 27.90%            | 61            | 7                               | 27.90% | 2             |
| Taxation of retained earnings to be distributed by subsidiaries | 12,949                          | 17.00%            | 2,201         | 12,052                          | 17.00% | 2,049         |
| Dividends resolved by subsidiaries and uncollected              | 1,657                           | 12.00%-<br>24.00% | 261           | 1,137                           | 12.00% | 136           |
| <b>Subtotal deferred tax liabilities</b>                        |                                 |                   | <b>3,166</b>  |                                 |        | <b>2,935</b>  |
| <b>Total net deferred tax assets</b>                            |                                 |                   | <b>12,258</b> |                                 |        | <b>13,281</b> |

The main amount of deferred tax assets refers to the tax relevance of the revaluation of the patent concerning "Energising safety shoe" and of the U-Power trademark carried out by the parent company in its financial statements drawn up in accordance with the OIC accounting standards pursuant to Law 126/20 and which led to the recognition of deferred tax assets at consolidated level and which are reduced by the tax benefit obtained.

The item Jallatte tax losses decreased due to their use in consideration of the profits of Jallatte.

The amount relating to the consolidation entries refers mainly to the elimination of intercompany profits present in inventories at period-end.

The subtotal of the provision for deferred tax liabilities is composed primarily of provisions for withholdings at source of the Tunisian companies and taxes on dividends

that will be distributed by said companies, plus deferred taxes generated as a result of the allocation to trademarks of the differences generated during the phase of first-time consolidation on the French (Jallatte) and Italian (U Group and U-Logistics) branches, and leasing entries.

Management has positively assessed, based on the business plans prepared, the recoverability of deferred tax assets, considering all possible evidence, both negative and positive, based on the timing and amount of future taxable income, future tax planning strategies and the tax rates in force at the time of their reversal.

The amounts relating to deferred tax assets are shown net of deferred liabilities, as they refer to income taxes applied by the same tax jurisdiction and the time horizon of absorption of the temporary differences between deferred tax assets and liabilities is homogeneous.

## 10. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets amounted to Euro 1,365 thousand. Non-significant equity investments in other companies are not consolidated and are valued at cost, considered similar to fair value. The item includes Bonds issued by Unicredit Spa for a total amount of Euro 1,330 thousand, in addition to the usual security deposits and minor equity investments. For all information on fair value, please refer to note 5. The bonds are subject to pledge in favour of Unicredit as part of the Mini-bond issued by the company in 2020.

## 11. INVENTORIES

The composition of inventories at the date of period-end is reported below.

| Inventories                                 | 31 March 2021 | 31 December 2020 |
|---|---------------|------------------|
| Raw, ancillary and consumable materials     | 15,505        | 14,654           |
| Work in progress and semi-finished products | 8,059         | 8,500            |
| Finished products and goods                 | 27,296        | 27,916           |
| <b>Total</b>                                | <b>50,860</b> | <b>51,070</b>    |

The value of inventories is shown net of a provision for obsolescence, whose amount is highlighted in the table below:

|                      | Provision for inventory write-down |
|----------------------|------------------------------------|
| As at 1 January 2021 | 10,326                             |
| Reduction            | (577)                              |
| As at 31 March 2021  | 9,749                              |

The value of inventories as at 31 March 2021 did not undergo any particular changes with respect to the close of the previous year.

## 12. TRADE RECEIVABLES

Receivables due from customers as at 31 March 2021 totalled Euro 46,400 thousand, net of the associated bad debt provision of Euro 968 thousand. This item is composed entirely of receivables due within the next financial year.

The table below shows the breakdown of receivables due from customers by geographical area:

|                   | 31 March 2021 | 31 December 2020 |
|-------------------|---------------|------------------|
| Italian customers | 32,140        | 38,702           |
| EU customers      | 13,495        | 12,039           |
| Non-EU customers  | 765           | 769              |
| <b>Total</b>      | <b>46,400</b> | <b>51,510</b>    |

The following table breaks down the concentration of trade receivables as at 31 March 2021 and 31 December 2020:

|                                | 31 March 2021 | inc. %        | 31 December 2020 | inc. %        |
|--------------------------------|---------------|---------------|------------------|---------------|
| First customer                 | 1,885         | 4.1%          | 1,096            | 2.1%          |
| Top five customers             | 4,392         | 9.5%          | 3,310            | 6.4%          |
| Top ten customers              | 6,000         | 12.9%         | 5,343            | 10.4%         |
| <b>Total trade receivables</b> | <b>46,400</b> | <b>100.0%</b> | <b>51,510</b>    | <b>100.0%</b> |

The breakdown of the Group's trade receivables as at 31 March 2021 and 31 December 2020 by maturity is shown below:

|                                     | 31 March 2021 | inc. % | 31 December 2020 | inc. % |
|-------------------------------------|---------------|--------|------------------|--------|
| Falling due receivables             | 45,060        | 97.1%  | 49,959           | 97.0%  |
| Past due within 30 days             | 1,031         | 2.2%   | 731              | 1.4%   |
| Past due within 30 days and 60 days | 517           | 1.1%   | 579              | 1.1%   |
| Past due within 60 days and 90 days | 101           | 0.2%   | 149              | 0.3%   |
| Past due after 90 days              | 659           | 1.4%   | 1,034            | 2.0%   |
| Bad debt provision                  | (968)         | -2.1%  | (941)            | -1.8%  |
| <b>Total trade receivables</b>      | <b>46,400</b> |        | <b>51,510</b>    |        |

The movement in the bad debt provision is reported below:

|                                 | Bad debt provision |
|---------------------------------|--------------------|
| As at 1 January 2020            | 836                |
| Utilisation - 2020              | (199)              |
| Provision - 2020                | 303                |
| As at 1 January 2021            | 941                |
| Use in the period - 2021        | (13)               |
| Allocation in the period - 2021 | 40                 |
| As at 31 March 2021             | 968                |

### 13. RECEIVABLES FROM RELATED PARTIES

Please refer to point 37 of these notes for details on the receivables in question.

### 14. TAX RECEIVABLES

The breakdown of the item at the date of period-end is reported below.

|                   | 31 March 2021 | 31 December 2020 |
|-------------------|---------------|------------------|
| VAT credits       | 339           | 493              |
| Other tax credits | 431           | 533              |
| <b>Total</b>      | <b>770</b>    | <b>1,026</b>     |

### 15. OTHER CURRENT ASSETS

|                       | 31 March 2021 | 31 December 2020 |
|-----------------------|---------------|------------------|
| Security deposits     | 59            | 59               |
| Advances to suppliers | 3,375         | 2,554            |
| Other receivables     | 2,068         | 2,036            |
| <b>Total</b>          | <b>5,502</b>  | <b>4,649</b>     |

The item 'Other receivables' refers primarily to the receivables due from the Tunisian National Social Security Fund.

## 16. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

The breakdown of the item at the date of period-end is reported below together with the breakdown of cash and cash equivalents, according to the currency in which it is denominated.

|               | 31 March 2021 | 31 December 2020 |
|---------------|---------------|------------------|
| Bank deposits | 37,868        | 37,981           |
| Cash          | 6             | 8                |
| <b>Total</b>  | <b>37,874</b> | <b>37,989</b>    |

|  | 31 March 2021 | % Incidence | 31 December 2020 | % Incidence |
|--|---------------|-------------|------------------|-------------|
| EUR                                    | 36,795        | 97.1%       | 37,778           | 99.4%       |
| TND                                    | 1,009         | 2.7%        | 35               | 0.1%        |
| GBP                                    | 69            | 0.2%        | 175              | 0.5%        |
| USD                                    | 1             | 0.0%        | 1                | 0.0%        |
| <b>Total cash and cash equivalents</b> | <b>37,874</b> |             | <b>37,989</b>    |             |

The balance represents the cash and cash equivalents and the existence of cash and assets fully available at the date of year-end. There are no restrictions or constraints on the use of cash and cash equivalents, with the exception of a current account pledged for Euro 3,951 in favour of Unicredit as part of the Mini-Bond issued by the company in 2020.

The change with respect to the close as at 31/12/2020 is not significant.

Please refer to the statement of cash flows for details of the movements that occurred.

## 17. SHAREHOLDERS' EQUITY

At the date of year-end, the fully subscribed and paid-in share capital amounted to Euro 10,000 thousand.

Shareholders' equity as at 31 March 2021 and 31 December 2020 is broken down below:

Values in thousands of Euro

|                                | Change        |               |                |                |
|--------------------------------|---------------|---------------|----------------|----------------|
|                                | 31.03.2021    | 31.12.2020    | 2021 vs 2020   | 2021 vs 2020 % |
| Share capital                  | 10,000        | 10,000        | 0              | 0.0%           |
| Other reserves                 | 4,293         | 4,188         | 105            | 2.5%           |
| Capital contributions reserves | 8,600         | 8,600         | 0              | 0.0%           |
| Retained earnings              | 45,299        | 22,359        | 22,940         | 102.6%         |
| Profit for the period          | 8,761         | 33,007        | (24,246)       | -73.5%         |
| Group Shareholders' Equity     | 76,953        | 78,154        | (1,201)        | -1.5%          |
| Minority interest              | -             | -             | -              | -              |
| <b>Total Equity</b>            | <b>76,953</b> | <b>78,154</b> | <b>(1,201)</b> | <b>-1.5%</b>   |

Group equity as at 31 March 2021 amounted to Euro 76,953 thousand (Euro 78,154 thousand as at 31 December 2020), marking a decrease of Euro 1,201 thousand, attributable to the combined effect of (i) the profit for the first quarter of 2021 amounting to Euro 8,761 thousand, (ii) the distribution of dividends of Euro 10,000 thousand, (iii) the change

in cash flow hedge reserves for Euro 38 thousand relating to the hedging derivative contracts signed by the Group.

The item Other reserves as at 31 March 2021 and 31 December 2020, with the related changes during the year, is broken down below.

Values in thousands of Euro

|  | Change       |              |              |                |
|--|--------------|--------------|--------------|----------------|
|  | 31.03.2021   | 31.12.2020   | 2021 vs 2020 | 2021 vs 2020 % |
| Legal reserve                          | 2,000        | 1,933        | 67           | 3.5%           |
| Premium reserve                        | 3,517        | 3,517        | -            | 0.0%           |
| Retained earnings and actuarial losses | (100)        | (100)        | -            | 0.0%           |
| FTA reserve                            | (951)        | (951)        | -            | 0.0%           |
| Hedging reserve                        | (173)        | (211)        | 38           | -18.0%         |
| <b>Total other reserves</b>            | <b>4,293</b> | <b>4,188</b> | <b>105</b>   |                |

The item other reserves recorded a balance of Euro 4,293 thousand and Euro 4,188 thousand, respectively, for the periods ended as at 31 March 2021 and 31 December 2020.

For the purposes of managing the Group's capital, it has been defined that this includes the issued share capital, the share premium reserve and all other capital reserves attributable to the shareholders of the parent company. The primary objective of capital management is to maximise shareholder value.

The Group manages the capital structure and makes adjustments based on the economic conditions and the requirements of financial covenants. In order to maintain or adjust the capital structure, the Group could intervene on

the dividends paid, and repay the capital. The Group controls equity using a gearing ratio, consisting of the ratio of net financial indebtedness to shareholders' equity. The Group's policy is to keep this ratio below 0.7.

| Capital management                                  | 31.03.2021    | 31.12.2020    |
|---|---------------|---------------|
| Non-current financial liabilities                   | 32,432        | 35,779        |
| Current financial liabilities                       | 16,045        | 21,203        |
| (Cash and cash equivalents and short-term deposits) | (37,874)      | (37,989)      |
| <b>Net financial indebtedness (A)</b>               | <b>10,603</b> | <b>18,993</b> |
| <b>Shareholders' equity (B)</b>                     | <b>76,953</b> | <b>78,154</b> |
| <b>Gearing ratio (A/B)</b>                          | <b>0.14</b>   | <b>0.24</b>   |

In order to achieve this objective, the Group's capital management aims, among other things, to ensure that the covenants, linked to interest-bearing financing and loans, which define the capital structure requirements, are respected. Violations of the covenants would allow banks to request immediate repayment of loans and financing.

There were no violations in the covenants linked to interest-bearing financing and loans.

During the periods ended 31 March 2021 and 31 December 2020, no changes were made to the objectives, policies and procedures for the capital management.

## 18. EMPLOYEE SEVERANCE INDEMNITY AND OTHER PROVISIONS RELATING TO PERSONNEL

The movement in the provision during the period was as follows:

|                            |       |
|----------------------------|-------|
| As at 1 January 2020       | 923   |
| Provisions                 | 160   |
| Utilisations               | (89)  |
| Interest                   | 7     |
| Actuarial gains and losses | 13    |
| As at 31 December 2020     | 1,014 |
| Provisions                 | 69    |
| Utilisations               | (11)  |
| As at 31 March 2021        | 1,072 |

The measurement of Employee severance indemnity for IAS purposes follows the method of projection of the present value of the defined benefit obligation with the estimate of the benefits accrued by personnel.

Following the amendments introduced by Law no. 296 of 27 December 2006 ("2007 Finance Bill") and subsequent decrees and implementing regulations, amounts of employee severance indemnity accrued up to 31 December 2006 will continue to remain with the company as they represent a

defined benefit plan (obligation for benefits accrued subject to actuarial evaluation), while amounts accruing from 1 January 2007, due to the decisions made by the employees during the year, will be allocated to forms of complementary pension or transferred from the company to the treasury provision managed by INPS (Italian National Social Security Institution), as they represent, from the moment the decision is formalised by the employee, defined contribution plans (no longer subject to actuarial evaluation).

## 19. PROVISION FOR RISKS AND CHARGES

The item 'Provisions for risks and charges' is detailed hereunder:

|   | 31 March 2021 | 31 December 2020 |
|---|---------------|------------------|
| Provision for pension and similar obligations             | 2,393         | 2,274            |
| Other provisions for risks                                | 2,813         | 2,778            |
| <b>Total non-current provisions for risks and charges</b> | <b>5,206</b>  | <b>5,052</b>     |

The provision for pension and similar obligations refers to the pension provision and compensation to employees of the French branch amounting to roughly Euro 469 thousand and the compensation for the termination of agent contracts for Euro 1,924 thousand of the subsidiary U Group.

The item 'Other provisions' refers mainly to risks on employee contributions of the Tunisian branch for around Euro 2.3 million, as well as pending legal proceedings concerning the French company Jallatte, whose risk of being the losing party has been estimated as likely.

The movement of the provisions during the period was as follows:

|                                 | Provision for pension and similar obligations | Other provisions for risks | Total        |
|---------------------------------|---|----------------------------|--------------|
| <b>As at 1 January 2020</b>     | <b>1,718</b>                                  | <b>2,919</b>               | <b>4,637</b> |
| Utilisation - 2020              | (65)  | -                          | (65)         |
| Provision - 2020                | 621   | -                          | 621          |
| Exchange rate effect            | -   | (141)                      | (141)        |
| <b>As at 1 January 2021</b>     | <b>2,274</b>                                  | <b>2,778</b>               | <b>5,052</b> |
| Utilisation - 2021              | -   | -                          | -            |
| Allocation in the period - 2021 | 119   | -                          | 119          |
| Exchange rate effect            | -   | 35                         | 35           |
| <b>As at 31 March 2021</b>      | <b>2,393</b>                                  | <b>2,813</b>               | <b>5,206</b> |

## 20. FINANCIAL LIABILITIES

Financial liabilities are detailed below:

|  | 31 March 2021 | 31 December 2020 |
|--|---------------|------------------|
| Bank bonds                                     | 5,505         | 3,627            |
| Payables due to banks                          | 9,505         | 16,432           |
| Payables for rights of use                     | 1,035         | 1,144            |
| <b>Total current financial liabilities</b>     | <b>16,045</b> | <b>21,203</b>    |
| Bank bonds                                     | 19,276        | 21,125           |
| Payables due to banks                          | 8,018         | 9,237            |
| Payables for rights of use                     | 4,881         | 5,105            |
| Derivative financial instruments               | 257           | 312              |
| <b>Total non-current financial liabilities</b> | <b>32,432</b> | <b>35,779</b>    |
| <i>Total financial liabilities</i>             | <i>48,477</i> | <i>56,982</i>    |

|                      | Payables due to banks<br>and bonds | Payables for rights<br>of use | Derivative financial<br>instruments |
|----------------------|------------------------------------|-------------------------------|-------------------------------------|
| As at 1 January 2021 | 50,421                             | 6,249                         | 312                                 |
| Cash flows           | (8,117)                            | (333)                         |                                     |
| Change in fair value |                                    |                               | (55)                                |
| As at 31 March 2021  | 42,304                             | 5,916                         | 257                                 |
| of which current     | 15,010                             | 1,035                         | -                                   |
| of which non-current | 27,294                             | 4,881                         | 257                                 |

## 20.1. PAYABLES DUE TO BANKS AND BONDS

Bank payables are broken down by nature below:

| Company                           | Institute        | Description                    | Currency | Start date | Expiry date   | Initial loan in Euro | Balance to be repaid in Euro | Interest rate Fixed/variable                        | Instalment maturity |
|-----------------------------------|------------------|--------------------------------|----------|------------|---------------|----------------------|------------------------------|---|---------------------|
| U-POWER GROUP S.P.A.              | UBI              | Unsecured Loan                 | Euro     | 18/02/2020 | 18/02/2023    | 5,000                | 4,039                        | 1% - fixed  | Monthly             |
| U-POWER GROUP S.P.A.              | Banca Sella      | Unsecured loan                 | Euro     | 20/11/2019 | 20/11/2021    | 1,500                | 502                          | 0.5% - fixed  | Monthly             |
| U-POWER GROUP S.P.A.              | IBM              | Unsecured Loan                 | Euro     | 01/03/2020 | 28/02/2022    | 52                   | 23                           | n.a.  | Quarterly           |
| U-Group S.r.l.                    | Banco Desio      | Unsecured loan                 | Euro     | 25/07/2019 | 10/08/2023    | 1,000                | 733                          | 0.95% - fixed                                       | Monthly             |
| U-Group S.r.l.                    | Banco BPM        | Unsecured Loan                 | Euro     | 22/10/2019 | 30/12/2022    | 1,000                | 587                          | 0.9% - fixed  | Quarterly           |
| U-Group S.r.l.                    | Bnl              | Mini mortgage production cycle | Euro     | 16/05/2019 | 17/05/2021    | 3,000                | 1,333                        | 0.85% - fixed                                       | Monthly             |
| U-Group S.r.l.                    | Banca Sella      | Unsecured loan                 | Euro     | 17/04/2020 | 17/09/2021    | 250                  | 125                          | 0.35% - fixed                                       | Monthly             |
| U-Group S.r.l.                    | Intesa San Paolo | Unsecured Loan                 | Euro     | 05/06/2020 | 05/12/2021    | 3,500                | 2,627                        | 0.75% - fixed                                       | Monthly             |
| U-Group S.r.l.                    | BNL Mediocredito | Medium/long-term Loan          | Euro     | 12/09/2020 | 09/09/2026    | 5,000                | 5,000                        | Euribor 3M + 90 bps - variable - hedging derivative | Quarterly           |
| U-Group S.r.l.                    | Banco BPM        | Unsecured Loan                 | Euro     | 22/04/2020 | 30/06/2022    | 2,000                | 2,000                        | 1.05% - fixed                                       | Quarterly           |
| <b>Medium/long-term bank loan</b> |                  |                                |          |            |               |                      | <b>16,969</b>                |   |                     |
| U-Group S.r.l.                    | Banco Desio      | Advances subject to collection | Euro     | 27/09/2018 | By revocation | 1,200                | 524                          | n.a.  | n.a.                |
| U-Group S.r.l.                    | Credem           | Advances subject to collection | Euro     | 24/10/2019 | By revocation | 2,500                | -                            | n.a.  | n.a.                |
| Diversi                           | Diversi          | Advance lines                  | Euro     |            |               |                      | 30                           | n.a.  | n.a.                |
| <b>Current bank loan</b>          |                  |                                |          |            |               |                      | <b>554</b>                   |   |                     |
| <b>Bank Loan</b>                  |                  |                                |          |            |               |                      | <b>17,523</b>                |   |                     |

The balance of payables due to banks and bonds as at 31 March 2021 totalled Euro 42,304 thousand, a reduction of Euro 8,117 thousand compared to the close as at 31 December 2020 and represents the actual payable in principal, interest and additional charges accrued and due to banks.

It should be noted that the debt securities are guaranteed by a pledge contract on financial assets (securities and amounts deposited on current accounts) owned by the Company for a total value of at least Euro 5,000 thousand. More specifically:

- Pledge on securities recorded as financial fixed assets for Euro 1,330 thousand.
- Pledge on amounts deposited in a current account with Uni-credit Spa with a balance as at 31 March 2021 of Euro 3,951 thousand.

The debt security was recorded under "Bonds - expiring within and after 12 months".

The book value was determined on the basis of the amortised cost criterion.

It should also be noted that the aforementioned contracts are subject to economic/financial parameters; a check

is performed annually following approval of the financial statements to ensure the financial covenants are met, and no violation of these covenants was verified.

It should be noted that there are unused credit lines for approximately Euro 27 million.

## 20.2 PAYABLES FOR RIGHTS OF USE

The item refers to payables relating to rights of use and leasing recognised in the financial statements, as required by IFRS 16.

## 20.3 DERIVATIVE FINANCIAL INSTRUMENTS

In order to hedge the loans in place, the company stipulated hedging derivatives in the form of Interest Rate Swaps. These transactions are cash flow hedges of the loans in place, falling within the scope of hedge accounting.

For more details relating to derivative financial instruments, please refer to note 5.

## 21. TRADE PAYABLES

Payables due to suppliers are recorded net of trade discounts; cash discounts are instead recognised at the moment of payment. The nominal value of these payables has been adjusted, at the time of returns or rebates, to the extent corresponding to the amount defined with the counterparty.

This item is composed entirely of payables expiring within the next financial year.

The table below shows the breakdown by geographical area:

|                   | 31 March 2021 | 31 December 2020 |
|-------------------|---------------|------------------|
| Italian Suppliers | 23,155        | 30,552           |
| EU Suppliers      | 3,560         | 3,415            |
| Non-EU Suppliers  | 6,704         | 7,848            |
| <b>Total</b>      | <b>33,419</b> | <b>41,815</b>    |

The breakdown of the Group's trade payables as at 31 March 2021 and 31 December 2020 by maturity is shown below:

|                              | 31 March 2021 | % inc. | 31 December 2020 | % inc. |
|------------------------------|---------------|--------|------------------|--------|
| Falling due                  | 30,755        | 92.03% | 38,581           | 92.3%  |
| Past due from 0 to 3 months  | 1,659         | 4.96%  | 1,570            | 3.8%   |
| Past due from 3 to 9 months  | 28            | 0.09%  | 60               | 0.1%   |
| Past due from 9 to 12 months | 13            | 0.04%  | 562              | 1.3%   |
| Past due after 12 months     | 964           | 2.88%  | 1,042            | 2.5%   |
| <b>Total trade payables</b>  | <b>33,419</b> |        | <b>41,815</b>    |        |

## 22. TAX PAYABLES

The breakdown of the item at the date of period-end is reported below.

|                  | 31 March 2021 | 31 December 2020 |
|------------------|---------------|------------------|
| VAT              | 706           | 312              |
| Taxes and duties | 6,965         | 5,931            |
| Tax withholdings | 2,405         | 2,660            |
| <b>Total</b>     | <b>10,076</b> | <b>8,903</b>     |

The increase in the item Taxes and duties is mostly related to the recognition of tax payables for the period and the adjustment of the provision for tax disputes of the Tunisian subsidiaries, treated in compliance with the provisions of IFRIC 23.

## 23. OTHER CURRENT LIABILITIES

The breakdown of the item at the date of period-end is reported below.

|  | 31 March 2021 | 31 December 2020 |
|--|---------------|------------------|
| Payables due to social security and welfare institutions | 1,749         | 2,087            |
| Payables due to employees                                | 2,785         | 2,537            |
| Other payables   | 80            | 95               |
| <b>Total</b>   | <b>4,614</b>  | <b>4,719</b>     |

## 24. REVENUES FROM CONTRACTS WITH CUSTOMERS

The item refers to the typical revenues of the Group, referring entirely to the sale of Safety Footwear and Technical Clothing and is detailed as follows:

|   | 1 <sup>st</sup> quarter<br>of 2021 | % Incidence   | 1 <sup>st</sup> quarter<br>of 2020 | % Incidence   | 2021<br>vs 2020 | 2021<br>vs 2020 % |
|---|------------------------------------|---------------|------------------------------------|---------------|-----------------|-------------------|
| <i>Safety footwear</i>                                  | 45,858                             | 89.2%         | 41,021                             | 96.0%         | 4,837           | 11.8%             |
| of which U-Power trademark                              | 33,365                             | 64.9%         | 26,999                             | 63.2%         | 6,366           | 23.6%             |
| of which Jallatte trademark                             | 6,439                              | 12.5%         | 6,764                              | 15.8%         | -325            | -4.8%             |
| of which Aimont trademark                               | 2,429                              | 4.7%          | 2,452                              | 5.7%          | -23             | -0.9%             |
| of which private label                                  | 3,188                              | 6.2%          | 4,219                              | 9.9%          | -1,031          | -24.4%            |
| of which other sales/other<br>trademarks                | 437                                | 0.9%          | 587                                | 1.4%          | -150            | -25.5%            |
| <i>Technical clothing</i>                               | 5,570                              | 10.8%         | 1,720                              | 4.0%          | 3,850           | 223.9%            |
| of which U-Power trademark                              | 5,570                              | 10.8%         | 1,720                              | 4.0%          | 3,850           | 223.9%            |
| <b>Total revenues from contracts<br/>with customers</b> | <b>51,428</b>                      | <b>100.0%</b> | <b>42,741</b>                      | <b>100.0%</b> | <b>8,687</b>    | <b>20.3%</b>      |
| Total U-Power trademark                                 | 38,934                             | 75.7%         | 28,718                             | 67.2%         | 10,216          | 35.6%             |
| Total Jallatte trademark                                | 6,439                              | 12.5%         | 6,764                              | 15.8%         | -325            | -4.8%             |
| Total Aimont trademark                                  | 2,429                              | 4.7%          | 2,452                              | 5.7%          | -23             | -0.9%             |
| <i>Total private label</i>                              | 3,188                              | 6.2%          | 4,219                              | 9.9%          | -1,031          | -24.4%            |
| Total other sales/other trademarks                      | 437                                | 0.9%          | 587                                | 1.4%          | -150            | -25.5%            |
| <b>Total revenues from contracts<br/>with customers</b> | <b>51,428</b>                      | <b>100.0%</b> | <b>42,741</b>                      | <b>100.0%</b> | <b>8,687</b>    | <b>20.3%</b>      |

Safety Footwear revenues in the first quarter increased from Euro 41,021 thousand as at 31 March 2020 to Euro 45,858 thousand as at 31 March 2021, marking an increase of Euro 4,838 thousand (+11.8%), due to the rise in sales of products with cutting-edge technologies adopted by the Group, such as the Infinergy insert with very high energy return used for example in the Red Lion line. More specifically:

- Revenues from the U-Power trademark, for the Safety Footwear product category, amounted to Euro 33,365 thousand for the period ended as at 31 March 2021, compared to Euro 26,999 thousand in the period closed at 31 March 2020, marking an increase of Euro 6,366 thousand (+23.6%), primarily due to the continuous and constant shifting of sales to medium to high-end models and collections, with contemporary design and equipped with highly innovative and high-performing technical systems;
- Revenues from the Jallatte trademark, for the Safety Foot-

wear product category, amounted to Euro 6,439 thousand for the period ended as at 31 March 2021, compared to Euro 6,764 thousand in the period closed at 31 March 2020, marking a decrease of Euro 325 thousand (-4.8%), predominantly due, on the one hand, to the decline in private label sales and, on the other, the postponement of roughly one week due to IT upgrades at the Jallatte warehouse, which was largely recovered in April;

- Revenues of the Aimont trademark, for the Safety Footwear product category, amounted to Euro 2,429 thousand for the period ended 31 March 2021, compared to Euro 2,452 thousand for the period ended 31 March 2020, showing substantial stability with the previous period;
- Private label revenues, for the Safety Footwear product category, amounted to Euro 3,188 thousand for the period ended 31 March 2021, compared to Euro 4,219 thousand for the period ended 31 March 2020, showing a decrease of Euro 1,031 thousand (-24.4%), due to the replacement of

private label products in favour of the Group's own branded products, which are more profitable;

- Revenues from other sales and other trademarks, for the Safety Footwear product category, mainly include revenues related to minority trademarks, including Auda and Lupos and amounted to Euro 438 thousand for the period ended 31 March 2021, compared to Euro 587 thousand for the period ended 31 March 2020, marking a decrease of Euro 149 thousand.

Revenues of the U-Power trademark, for the Technical Clothing product category, amounted to Euro 5,570 thousand for the period ended 31 March 2021, compared to Euro 1,720 thousand for the period ended 31 March 2020, showing an increase of Euro 3,850 thousand (+223.9%), confirming, and actually improving the growth trend recorded in the previous year, mainly due to the combined effect of the introduction of new items with an attractive design and the strengthening of the trademark as described above.

The breakdown of sales by geographical area, in thousands of Euro, is reported below.

|   | 1 <sup>st</sup> quarter<br>of 2021 | % Incidence   | 1 <sup>st</sup> quarter<br>of 2020 | % Incidence   | 2021 vs<br>2020 | 2021 vs<br>2020 % |
|---|------------------------------------|---------------|------------------------------------|---------------|-----------------|-------------------|
| Italy   | 26,141                             | 50.8%         | 17,175                             | 40,2%         | 8,967           | 52.2%             |
| France  | 17,002                             | 33.1%         | 16,934                             | 39,6%         | 68              | 0.4%              |
| Germany   | 3,005                              | 5.8%          | 3,289                              | 7,7%          | -284            | -8.6%             |
| Spain   | 2,991                              | 5.8%          | 1,940                              | 4,5%          | 1,051           | 54.2%             |
| United Kingdom  | 792                                | 1.5%          | 1,081                              | 2,5%          | -288            | -26.7%            |
| Rest of the world                                       | 1,497                              | 2.9%          | 2,322                              | 5,4%          | -825            | -35.5%            |
| <b>Total revenues from contracts<br/>with customers</b> | <b>51,428</b>                      | <b>100.0%</b> | <b>42,741</b>                      | <b>100,0%</b> | <b>8,688</b>    | <b>20.3%</b>      |

As regards the analysis of revenues from contracts with customers by geographical area:

- Italy continued to be the Group's main market, recording revenues of Euro 26,141 thousand in the period ended 31 March 2021 (50.8% of the total) compared to Euro 17,175 thousand in the period ended 31 March 2020 (40.2% of the total), marking an increase of Euro 8,967 thousand (+52.2%), due to the rising sales of the U-Power trademark that, as described above, is the result of the consolidation of the sale of medium-high-end models and collections and the strategic strengthening of the trademark through advertising investments and sponsorships;
- France steadily represents the Group's second market, recording revenues of Euro 17,002 thousand in the period ended 31 March 2021 (33.1% of the total) and is therefore substantially in line with the Euro 16,934 thousand obtained in the period ended 31 March 2020;
- Germany represents the Group's third market, registering

revenues of Euro 3,005 thousand in the period ended 31 March 2021 (5.8% of the total), compared to Euro 3,289 thousand in the period ended 31 March 2020 (7.7% of the total), marking a decrease of Euro 284 thousand (-8.6%), also due to the effect of the lockdowns in the first quarter; nonetheless, targeted initiatives are planned like those implemented in Italy and Spain, in order to buck the trend from the second half of the current year;

- Spain is the Group's fourth market, recording revenues of Euro 2,991 thousand in the period ended 31 March 2021 (5.8% of the total) compared to Euro 1,940 thousand in the period ended 31 March 2020 (4.5% of the total), marking an increase of Euro 1,051 thousand (+54.2%), proof that the Group's strategy is producing excellent results and that, for Italy, the strengthening of sales of the U-Power trademark through medium-high-end models and collections and through advertising investments, is enabling the Group to record highly significant increases.

## 25. OTHER REVENUES AND INCOME

Other income came to Euro 1,282 thousand, and is broken down as follows:

|                          | 1 <sup>st</sup> quarter of 2021 | 1 <sup>st</sup> quarter of 2020 |
|--------------------------|---------------------------------|---------------------------------|
| Transport reimbursements | 95                              | 83                              |
| Other revenues           | 497                             | 89                              |
| <b>Total</b>             | <b>592</b>                      | <b>172</b>                      |

Other revenues and income amounted to Euro 592 thousand for the period ended 31 March 2021, compared to Euro 172 thousand in the period ended 31 March 2020. The item other revenues mainly includes an indemnity of Euro 350 thousand received for the transfer of the customer portfolio to a new sales agent, capital gains from disposals, lease income and contingent assets due to the cancellation of liabilities relating to previous years.

## 26. PURCHASES OF RAW MATERIALS AND CHANGE IN INVENTORIES

The item 'Costs for purchases of raw materials and change in inventories' is detailed as follows:

|  | 1 <sup>st</sup> quarter of 2021 | 1 <sup>st</sup> quarter of 2020 |
|--|---------------------------------|---------------------------------|
| Purchase of raw materials                | 14,340                          | 13,428                          |
| Purchase of finished products            | 2,062                           | 2,456                           |
| Other purchases                          | 985                             | 757                             |
| Change in inventory of raw materials     | (851)                           | (2,540)                         |
| Change in inventory of finished products | 1,061                           | 1,330                           |
| <b>Total</b>                             | <b>17,597</b>                   | <b>15,431</b>                   |

The increase in purchases is directly related to the growth in sales.  
For comments on the change in inventories, please refer to note 11.

The table below shows purchases and changes in inventories broken down by reference currency, compared to the periods ended 31 March 2021 and 31 March 2020.

|   | 1 <sup>st</sup> quarter of 2021 | % of the total | 1 <sup>st</sup> quarter of 2020 | % of the total |
|---|---------------------------------|----------------|---------------------------------|----------------|
| EUR   | 15,217                          | 86.5%          | 12,714                          | 82.4%          |
| TND   | 474                             | 2.7%           | 510                             | 3.3%           |
| USD   | 1,905                           | 10.8%          | 2,207                           | 14.3%          |
| GBP   | 1                               | 0.0%           | 0                               | 0.0%           |
| <b>Total purchases of raw materials and change in inventories</b> | <b>17,597</b>                   | <b>100.00%</b> | <b>15,431</b>                   | <b>100.00%</b> |

Since the incidence of purchase costs, expressed in currencies other than the euro, on the total purchase costs is approximately 25%, the costs of the Group were not significantly affected by the exchange rate trend.

## 27. PERSONNEL COSTS

The item 'Personnel costs' is detailed as follows:

|                              | 1 <sup>st</sup> quarter of 2021 | 1 <sup>st</sup> quarter of 2020 |
|------------------------------|---------------------------------|---------------------------------|
| Wages and salaries           | 6,818                           | 6,488                           |
| Social security costs        | 1,310                           | 1,248                           |
| Employee severance indemnity | 35                              | 33                              |
| <b>Total</b>                 | <b>8,163</b>                    | <b>7,769</b>                    |

The following table shows the amounts of personnel costs broken down by reference currency, compared to the total amount of these costs for the periods ended 31 March 2021 and 31 March 2020.

|                                | 1 <sup>st</sup> quarter of 2021 | % on total personnel costs | 1 <sup>st</sup> quarter of 2020 | % on total personnel costs |
|--------------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
| EUR                            | 3,080                           | 37.7%                      | 2,721                           | 35.0%                      |
| TND                            | 5,021                           | 61.5%                      | 4,986                           | 64.2%                      |
| GBP                            | 62                              | 0.8%                       | 62                              | 0.8%                       |
| <b>Total personnel expense</b> | <b>8,163</b>                    | <b>100.0%</b>              | <b>7,769</b>                    | <b>100.0%</b>              |

Personnel costs are related primarily to the costs of the production affiliates in Tunisia.

New staff were hired during the period, which led to an increase in the associated costs, together with contractual increases for the employees of the Tunisian plants.

The following table indicates the number of employees, broken down by category at the end of the period:

|  | 31.03.2021   | 31.12.2020   |
|--|--------------|--------------|
| Executives                                 | 17           | 15           |
| White-collar employees and Middle Managers | 148          | 128          |
| Blue-collar workers                        | 4,180        | 4,208        |
| <b>Total</b>                               | <b>4,345</b> | <b>4,351</b> |

## 28. COSTS FOR SERVICES

Cost of services is detailed as follows:

|                              | 1 <sup>st</sup> quarter of 2021 | 1 <sup>st</sup> quarter of 2020 |
|------------------------------|---------------------------------|---------------------------------|
| Marketing                    | 1,902                           | 2,530                           |
| Agent commissions            | 2,560                           | 2,046                           |
| Transport                    | 2,287                           | 1,920                           |
| Other expenses               | 828                             | 478                             |
| Logistics                    | 827                             | 733                             |
| Utilities                    | 606                             | 634                             |
| Advisory services            | 673                             | 468                             |
| Technical advisory services  | 428                             | 395                             |
| Bank charges                 | 138                             | 163                             |
| Travel and transfer expenses | 92                              | 95                              |
| Maintenance                  | 90                              | 151                             |
| Insurance                    | 121                             | 104                             |
| <b>Total</b>                 | <b>10,552</b>                   | <b>9,717</b>                    |

Cost of services increased by roughly Euro 835 thousand compared to the same period of the previous year.

The most significant increases were recognised in agent commissions, logistics and transport and are directly related to increased sales to customers.

Agent commissions increased due to both the increase in turnover and the effect of the shifting of product sales towards the higher end bracket, which therefore involve higher commissions.

The trend in sales, and the improvement in the service offered to customers, also with shipments split into more

batches, also influenced the trend in logistics and transport costs.

The reduction in the item marketing with respect to the budget and the comparative period is attributable to the postponement of the advertising campaigns, which are planned to take place later in the year; it is believed that the advertising budget envisaged for the year will be fully supported in 2021 (if marketing costs were distributed constantly throughout the year, there would be additional costs of around Euro 1.7 million in the first quarter).

## 29. OTHER COSTS AND EXPENSES

Other operating expenses are detailed below:

|                                    | 1 <sup>st</sup> quarter of 2021 | 1 <sup>st</sup> quarter of 2020 |
|------------------------------------|---------------------------------|---------------------------------|
| Other expenses                     | 205                             | 41                              |
| Indirect taxes and duties          | 162                             | 107                             |
| Losses on receivables              | 13                              | -                               |
| Cost for use of third-party assets | 133                             | 94                              |
| <b>Total</b>                       | <b>513</b>                      | <b>242</b>                      |

## 30. DEPRECIATION

The table below shows the details of the Group's depreciation, amortisation and write-downs in the periods ended 31 March 2021 and 31 March 2020.

|   | 1 <sup>st</sup> quarter of 2021 | % total Revenues from contracts with customers | 1 <sup>st</sup> quarter of 2020 | % total Revenues from contracts with customers | 2021 vs 2020 | 2021 vs 2020 % |
|---|---------------------------------|--|---------------------------------|--|--------------|----------------|
| Depreciation of property, plant and equipment | 1,000                           | 1.9%   | 996                             | 2.3%   | 4            | 0.4%           |
| Amortisation of intangible assets             | 261                             | 0.5%   | 256                             | 0.6%   | 4            | 1.7%           |
| Amortisation of the right of use              | 268                             | 0.5%   | 292                             | 0.7%   | -24          | -8.1%          |
| <b>Total depreciation and amortisation</b>    | <b>1,529</b>                    | <b>3.0%</b>                                    | <b>1,544</b>                    | <b>3.8%</b>                                    | <b>-15</b>   | <b>-1.0%</b>   |

The amount of depreciation and amortisation is in line with the previous period.

## 31. WRITE-DOWNS

|                             | 1 <sup>st</sup> quarter of 2021 | % total Revenues from contracts with customers | 1 <sup>st</sup> quarter of 2020 | % total Revenues from contracts with customers | 2021 vs 2020 | 2021 vs 2020 % |
|-----------------------------|---------------------------------|--|---------------------------------|--|--------------|----------------|
| Write-downs of other assets | 27                              | 0.1%   | 64                              | 0.1%   | -37          | -57.8%         |
| <b>Total write-downs</b>    | <b>27</b>                       | <b>0.1%</b>                                    | <b>64</b>                       | <b>0.1%</b>                                    | <b>-37</b>   | <b>-57.8%</b>  |

## 32. FINANCIAL INCOME

Financial income for the period amounted to Euro 11 thousand, and mainly refers to interest income.

## 33. FINANCIAL EXPENSES

Financial expenses are detailed below:

|  | 1 <sup>st</sup> quarter of 2021 | 1 <sup>st</sup> quarter of 2020 |
|--|---------------------------------|---------------------------------|
| Interest and other financial expenses from other companies: interest expense | 171                             | 210                             |
| Interest on leasing  | 51                              | 66                              |
| <b>Total</b>   | <b>222</b>                      | <b>276</b>                      |

The restructuring of the indebtedness carried out in the second half of 2020 brought about a reduction in bank interest expense.

## 34. OTHER NET FINANCIAL INCOME/(EXPENSE)

Other financial income and expenses are detailed below:

|                                 | 1 <sup>st</sup> quarter of 2021 | 1 <sup>st</sup> quarter of 2020 |
|---------------------------------|---------------------------------|---------------------------------|
| Net gains/losses on exchange    | 179                             | (131)                           |
| Revaluation of financial assets | (21)                            | -                               |
| Write-down of financial assets  | -                               | 43                              |
| <b>Total</b>                    | <b>158</b>                      | <b>(88)</b>                     |

The exchange differences relate to both actual gains/losses realised during the quarter and gains/losses recorded at the exchange rate in force at the date of close of the financial statements still not realised.

Assets and liabilities in currency mainly concern the Tunisian affiliates, plus the transactions in Pound sterling relating to the UK market and transactions in USD relating to the importing from Oriental markets of basic safety footwear and workwear. The item also includes write-downs and revaluations of financial assets relating to derivative instruments not recognised under hedge accounting.

## 35. INCOME TAXES

|  | 1 <sup>st</sup> quarter of 2021 | 1 <sup>st</sup> quarter of 2020 |
|--|---------------------------------|---------------------------------|
| Current taxes                                    | 3,498                           | 1,929                           |
| Deferred tax liabilities and deferred tax assets | 1,011                           | 15                              |
| <b>Total</b>                                     | <b>4,509</b>                    | <b>1,944</b>                    |

The increase in current taxes is tied to the improvement in group profit and the increase in the tax rate envisaged for Tunisian affiliates.

The table below shows the reconciliation of the effective tax burden of the Group in the periods ended 31 March 2021 and 31 March 2020.

|  | 1 <sup>st</sup> quarter of 2021 |               | 1 <sup>st</sup> quarter of 2020 |               |
|--|---------------------------------|---------------|---------------------------------|---------------|
| <b>Profit before taxes</b>               | <b>13,269</b>                   |               | <b>7,989</b>                    |               |
| Theoretical tax burden                   | 3,213                           | 24.21%        | 1,671                           | 20.91%        |
| Losses of French subsidiaries (net DTAs) | -                               | -             | (379)                           | -4.74%        |
| Dividends and non-distributable profits  | 279                             | 2.10%         | 369                             | 4.63%         |
| Trademark revaluation                    | 244                             | 1.84%         | -                               | -             |
| Tax risks                                | 411                             | 3.10%         | 42                              | 0.53%         |
| Other permanent differences              | (35)                            | -0.26%        | (31)                            | -0.39%        |
| IRAP                                     | 397                             | 2.99%         | 272                             | 3.40%         |
| <b>Actual tax burden</b>                 | <b>4,509</b>                    | <b>33.98%</b> | <b>1,944</b>                    | <b>24.34%</b> |

## 36. INFORMATION ON THE FINANCIAL RISKS THE GROUP IS EXPOSED TO

To make the impact of financial instruments on the equity and financial position, result of operations and the cash flows of the Group easier to understand, some qualitative information is provided below to facilitate the understanding of the Group's exposure to the various types of risks on the financial instruments in place and the related management policies.

The activities are exposed to various types of risk, including the credit risk and liquidity risk, the exchange rate risk and the interest rate risk.

### CREDIT RISK

Credit risk is the risk of potential losses deriving from the non-fulfilment of obligations undertaken by both commercial and financial counterparties. This risk can be associated with situations of default of the counterparty originating both from technical-commercial factors (e.g. disputes on the nature/quality of the product, on the interpretation of contractual clauses, etc.) and from the circumstance that one of the parties causes a loss to the other party by not fulfilling the obligation. This risk arises with respect to trade receivables, cash and cash equivalents, financial instruments, deposits with banks and other financial institutions.

The type of customers targeted by the Group's products allows the Group to assess the credit risk as medium.

In procedural terms, the credit positions claimed by the Group are periodically monitored to verify compliance with the contractual terms envisaged for payment. The Group has procedures in place to ensure that product sales are carried out to customers with high reliability and high economic-financial strength, taking into account their financial position, past experience and other factors.

### LIQUIDITY RISK

Liquidity risk is defined as the risk that an entity may have difficulty in meeting the obligations associated with financial and commercial liabilities within the pre-set terms and due dates.

The prudent management of the liquidity risk originating from the usual operating activities of the Group that allows an adequate level of cash and cash equivalents to be maintained enables it to assess the liquidity risk as low.

As regards the reconciliation between the liabilities shown in the statement of financial position and the cash flows, as well as the maturity dates of the financial indebtedness, please refer to the tables in Note 20.

Note should also be taken, as detailed in note 20.1, of the unused credit lines.

### INTEREST RATE RISK

The Group is exposed to risks related to interest rate trends linked to financial indebtedness, which it uses, in particular, through medium/long-term loan agreements at floating interest rates.

In the period under review, the Group entered into and activated contracts to hedge against the risk of interest rate fluctuations on medium/long-term loan agreements.

The Group monitors the exposure to the interest rate risk and proposes suitable hedging strategies to contain the exposure within the limits defined by the Group Finance, Administration and Control Department, by entering into the above derivative contracts, if necessary.

A sensitivity analysis is presented below, which shows the effects on the consolidated net result deriving from an increase/decrease in interest rates of 50 basis points com-

pared to the specific interest rates as at 31 March 2021 and 31 December 2020 and of a constant situation of other variables, excluding the effects of hedging derivatives:

| Change                | 31/03/2021 |            | 31/12/2020 |            |
|-----------------------|------------|------------|------------|------------|
|                       | -0.50%     | 0.50%      | -0.50%     | 0.50%      |
| <i>Euro (Euribor)</i> | 0          | 152        | 0          | 181        |
| <b>Total</b>          | <b>0</b>   | <b>152</b> | <b>0</b>   | <b>181</b> |

The sensitivity analysis as at 31 March 2021 and 31 December 2020 for the financial indebtedness of U-POWER GROUP S.P.A. is shown below, which illustrates the potential effects deriving from changes in the interest rate on an annual basis, including the effects of hedging derivatives:

| Change                | 31/03/2021 |          | 31/12/2020 |           |
|-----------------------|------------|----------|------------|-----------|
|                       | -0.50%     | 0.50%    | -0.50%     | 0.50%     |
| <i>Euro (Euribor)</i> | 0          | 3        | 0          | 33        |
| <b>Total</b>          | <b>0</b>   | <b>3</b> | <b>0</b>   | <b>33</b> |

The potential impacts reported above are calculated by taking as a reference the liabilities that represent the most significant part of the debt at the reference date and by calculating, on this amount, the potential effect deriving from the change in interest rates on an annual basis.

The liabilities subject to this analysis include floating-rate financial payables and derivative financial instruments whose value is affected by changes in interest rates.

## EXCHANGE RATE RISK

The Group is present at international level and is therefore exposed to exchange rate risk generated by changes in the value of trade and financial flows in currencies other than the reporting currencies of the individual companies.

The following table shows the amounts and percentage incidences of revenues in foreign currency, broken down by reference currency, compared to the total amount of revenues for the years ended 31 March 2021 and 31 March 2020.

|                                  | 1 <sup>st</sup> quarter of 2021 | % inc.      | 1 <sup>st</sup> quarter of 2020 | % inc.      |
|----------------------------------|---------------------------------|-------------|---------------------------------|-------------|
| EUR                              | 51,359                          | 98.7%       | 42,066                          | 98.0%       |
| GBP                              | 655                             | 1.3%        | 845                             | 2.0%        |
| TND                              | -                               | -           | -                               | -           |
| USD                              | 6                               | 0.0%        | 3                               | 0.0%        |
| <b>Total revenues and income</b> | <b>52,020</b>                   | <b>100%</b> | <b>42,913</b>                   | <b>100%</b> |

Since the incidence of revenues, expressed in currencies other than the euro, on the total revenues and income is not significant, the revenues of the Group were not significantly affected by the exchange rate trend.

The following table shows the amounts of the total purchases of raw materials and changes in inventories broken down by reference currency, compared to the total amount of these costs for the periods ended 31 March 2021 and 31 March 2020.

|   | 1 <sup>st</sup> quarter<br>of 2021 | % of revenues<br>from<br>contracts with<br>customers | 1 <sup>st</sup> quarter<br>of 2020 | % of revenues<br>from<br>contracts with<br>customers |
|---|------------------------------------|--|------------------------------------|--|
| EUR   | 15,217                             | 29.6%  | 12,714                             | 29.7%  |
| TND   | 474                                | 0.9%   | 510                                | 1.2%   |
| USD   | 1,905                              | 3.7%   | 2,207                              | 5.2%   |
| GBP   | 1                                  | 0.0%   | 0                                  | 0.0%   |
| <b>Total purchases of raw materials and change in inventories</b> | <b>17,597</b>                      | <b>34.2%</b>   | <b>15,431</b>                      | <b>36.1%</b>   |

Since the incidence of purchase costs, expressed in currencies other than the euro, on the total purchase costs is insignificant, the costs of the Group were not significantly affected by the exchange rate trend.

The following table shows the amounts of personnel costs broken down by reference currency, compared to the total amount of these costs for the periods ended 31 March 2021 and 31 March 2020.

|                                | 1 <sup>st</sup> quarter<br>of 2021 | % of revenues<br>from<br>contracts with<br>customers | 1 <sup>st</sup> quarter<br>of 2020 | % of revenues<br>from<br>contracts with<br>customers |
|--------------------------------|------------------------------------|--|------------------------------------|--|
| EUR                            | (3,080)                            | 6.0%   | (2,721)                            | 6.4%   |
| TND                            | (5,021)                            | 9.8%   | (4,986)                            | 11.7%  |
| GBP                            | (62)                               | 0.1%   | (62)                               | 0.1%   |
| <b>Total personnel expense</b> | <b>(8,163)</b>                     | <b>15.9%</b>   | <b>(7,769)</b>                     | <b>18.2%</b>   |

The Group therefore believes that the currency balance appears to be balanced, and consequently, during the period under analysis, it did not subscribe financial instruments to hedge the risk of fluctuations in exchange rates with reference to commercial transactions.

In detail, the main exchange rates that affect the Group concern:

- Euro / British Pound Sterling: in relation to commercial transactions carried out by companies operating in the Eurozone on the British market and vice versa;

- Euro / Tunisian Dinar: in relation to commercial transactions carried out by companies operating in the Eurozone on the Tunisian market and vice versa;
- Euro / US Dollar: in relation to commercial transactions carried out by companies operating in the Eurozone on the Asian market and vice versa.

The following table shows, with reference to the main monetary assets and liabilities, the amounts, as at 31 March 2021 and 31 December 2020, of the exposures in

currencies other than the reporting currency of each of the Group companies, with their impact on the total of the respective items:

Values in thousands of Euro

|                   | As at 31 March 2021 |                          |       |                          |     |                          |     |                          |        |
|-------------------|---------------------|--------------------------|-------|--------------------------|-----|--------------------------|-----|--------------------------|--------|
|                   | EUR                 | % incidence on the total | TND   | % incidence on the total | USD | % incidence on the total | GBP | % incidence on the total | Total  |
| Trade receivables | 45,891              | 98.9%                    | (53)  | -0.1%                    | 6   | 0.00%                    | 556 | 1.2%                     | 46,400 |
| Trade payables    | 30,511              | 91.3%                    | 2,035 | 6.1%                     | 835 | 2.5%                     | 38  | 0.1%                     | 33,419 |

Values in thousands of Euro

|                   | As at 31 December 2020 |                          |       |                          |       |                          |     |                          |        |
|-------------------|------------------------|--------------------------|-------|--------------------------|-------|--------------------------|-----|--------------------------|--------|
|                   | EUR                    | % incidence on the total | TND   | % incidence on the total | USD   | % incidence on the total | GBP | % incidence on the total | Total  |
| Trade receivables | 51,097                 | 99.2%                    | (52)  | -0.1%                    | -     | 0.0%                     | 464 | 0.9%                     | 51,510 |
| Trade payables    | 38,072                 | 91.0%                    | 1,676 | 4.0%                     | 2,028 | 4.8%                     | 38  | 0.1%                     | 41,815 |

A sensitivity analysis is presented below, which shows the effects on the net result, and consequently also on the consolidated shareholders' equity, deriving from an increase/decrease in the exchange rates of foreign currencies compared to the effective exchange rates as at 31 March 2021 and 31 December 2020.

As part of the sensitivity analyses illustrated below, the effect was determined without taking into account the tax effect.

Values in thousands of Euro

|              | As at 31 March 2021 |              |              |              |              |                |
|--------------|---------------------|--------------|--------------|--------------|--------------|----------------|
|              | -5.00%              | 5.00%        | -10.00%      | 10.00%       | -15.00%      | 15.00%         |
| TND          | 605                 | (547)        | 1,276        | (1,044)      | 2,027        | (1,498)        |
| USD          | (26)                | 24           | (55)         | 46           | (88)         | 65             |
| GBP          | (29)                | 26           | (61)         | 50           | (97)         | 72             |
| CNY          | (44)                | 40           | (94)         | 77           | (149)        | 110            |
| <b>Total</b> | <b>505</b>          | <b>(457)</b> | <b>1,066</b> | <b>(872)</b> | <b>1,694</b> | <b>(1,251)</b> |

Values in thousands of Euro

|              | As at 31 December 2020 |              |              |                |              |                |
|--------------|------------------------|--------------|--------------|----------------|--------------|----------------|
|              | -5.00%                 | 5.00%        | -10.00%      | 10.00%         | -15.00%      | 15.00%         |
| TND          | 645                    | (583)        | 1,361        | (1,114)        | 2,162        | (1,598)        |
| USD          | 21                     | (19)         | 45           | (37)           | 72           | (53)           |
| GBP          | (29)                   | 27           | (62)         | 51             | (99)         | 73             |
| <b>Total</b> | <b>637</b>             | <b>(576)</b> | <b>1,344</b> | <b>(1,100)</b> | <b>2,135</b> | <b>(1,578)</b> |

## Investment commitments

There are no investment commitments.

## Guarantees

There are no guarantees not already represented in the financial statements.

## Contingent liabilities

There are no contingent liabilities other than those resulting from the financial statements.

## 37. DISCLOSURE ON RELATED PARTIES

Note 1 reports information relating to the Group structure, including details on the subsidiaries and the parent company. All transactions are regulated at arm's length, taking

into account the characteristics of the goods and services provided. The following table provides the total amount of the transactions with related parties during the period:

(amounts in thousands of Euro)

|                                      | Receivables | Payables      | Revenues | Costs     |
|--------------------------------------|-------------|---------------|----------|-----------|
| Fin Reporter S.r.l. (parent company) | 18          | 12,558        | 0        | 44        |
| PFU S.r.l. (related company)         | 5           | -             | 1        | -         |
| <b>Total</b>                         | <b>23</b>   | <b>12,558</b> | <b>1</b> | <b>44</b> |

Payables due to the parent company Fin Reporter mainly refer to dividends of Euro 10,000 thousand and transactions relating to tax consolidation.

The company is not subject to management and coordination activities by other entities.

## 38. SEGMENT REPORTING

IFRS 8 - Operating segments requires operating segments to be identified on the basis of the internal reporting system that the company's top management uses to allocate resources and assess performance. The products distributed by the Company do not present, with regard to their economic and financial characteristics, elements that are significantly different from each other in terms of the na-

ture of the product, the nature of the production process, distribution channels, geographical distribution or type of customer. Therefore, the subdivision required by the accounting standard is, in light of the requirements of paragraph 12 of the standard, not necessary because it is considered to be of limited disclosure for the reader of the financial statements.

## 39. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No significant events occurred after the end of the period that could impact these financial statements.

The Group continues to monitor the developments in the spread of the Coronavirus closely and adopts all the necessary organisational, control and prevention measures.

\* \* \* \* \*

Paruzzaro, 7 May 2021

*The Chairman of  
the Board of Directors  
(Pier Franco Uzzeni)*

## Review report on the interim condensed consolidated financial statements (Translation from the original Italian text)

To the Sole Shareholder of  
U-Power Group S.p.A.

### Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows and the related explanatory notes of U-Power Group S.p.A. and its subsidiaries (the "U-Power Group") at 31 March 2021. The Directors of U-Power Group S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### Scope of Review

We conducted our review in accordance with International Standards on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim condensed consolidated financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of U-Power Group at 31 March 2021 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.



## Other matters

The interim condensed consolidated financial statements of U-Power Group for the three-months period ended 31 March 2020 have not been audited nor reviewed.

Milan, 14 May 2021

EY S.p.A.

Signed by: Gabriele Grignaffini, Auditor

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

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Creative concept,  
design and layout



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