



CEMBRE

FINANCIAL REPORT

2021 HALF-YEARLY

Cembre S.p.A.

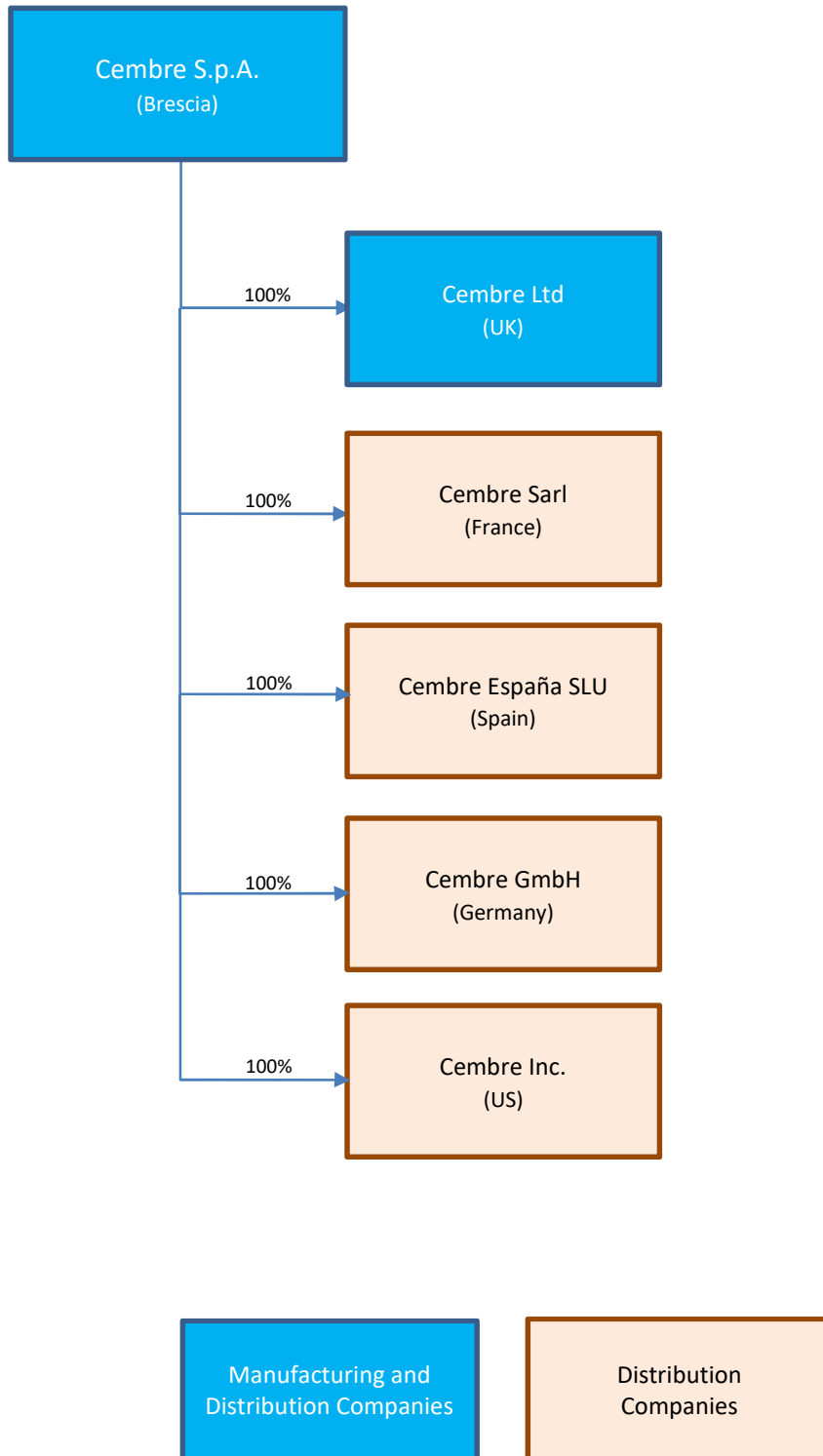
Head Office: Via Serenissima 9, Brescia, Italy
Share Capital: EUR 8,840,000 (fully paid-up).
Registration no: 00541390175 (Commercial Register of Brescia)

This document contains translations of the Interim Report drawn up in the Italian language

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Group Structure at June 30, 2021



Interim Report on Operations of the Cembre Group for the 1st Half of 2021

Operating Review

After the first few months of 2021, in which the health emergency continued to cause concern, the markets and the economy started to accelerate, generating growth exceeding even the most optimistic forecasts. The consolidated turnover of the Group increased by 30.8% in the half compared to the same period in 2020, reaching €84.5 million, a significant result also when compared with the first half of 2019, or with pre-pandemic figures, in relation to which growth stood at 10.0%.

The performance of consolidated sales by geographical areas shows 43.2% growth in the Italian market, with sales of €36.4 million. Revenues in the European market (excluding Italy) grew by 30.2% to €39.5 million, while sales in non-European markets recorded a drop of 3.1%, with revenues at €8.6 million. The decline in sales in the United States continued to impact the latter figure, linked to the difficulties of rail companies after a year of the pandemic. In the first half of 2021, 43.0% of Group sales were represented by Italy (as compared with 39.3% in the first half of 2020), 46.8% by the rest of Europe (47.0% in the first half of 2020), and the remaining 10.2% by the rest of the World (13.7% in the first half of 2020).

The summary table of sales by geographical area is reported below:

(euro '000)	1 st half 2021	1 st half 2020	Change	1 st half 2019	1 st half 2018	1 st half 2017	1 st half 2016	1 st half 2015	1 st half 2014	1 st half 2013	1 st half 2012
Italy	36,377	25,398	43.2%	30,798	31,349	28,055	25,446	25,312	22,194	19,309	20,968
Rest of Europe	39,567	30,383	30.2%	35,727	30,718	28,014	26,250	26,283	26,100	23,995	23,841
Rest of the World	8,603	8,875	-3.1%	10,353	11,228	10,527	10,989	11,442	8,319	8,955	8,412
Total	84,547	64,656	30.8%	76,878	73,295	66,596	62,685	63,037	56,613	52,259	53,221

Revenues from sales and services (net of intra-group sales), in thousands of Euros, are broken down between the various companies as follows:

(euro '000)	1 st half 2021	1 st half 2020	Change	1 st half 2019	1 st half 2018	1 st half 2017	1 st half 2016	1 st half 2015	1 st half 2014	1 st half 2013	1 st half 2012
Cembre S.p.A.	46,948	33,279	41.1%	40,361	40,680	37,303	35,226	34,732	29,098	26,607	28,308
Cembre Ltd. (UK)	10,983	7,642	43.7%	10,401	9,320	8,883	9,313	9,979	10,636	9,541	9,086

Cembre S.a.r.l. (F)	5,956	4,309	38.2%	5,633	5,270	5,025	4,836	4,300	4,292	4,037	4,081
Cembre España S.L.U. (E)	6,548	5,495	19.2%	6,045	5,366	5,093	4,084	4,406	3,567	3,167	3,093
Cembre GmbH (D)*	9,335	7,956	17.3%	7,689	5,491	4,319	3,824	3,633	3,762	3,535	4,018
Cembre AS (NOR) (Wound up in 2016)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	23	591	450	412	528
Cembre Inc. (USA)	4,777	5,975	-20.1%	6,749	7,168	5,973	5,379	5,396	4,808	4,960	4,107
Total	84,547	64,656	30.8%	76,878	73,295	66,596	62,685	63,037	56,613	52,259	53,221

*In May 2018, Cembre GmbH had acquired the German company IKUMA KG; in May 2020, said company was merged by incorporation in Cembre GmbH. For said reason, the tables show the 2019 and 2018 data in consolidated form, considering the data of the German companies involved in the merger jointly. It should be noted that the data until 2017 concern solely Cembre GmbH.

In the first half of 2021, the turnover figures of all Group companies, with the exception of Cembre Inc., recorded increases compared to both 2020 and 2019.

The fall in turnover registered by Cembre Inc in the first quarter of 2021 is connected with the decline in sales to the company's main customer, which suffered serious repercussions from the COVID-19 pandemic in terms of revenues.

In the 1st Half of 2021, Group companies reported the following results, before the consolidation:

(euro '000)	Net result prior to consolidation										
	1 st half 2021	1 st half 2020	Change	1 st half 2019	1 st half 2018	1 st half 2017	1 st half 2016	1 st half 2015	1 st half 2014	1 st half 2013	1 st half 2012
Cembre S.p.A.	14,166	7,811	81.4%	14,016	12,757	10,496	9,275	9,283	6,807	4,305	5,635
Cembre Ltd. (UK)	1,126	330	241.2%	1,150	854	2,997	1,049	1,182	1,391	1,139	1,123
Cembre S.a.r.l. (F)	130	50	160.0%	420	307	236	160	211	183	166	100
Cembre España S.L.U. (E)	439	191	129.8%	312	148	289	(40)	264	161	69	(276)
Cembre GmbH (D)*	474	241	96.7%	344	211	288	166	94	197	98	278
Cembre AS (NOR) (Wound up in 2016)	-	-	n.a.	-	-	-	-91	49	31	11	57
Cembre Inc. (USA)	311	291	6.9%	554	694	245	183	160	294	480	210
Total	14,166	7,811	81.4%	14,016	12,757	10,496	9,275	9,283	6,807	4,305	5,635

For a more direct evaluation of the effect of foreign exchange translations, we include below sales figures of Group companies operating outside the euro area in the respective currency.

	Curr.	Net result prior to consolidation										
(euro '000)		1st half 2021	1st half 2020	Change	1st half 2019	1st half 2018	1st half 2017	1st half 2016	1st half 2015	1st half 2014	1st half 2013	1st half 2012
Cembre Ltd. (UK)	Gbp	977	289	238.1%	1,005	751	2,580	817	865	1,142	969	923
Cembre Inc. (USA)	US\$	375	321	16.8%	626	840	266	204	179	402	630	272

To provide a better understanding of the consolidated results for the first half of 2021, a Comparative Consolidated Income Statement is provided in Attachment 1, which shows the percentage changes compared to the same period in 2020 and 2019.

Consolidated gross operating profit for the first half amounted to €25,225 thousand, representing a 29.8% margin on sales, up by 61.9% on the corresponding period in 2020 when it amounted to €15,578 thousand, representing a 24.1% margin on sales (+20.6% over the first half of 2019). The incidence of the cost of sales rose in the half year, while both the incidence of the cost for services and of personnel costs decreased, up in absolute terms but for a lower percentage than the increase in turnover. The average number of Group employees in the period went from 755 to 774.

Operating profit amounted to €19,596 thousand, representing a 23.2% margin on sales, up by 92.1% on €10,202 thousand in the first half of 2020, when it represented a 15.8% margin on sales (+21.2% over the first half of 2019).

Profit before taxes amounted to €19,676 thousand, representing a 23.3% margin on sales, up 92.9% on €10,199 thousand in the first half of 2020, when it represented a 15.8% margin on sales (+22.7% over the first half of 2019).

Net profit for the half amounted to €14,650 thousand, representing a 17.3% margin on sales, up 92.8% on €7,600 thousand in the first half of 2020, when it represented a 11.8% margin on sales (+18.4% over the first half of 2019).

The net financial position went from a surplus of €8.4 million as at December 31, 2020, to a surplus of €1.3 million as at June 30, 2021. The financial position was affected by the payment of €15.0 million in dividends and capital expenditure made by the Parent Company, amounting to €5.3 million.

At June 30, 2020, the net financial position was a deficit of €4.7 million; for details of the net financial position, please refer to Note 27 of the Explanatory Notes to the consolidated interim financial statements.

Definition of alternative performance indicators

In compliance with CONSOB Communication DEM/6064293 dated July 28, 2007, below we define alternative performance indicators used in the present document to illustrate the financial and operating performance of the Group.

Gross Operating Result (EBITDA): defined as the difference between sales revenues and costs for materials, of services received, and the net balance of operating income and charges. It represents the profit before depreciation, amortization and write-downs, financial flows and taxes.

Operating Result (EBIT): defined as the difference between the Gross Operating Result and the value of amortization/impairment. It represents the profit before cash flows and taxes.

Net Financial Position: represents the algebraic sum of cash and cash equivalents, financial receivables and current and non-current financial debt.

Investments

Investments made by the Group in the first half of the current year totalled €4.8 million in property, plant and equipment (€3.2 million in the first half of 2020) and €0.5 million in intangible fixed assets (€0.3 million in the first half of 2020).

For more information on investments, please refer to Notes 1 and 3 of the Explanatory Notes to the interim financial statements.

Main risks and uncertainties

Risks connected to the economic situation

The economic and financial situation of the Group is influenced by macroeconomic factors such as changes in the Gross Domestic Product, consumer and business confidence, changes in interest rates and the cost of raw materials.

The recovery after the most acute phase of the pandemic is proceeding briskly, although some critical issues are persisting at global level, linked in particular to the varying degrees of accessibility to vaccines in the different parts of the world.

The global economy is expected to grow by 6.0% in 2021 and 4.9% in 2022. With respect to the forecasts of the International Monetary Fund in April, the estimates for developing countries were reduced, while the prospects for advanced nations were improved, due to both the developments in the pandemic and government intervention.

The recent price tensions reflect the anomalous performance of the markets subsequent to the pandemic phase, as well as the temporary misalignment between demand and supply. The return to normal rates of inflation should be completed in 2022.

The International Monetary Fund predicts that the United States will close 2021 with GDP growth of 7% and 2022 with growth of 4.9%. The Eurozone as a whole should record growth of 4.6% in 2021, then consolidate its recovery also 2022 with an increase of 4.3%; for Italy, the increase in the current year should be 4.9% and 4.3% in 2022.

The wide margin of uncertainty on which estimates of future performance are based make it very difficult to make reliable predictions regarding the performance of markets and demand. The Cembre Group, thanks to its strong financial position and good competitive hedge, is confident about the future and feels it is in a position to take advantage of opportunities that may arise and to react to possible changes in the economic scenario that may develop in the next months.

Covid-19 risk

The Group continues to pay the utmost attention to applying all the measures to prevent, control and contain the virus in order to protect the health of its employees, through both the organisation of work and logistics, by adopting adequate procedures, and by purchasing and installing protective equipment.

The Group is keeping a close eye on virus developments, and is ready to implement additional measures if the situation worsens.

Risks connected with the market

The Group protects its market position by pursuing ongoing innovation, the widening of the product range, and by introducing into production processes the most advanced methods and machinery, while also implementing, with the help of its foreign subsidiaries, targeted marketing policies and pursuing a policy of market expansion where the Group has less of a presence.

Credit risk

Cembre and its subsidiaries focused over time on a careful selection of customers, managing prudently sales to those that do not possess an adequate credit standing. The Group has accrued a provision for doubtful accounts and the management doubtful accounts, constantly monitoring past due amounts and soliciting payment when terms have expired. In addition, to further reduce this type of risk, Cembre S.p.A. and Cembre España SLU have stipulated an insurance policy with a leading insurance company against commercial credit losses.

Exposure to credit risk relates exclusively to trade receivables.

Liquidity risk

Thanks to its solid financial position, the Group is not currently subject to particular liquidity risk, even in case the cash flow generated by operations should decline drastically.

Interest rate risk

As at June 30, 2021, the Parent Company Cembre S.p.A. has five loans in place, expiring between September 2021 and March 2022. The nature of the rate applied and the relatively short-term maturity protect the Group from any possible fluctuations in interest rates.

Currency risk

Despite its strong international presence, the Group does not have a significant exposure to currency risk, as it operates almost entirely in the euro area, the currency in which its trade transactions are mainly denominated.

Exposure to currency risk is basically limited to sales in US dollars and British pounds, but the size of these transactions is not significant in influencing the overall performance of the Group or its financial position.

Integrity and reputation risk

Possible illicit behaviour of employees, aimed at obtaining benefits for themselves and for the Group, can imply the risk of a loss of reputation and of sanctions against the Group.

To prevent the risk of these occurrences and in line with Legislative Decree 231/2001, the Company adopted an organisational, management and control model that identifies processes that are subject to risk and establishes the conduct that the various persons involved are to keep in carrying out their tasks. The model was illustrated to employees through specific training sessions. The Parent Company constantly integrates and upgrades the model.

Further information on the main financial risks and uncertainties is contained in the notes.

Environmental management and protection of health and safety in the workplace

Cembre bases its internal control system on company procedures that are relevant for the purposes of preventing and monitoring operational risks, drafted according to the ethos and guidelines dictated by standard UNI EN ISO 14001:2015, regarding environmental management, and standard UNI EN ISO 45001:2015, regarding the protection of workplace health and safety.

In the first half of 2021, Cembre S.p.A. and Cembre Ltd, production facilities of the Group, achieved the certification of their Environmental and Safety Management System according to these new regulations, which ensure respect for the stringent parameters in addressing these issues.

The certification of the Environmental and Safety Management System of the Group's production sites allows it to ensure the application of common and shared guidelines that are respectful of the environment and worker health and safety.

This management system is monitored through periodic audits, conducted both internally and by external companies and through the Management Review.

Through the implementation of operating procedures strictly in line with regulations regarding environmental protection, workplace safety and the application of principles for sustainable development Cembre can:

- implement tools to prevent and mitigate the environmental impacts of its activities in the areas in which it operates;
- punctually fulfil its compliance obligations;
- improve environmental performances;
- design and manufacture products using materials and processes that ensure the protection of the environment throughout the life of the product, from manufacturing to disposal;
- reduce as much as possible the risk of injuries and accidents during work activities;
- guarantee workplace well-being.

Research & Development

Research and development is carried out within the Group predominantly by Cembre S.p.A.; the costs of the employees involved in Research and Development of new products totalled €307 thousand, of which €248 thousand capitalised in development costs under intangible assets; in addition, the company benefitted from external services for €170 thousand, of which €125 thousand was capitalised.

Below we include a brief description of projects undertaken in the first half of the year. Information provided is purposely generic because some products will be launched in the second half of the year and are in some cases in the process of obtaining patents.

Cable terminals

There were 26 projects for new products. Each study involved both new connectors and machinery for their manufacturing.

The company continued with the study and laboratory tests of the innovative range of mechanical connectors that can be used with cables of different sections and the design,

sampling and verification of the series of cable terminals and associated equipment continued for the German market, with an increase in the number of variants available.

As a result of the evolution of the conductors used by customers, the range of connectors for the rail sector and associated matrices was expanded.

A group of 7 new connectors for use on ground-based networks was designed and is at the implementation phase.

Lastly, the range of distribution blocks was extended, in particular bipolar and 4-pole distribution blocks, and the UL certification was obtained for the series of unipolar distribution blocks intended for the American market.

Railroad equipment

There were various projects for equipment and tools related to the maintenance of railway systems.

The pre-series of the new battery-powered tool for rail maintenance is at the construction phase, with innovative ergonomic features and elevated dust and water protection. This machine completes the family of tools with the same functions and performances, powered by a thermal motor or electricity, in this way combining environmental sustainability and practical use.

A new battery-powered tool was developed for maintenance of the railway section, with advanced technical features, able to compete with the heavier and bigger machinery present on the market. The development of machine software and some mechanical improvements are currently at the completion phase. Three patents were filed for this tool.

Two overhaul projects were launched relating to the machines used for track cutting.

The feasibility analysis for a new family of cutters for rail drilling was successfully completed.

Tools

The development of a new clamp for the compression of electrical terminals was completed, which will enter into production and be marketed in the next half. The

product, intended for the high-end market, has highly advanced technical and ergonomic solutions; for this reason, the design patent has been filed for it.

The study of a head for electrical cable inspection continued; new head and pump prototypes will be created in the second half of 2021 to allow different customers to test their use according to their own safety standards.

The design of 10 families of matrices for compression tools was completed; the production of the pre-series will be completed in the first half of 2022.

Cable marking

There were 15 projects for new products for industrial marking. Studies also included the related manufacturing tools.

The overhaul and improvement of the range of thermal transfer printers and the associated consumables represent a primary objective for Cembre: the research and the study of new and innovative materials as well as the creation of solutions adapted to new markets make up a significant percentage of the research and development activities.

A new thermal transfer auto-loaded printer with touch display was introduced to the Italian market, suitable for the marking of large volumes of ID cards.

The project for the design of a thermal transfer printer with innovative features continued.

Pressfit

The test phase of the new hydraulic tool for the permanent deformation of the ends of multilayer pipes was successfully completed. In the first half of 2021, the tool was put into production and will be marketed in the second half.

Transactions with related parties

Cembre S.p.A. signed leases with “Tha Immobiliare S.p.A.”, with registered office in Brescia, and capital subdivided between Giovanni Rosani and Sara Rosani, members of the Board of Directors of Cembre S.p.A.

Invoices issued in the half year relating to the above contracts were all paid in full.

Cembre Ltd. leases an industrial building from Borno Ltd., a company controlled by Lysne S.p.A. (holding company of Cembre S.p.A.). A summary of the amounts reported in the financial statements relating to the above contracts is provided below:

(values in euro '000)	Assets	Non-current liabilities	Current liabilities	Amortisation	Interest expense
Leased assets from THA - Cembre S.p.A.	2,487	2,045	485	247	28
Leased assets from Borno - Cembre Ltd	1,293	1,085	222	99	7

For disclosure purposes, it should be noted that the total fees paid to related parties by Cembre S.p.A. in the first half amounted to €267 thousand and €112 thousand for Cembre Ltd.

Transactions with Group companies and related parties fall under normal business activities and are carried out at prices corresponding to the market value.

Absence of control and coordination

Despite the fact that article 2497-sexies of the Italian Civil Code states that “it is presumed that, unless otherwise proved, the direction and coordination activities of companies is exercised by the company or entity that is required to consolidate the same in its accounts or that, in any case, controls the former company pursuant to article 2359 (of the Italian Civil Code)”, Cembre S.p.A. believes that it operates in full autonomy with respect to its parent Lysne S.p.A.

In particular, as a non-exhaustive example, the Company manages autonomously its own treasury and relationships with its customers and suppliers, and does not make use of any service provided by its parent company.

Relationships with parent company Lysne S.p.A. are limited to the normal exercise of shareholders’ rights on the part of the parent.

Companies incorporated under the laws of States that are not part of the European Union

Cembre S.p.A. controls two companies incorporated and regulated under the laws of a State that is not part of the European Union, namely Cembre Inc. with registered office in New Jersey (USA) and Cembre Ltd with registered office in Birmingham (UK).

The company deems the administrative, accounting and reporting systems currently in use to be adequate in supplying regularly its management and the company's independent auditors with the operating and financial information necessary for the preparation of the Consolidated Financial Statements.

The accounts prepared by said companies and used in the preparation of their annual consolidated financial statements, are audited and made available to the public, as provided by current regulations.

Cembre S.p.A. is active in ensuring an adequate flow of information from Cembre Inc. and Cembre Ltd to its independent auditors and believes the current communication process in place with the independent auditors to be effective.

Cembre S.p.A. possesses the by-laws, the composition and powers of the company boards of Cembre Inc. and Cembre Ltd and directives ensuring the timely transmission of any information regarding the update of such information have been issued.

Own shares and shares of parent companies

At June 30, 2021, the number of own shares held by Cembre S.p.A. was 258,041, corresponding to 1.52% of the capital stock. No treasury shares were purchased or sold in the first half of 2021. The shareholders' meeting of Cembre S.p.A. on April 27, 2021, resolved the authorisation to purchase own shares, effective for the 18 months subsequent to the date of the meeting.

Ownership Structure and Corporate Governance

In compliance with norms contained in article 123-bis of Legislative Decree 58, dated February 24, 1998 (Testo Unico della Finanza - Consolidated Finance Act), we refer to the Report on Corporate Governance which, in addition to providing a general description of corporate governance and of risk management and internal control procedures, contains information regarding the ownership structure of the Company, the adoption of the Code of Conduct and the observance of the resulting commitments. Said Report is available in the Investor Relations section of the website "www.cembre.it".

Subsequent events

No event having significant effects on the Group's financial position or operating performance occurred after the close of the first half.

Outlook

In consideration of the uncertainty of the current situation, as outlined by the International Monetary Fund in the World Economic Outlook published in July, formulating forecasts is extremely difficult; despite this, thanks to the strong performance in the first eight months of the year, the consolidated turnover of the Cembre Group is forecast to grow in 2021, both compared to 2020 and 2019, with a positive economic result predicted.

Attachments

This document includes the following attachments:

Attachment 1 Comparative Consolidated Income Statement as at June 30, 2021

Attachment 2 Composition of corporate boards.

Brescia, September 9, 2021

**FOR THE BOARD OF DIRECTORS
OF THE PARENT COMPANY CEMBRE S.P.A.**
Chair and Managing Director
Giovanni Rosani

Attachment 1 - Report on Operations for the 1st Half 2021

Comparative Consolidated Income Statement

	1 st Half 2021	% of sales	1 st Half 2020	% of sales	Change 2021-2020	1 st Half 2019	% of sales	Change 2021-2019
	(€ '000)							
Revenues from contracts with customers	84.547	100,0%	64.656	100,0%	30,8%	76.878	100,0%	10,0%
Other revenues	345		368		-6,3%	565		-38,9%
TOTAL REVENUES	84.892		65.024		30,6%	77.443		9,6%
Cost of goods and merchandise	(27.488)	-32,5%	(22.646)	-35,0%	21,4%	(25.358)	-33,0%	8,4%
Change in inventories	125	0,1%	3.013	4,7%	-95,9%	1.144	1,5%	-89,1%
Cost of goods sold	(27.363)	-32,4%	(19.633)	-30,4%	39,4%	(24.214)	-31,5%	13,0%
Cost of services received	(9.146)	-10,8%	(8.364)	-12,9%	9,3%	(10.098)	-13,1%	-9,4%
Lease and rental costs	(84)	-0,1%	(77)	-0,1%	9,1%	(178)	-0,2%	-52,8%
Personnel costs	(23.288)	-27,5%	(20.352)	-31,5%	14,4%	(21.705)	-28,2%	7,3%
Other operating costs	(967)	-1,1%	(888)	-1,4%	8,9%	(864)	-1,1%	11,9%
Increase in assets due to internal construction	1.246	1,5%	576	0,9%	116,3%	553	0,7%	125,3%
Write-down of receivables	(52)	-0,1%	(34)	-0,1%	52,9%	(14)	0,0%	271,4%
Accruals to provisions for risks and charges	(13)	0,0%	(674)	-1,0%	-98,1%	(11)	0,0%	18,2%
GROSS OPERATING PROFIT	25.225	29,8%	15.578	24,1%	61,9%	20.912	27,2%	20,6%
Property, plant and equipment depreciation	(4.285)	-5,1%	(4.162)	-6,4%	3,0%	(3.634)	-4,7%	17,9%
Intangible asset amortization	(412)	-0,5%	(399)	-0,6%	3,3%	(432)	-0,6%	-4,6%
Depreciation of right of use assets	(932)	-1,1%	(815)	-1,3%	14,4%	(679)	-0,9%	37,3%
OPERATING PROFIT	19.596	23,2%	10.202	15,8%	92,1%	16.167	21,0%	21,2%
Financial income	2	0,0%	3	0,0%	-33,3%	3	0,0%	-33,3%
Financial expenses	(49)	-0,1%	(57)	-0,1%	-14,0%	(68)	-0,1%	-27,9%
Foreign exchange gains (losses)	127	0,2%	51	0,1%	149,0%	(69)	-0,1%	-284,1%
PROFIT BEFORE TAXES	19.676	23,3%	10.199	15,8%	92,9%	16.033	20,9%	22,7%
Income taxes	(5.026)	-5,9%	(2.599)	-4,0%	93,4%	(3.658)	-4,8%	37,4%
NET PROFIT	14.650	17,3%	7.600	11,8%	92,8%	12.375	16,1%	18,4%

Attachment 2 to the Interim Report on Operation of the Cembre Group for the 1st Half of 2021

CORPORATE BOARDS

Board of Directors

Giovanni Rosani	Chairman and Managing Director
Aldo Bottini Bongrani	Deputy Chairman
Anna Maria Onofri	Director
Sara Rosani	Director
Felice Albertazzi	Director
Franco Celli	Director
Paola Carrara	Independent Director
Elisabetta Ceretti	Independent Director

Board of Statutory Auditors

Fabio Longhi	Chairman
Riccardo Astori	Auditor
Rosanna Angela Pilenga	Auditor
Maria Grazia Lizzini	Substitute Auditor
Alessandra Biggi	Substitute Auditor

Independent Auditors

EY S.p.A.

This situation is updated at September 9, 2021.

The Board of Directors and Board of Statutory Auditor's term expires with the approval of the Financial Statements at December 31, 2023.

The Chair holds by statute (article 18) powers of legal representation of the Company. The Board of Directors conferred to the Chair and Managing Director Giovanni Rosani all the ordinary management powers not specifically reserved to it by law, including exclusive powers over the organization, management and monitoring of the internal control system.

In case of absence or impediment of the Chair and Managing Director Giovanni Rosani, Vice Chair Aldo Bottini Bongrani holds all ordinary management powers not reserved to the Board by law. All Managing Directors must keep the Board of Directors informed of all relevant transactions concluded in the context of their mandate. The Board of Directors has approved rules that define which particularly relevant transactions may be concluded exclusively by the same.

Consolidated Financial Statements at June 30, 2021

Consolidated Statements of Financial Position

ASSETS	Notes	Jun. 30, 2021		Dec. 31, 2020	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
NON CURRENT ASSETS					
Property, plant and equipment	1	85.547		84.880	
Investment property	2	834		855	
Intangible assets	3	4.509		4.392	
Goodwill	4	4.608		4.608	
Right of use assets	5	6.887	3.780	6.653	3.458
Other investments		5		5	
Other non-current assets	6	58		548	
Deferred tax assets	14	2.992		2.889	
TOTAL NON-CURRENT ASSETS		105.440		104.830	
CURRENT ASSETS					
Inventories	7	51.026		50.435	
Trade receivables	8	38.230		25.799	
Tax receivables		502		577	
Other receivables	9	1.686		1.575	
Cash and cash equivalents		29.380		37.688	
TOTAL CURRENT ASSETS		120.824		116.074	
NON-CURRENT ASSETS AVAILABLE FOR SALE		-		-	
TOTAL ASSETS		226.264		220.904	

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Jun. 30, 2021		Dec. 31, 2020	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
SHAREHOLDERS' EQUITY					
Capital stock	10	8.840		8.840	
Reserves	10	140.896		135.774	
Net profit		14.650		18.975	
TOTAL SHAREHOLDERS' EQUITY		164.386		163.589	
NON-CURRENT LIABILITIES					
Non-current financial liabilities	11	5.175	3.130	5.010	3.066
Other non-current payables		-		496	496
Employee termination indemnity and other personnel benefits	12	2.151	106	2.178	110
Provisions for risks and charges	13	328		265	
Deferred tax liabilities	14	3.050		2.938	
TOTAL NON-CURRENT LIABILITIES		10.704		10.887	
CURRENT LIABILITIES					
Current financial liabilities	11	22.946	707	24.270	622
Trade payables	15	14.648		11.588	
Tax payables		2.847		1.344	
Other payables	16	10.733	-	9.226	498
TOTAL CURRENT LIABILITIES		51.174		46.428	
LIABILITIES ON ASSETS HELD FOR DISPOSAL		-		-	
TOTAL LIABILITIES		61.878		57.315	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		226.264		220.904	

Consolidated Financial Statements at June 30, 2021

Statement of Consolidated Comprehensive Income

	Notes	1 st Half 2021		1 st Half 2020	
(euro '000)			<i>of which: related parties</i>		<i>of which: related parties</i>
Revenues from contracts with customers	17	84.547		64.656	
Other revenues	18	345		368	
TOTAL REVENUES		84.892		65.024	
Cost of goods and merchandise		(27.488)		(22.646)	
Change in inventories		125		3.013	
Cost of services received	19	(9.146)	(351)	(8.364)	(416)
Lease and rental costs		(84)		(77)	
Personnel costs	20	(23.288)	(398)	(20.352)	(395)
Other operating costs	21	(967)		(888)	
Increase in assets due to internal construction		1.246		576	
Write-down of receivables	8	(52)		(34)	
Accruals to provisions for risks and charges	22	(13)		(674)	
GROSS OPERATING PROFIT		25.225		15.578	
Property, plant and equipment depreciation	1-2	(4.285)		(4.162)	
Intangible asset amortization	3	(412)		(399)	
Depreciation of right of use assets	5	(932)	(346)	(815)	(309)
OPERATING PROFIT		19.596		10.202	
Financial income	23	2		3	
Financial expenses	23	(49)	(35)	(57)	(39)
Foreign exchange gains (losses)	29	127		51	
PROFIT BEFORE TAXES		19.676		10.199	
Income taxes	24	(5.026)		(2.599)	
NET PROFIT FROM ORDINARY ACTIVITIES		14.650		7.600	
NET PROFIT FROM ASSETS HELD FOR DISPOSAL		-		-	
NET PROFIT		14.650		7.600	
Items that may be reclassified subsequently to profit and loss					
Conversion differences included in equity		1.107		(904)	
COMPREHENSIVE INCOME	25	15.757		6.696	
BASIC EARNINGS PER SHARE	26	0,88		0,45	
DILUTED EARNINGS PER SHARE	26	0,87		0,45	

Consolidated Financial Statements at June 30, 2021

Consolidated Statement of Cash Flows

	1 st Half 2021	1 st Half 2020
€ '000		
A) CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	37.688	20.983
B) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit for the period	14.650	7.600
Depreciation, amortization and write-downs	5.629	5.376
(Gains)/Losses on disposal of assets	33	16
Net change in Employee Termination Indemnity	(27)	(99)
Net change in provisions for risks and charges	63	707
Operating profit (loss) before change in working capital	20.348	13.600
(Increase) Decrease in trade receivables	(12.431)	(1.657)
(Increase) Decrease in inventories	(591)	(2.503)
(Increase) Decrease in other receivables and deferred tax assets	(139)	(89)
Increase (Decrease) of trade payables	2.431	(2.064)
Increase (Decrease) of other payables, deferred tax liabilities and tax payables	3.122	2.554
Change in working capital	(7.608)	(3.759)
NET CASH FLOW (USED IN)/FROM OPERATING ACTIVITIES	12.740	9.841
C) CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets:		
- intangible	(541)	(343)
- tangible	(4.774)	(3.186)
Proceeds from disposal of tangible, intangible, available-for-sale financial assets		
- intangible	13	-
- tangible	35	83
Increase (Decrease) of trade payables for assets	629	(1.252)
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES	(4.638)	(4.698)
D) CASH FLOW FROM FINANCING ACTIVITIES		
(Increase) Decrease in other non current assets	490	464
(Increase) Decrease in other non current payables	(496)	(493)
Increase (Decrease) in bank payables	(1.400)	15.963
Repayment of leasing liabilities	(925)	(806)
Change in stock option reserve	108	274
Dividends distributed	(15.068)	(15.048)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES	(17.291)	354
E) INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (B+C+D)	(9.189)	5.497
F) Foreign exchange conversion differences	881	(619)
G) CASH AND CASH EQUIVALENTS AT END OF THE PERIOD (A+E+F)	29.380	25.861
Of which: assets held for disposal	-	-
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	29.380	25.861
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	29.380	25.861
Current financial liabilities	(22.946)	(25.179)
Non current financial liabilities	(5.175)	(5.386)
NET CONSOLIDATED FINANCIAL POSITION	1.259	(4.704)
BREAKDOWN OF CASH AND CASH EQUIVALENTS AT END OF THE PERIOD		
Cash	11	19
Bank deposits	29.369	25.842
	29.380	25.861

Consolidated Financial Statements at June 30, 2021

Statement of Changes in the Consolidated Shareholders' Equity

(€ '000)	Balance at December 31, 2020	Allocation of previous year net profit	Other changes	Dividends	Comprehensive income of the period	Balance at June 30, 2021
Capital stock	8.840					8.840
Share premium reserve	12.245					12.245
Legal reserve	1.768					1.768
Reserve for own shares	(4.897)					(4.897)
Suspended-tax revaluation reserve	585					585
Other suspended-tax reserves	68					68
Consolidation reserve	22.912	2.655				25.567
Conversion differences	(2.625)	(136)			1.107	(1.654)
Extraordinary reserve	97.186	1.388				98.574
Reserve for FTA	3.715					3.715
Reserve for discounting of Employee Termination Indemnity	65					65
Merger surplus reserve	4.397					4.397
Stock options reserve	355		108			463
Retained earnings	-					-
Net profit	18.975	(3.907)		(15.068)	14.650	14.650
Total Shareholders' Equity	163.589	-	108	(15.068)	15.757	164.386

(€ '000)	Balance at December 31, 2019	Allocation of previous year net profit	Other changes	Dividends	Comprehensive income of the period	Balance at December 31, 2020
Capital stock	8.840					8.840
Share premium reserve	12.245					12.245
Legal reserve	1.768					1.768
Reserve for own shares	(5.283)		386			(4.897)
Suspended-tax revaluation reserve	585					585
Other suspended-tax reserves	68					68
Consolidation reserve	23.774	(862)				22.912
Conversion differences	(1.128)	(117)			(1.380)	(2.625)
Extraordinary reserve	89.565	7.621				97.186
Reserve for FTA	3.715					3.715
Reserve for discounting of Employee Termination Indemnity	89				(24)	65
Merger surplus reserve	4.397					4.397
Stock options reserve	101		254			355
Retained earnings	-					-
Net profit	21.690	(6.642)		(15.048)	18.975	18.975
Total Shareholders' Equity	160.426	-	640	(15.048)	17.571	163.589

Notes to the Condensed Consolidated Interim Financial Statements at June 30, 2021

I. CORPORATE INFORMATION

Cembre S.p.A. is a joint-stock company with registered office in Brescia, Via Serenissima 9. The company is listed on the MTA (screen-based equities market) managed by Borsa Italiana S.p.A.

Cembre S.p.A. and its subsidiaries (hereinafter referred to jointly as “the Cembre Group” or “the Group”) are active primarily in the manufacturing and sale of electrical connectors and related tools.

The publication of the Interim Financial Report, including these Condensed Consolidated Interim Financial Statements, was authorised by a resolution of the Board of Directors dated September 9, 2021.

Cembre S.p.A. is controlled by Lysne S.p.A., a holding company based in Brescia, that does not carry out management and coordination activities.

II. FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Preparation criteria

The condensed consolidated interim financial statements at June 30, 2021 were prepared in accordance with the provisions of IAS 34 “Interim financial reporting”.

The condensed consolidated interim financial statements do not include all the economic and financial information required in the annual financial statements and must be read in conjunction with the Group's annual financial statements at December 31, 2020. Unless otherwise indicated, figures reported in the financial statements and the related notes are expressed in thousands of euro.

The consolidation area did not change with respect to December 31, 2020: we should point out that, on July 1, 2020, effective from January 1, 2020, Cembre GmbH

incorporated IKUMA KG & CO GmbH and IKUMA Verwaltungs GmbH, companies in which it already owned all the share capital.

Relevant accounting principles

The principles adopted in the preparation of these condensed consolidated interim financial statements are those formally approved by the European Union in force at June 30, 2021 and are consistent with those adopted in the preparation of the Group's Financial Statements at December 31, 2020.

Amendments to accounting standards

The Group did not arrange for the early adoption of any new standard, interpretation or amendment issued but not yet in force. The amendments to accounting standards that apply for the first time in 2021 did not have an impact on the condensed consolidated interim financial statements of the Group.

Future changes in accounting principles

The updates, interpretations and amendments to the IFRS, already approved by the IASB, but still in the process of being acknowledged by the competent bodies of the European Union, are as follows:

New and revised standards	Date of effectiveness set forth by the standard
Amendments to IAS 1 - Classification of liabilities as current and non-current	January 1, 2022
Amendments to IFRS 3, IAS 16, IAS 37	January 1, 2022
Annual updates 2018-2020	January 1, 2022
IFRS 17 – Insurance contracts	January 1, 2023

The Cembre Group reserves the right to evaluate the possible effects of adoption of the other new standards over the next few months.

Translation of financial statements expressed in currencies other than the euro

The functional and reporting currency of the Group is the euro.

Financial statements denominated in functional currencies other than the euro are translated according to the following criteria:

- assets and liabilities are translated at the exchange rate applicable at the date of the financial statements;
- income statement items are translated at the average exchange rate for the period;
- foreign-exchange translation differences are recorded in a specific Shareholders' Equity reserve.

At the time at which a foreign subsidiary is disposed of, accumulated foreign-exchange differences recorded under Shareholders' Equity relating to the same are taken to the Income Statement.

Exchange rates applied in the translation of financial statements of subsidiaries are shown in the table below.

Currency	Exchange rate at 06/30/2021	Average exchange rate 1 st Half 2021
British pound (€/£)	0.8581	0.8680
US dollar (€//\$)	1.1884	1.2053

III. SEASONAL FACTORS

The Group's activity is not subject to cyclical or seasonal swings with the exception of the slowdown registered in August for the summer holidays, and in December for the Christmas holidays.

IV. SEGMENT INFORMATION

IFRS 8 requires segment information to be supplied using the same elements on which management bases internal reporting.

The Cembre Group adopted as its primary reporting focus information by geographical area based on the location in which the operations of the Company are based or the production process takes place. As the Cembre Group operates in a single business segment called “Electric connectors and related tools and accessories”, items based on this element are not usually utilised for the purposes of internal reporting.

1 st Half of 2021	ITALY	EUROPE	REST OF WORLD	Intragroup elimination	TOTAL
Revenue from contracts with customers	65,171	33,730	4,786	(19,140)	84,547
Operating profit by sector	16,402	2,788	406		19,596
Net financial charges					80
Income taxes					(5,026)
Net profit for the period					14,650

1 st Half of 2020	ITALY	EUROPE	REST OF WORLD	Intragroup elimination	TOTAL
Revenue from contracts with customers	47,971	26,455	5,978	(15,748)	64,656
Operating profit by sector	8,485	1,330	387		10,202
Net financial charges					(3)
Income taxes					(2,599)
Net profit for the period					7,600

Since the location of customers is different from the location of activities, a breakdown of revenues due from third parties is provided below, based on the location of the customers:

	1 st Half of 2021	1 st Half of 2020
Italy	36,377	25,398
Europe	39,567	30,383
Rest of the world	8,603	8,875
	84,547	64,656

The breakdown of assets and liabilities is shown below:

06/30/2021	ITALY	EUROPE	REST OF WORLD	TOTAL
Assets and Liabilities				
Segment assets	163,573	56,631	9,977	230,181
Unassigned assets				(3,917)
Total assets				226,264
Segment liabilities	50,581	10,024	1,806	62,411
Unassigned liabilities				(533)
Total liabilities				61,878

12/31/2020	ITALY	EUROPE	REST OF WORLD	TOTAL
Assets and Liabilities				
Segment assets	163,894	50,590	10,064	224,548
Unassigned assets				(3,644)
Total assets				220,904
Segment liabilities	47,138	8,605	1,764	57,507
Unassigned liabilities				(192)
Total liabilities				57,315

1 st Half 2021 - Other segment information	ITALY	EUROPE	REST OF WORLD	TOTAL
Capital expenditure:				
- Property, plant and equipment	4,522	223	29	4,774
- Intangible assets	522	19	-	541
Total investments				5,315
Depreciation and amortisation:				
- Property, plant and equipment	(3,773)	(426)	(86)	(4,285)
- Intangible assets	(283)	(128)	(1)	(412)
- Right of use - leased assets	(482)	(315)	(135)	(932)
Total amortisation				(5,629)
Accruals to provision for employee benefits	492	-	-	492
Average no. of employees	499	245	30	774

1 st Half 2020 - Other segment information	ITALY	EUROPE	REST OF WORLD	TOTAL
Capital expenditure:				
- Property, plant and equipment	2,472	243	471	3,186
- Intangible assets	340	2	1	343
Total investments				3,529
Depreciation and amortisation:				
- Property, plant and equipment	(3,695)	(395)	(72)	(4,162)
- Intangible assets	(271)	(127)	(1)	(399)
- Right of use - leased assets	(478)	(231)	(106)	(815)
Total amortisation				(5,376)
Accruals to provision for employee benefits	425	-	-	425
Average no. of employees	488	232	35	755

V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Plant and Machinery	Equipment	Other assets	Work in progress	Total
Historical cost	52,948	79,800	13,448	10,037	2,571	158,804
FTA Revaluation	5,921	-	-	-	-	5,921
Revaluations pursuant to law	934	32	-	-	-	966
Accumulated amortisation	(15,724)	(48,191)	(9,929)	(6,967)	-	(80,811)
Balance at 12/31/2020	44,079	31,641	3,519	3,070	2,571	84,880
Increases	401	2,712	427	213	1,021	4,774
Currency translation differences	109	82	-	32	-	223
Amortisation	(631)	(2,769)	(363)	(501)	-	(4,264)
Net divestments	-	(31)	-	(25)	(10)	(66)
Reclassifications	295	824	192	-	(1,311)	-
Balance at 06/30/2021	44,253	32,459	3,775	2,789	2,271	85,547

	Land and buildings	Plant and Machinery	Equipment	Other assets	Work in progress	Total
Historical cost	51,553	78,568	13,055	9,876	1,935	159,987
FTA Revaluation	5,921	-	-	-	-	5,921
Revaluations pursuant to law	934	43	-	-	-	977
Accumulated amortisation	(14,524)	(44,711)	(9,325)	(6,895)	-	(75,455)
Balance at 12/31/2019	43,884	33,900	3,730	2,981	1,935	86,430
Increases	501	849	195	811	830	3,186
Currency translation differences	(162)	(98)	-	(24)	-	(284)
Amortisation	(599)	(2,701)	(362)	(477)	-	(4,139)
Net divestments	(3)	(35)	-	(18)	(42)	(98)
Reclassifications	231	248	45	9	(533)	-
Balance at 06/30/2020	43,852	32,163	3,608	3,282	2,190	85,095

In 2021, Group investments in property, plant and equipment amounted to €4,774 thousand, made primarily by the parent company.

Investments in Plant and Machinery, amounting to €2,713 thousand, represent the biggest item of expenditure and are related primarily to the expansion and upgrade of the production line, an upgrade that also concerned equipment and dies, for which €427 thousand was invested. Investments in buildings, amounting to €401 thousand, instead

concerned mainly anti-seismic adjustment works to existing structures. Lastly, advances of €635 thousand were paid, while investments in assets in progress, realised on the company's own account, amounted to €386 thousand.

2. INVESTMENT PROPERTY

	Land and buildings	Plant and Machinery	Total
Historical cost	1,591	263	1,854
Accumulated amortisation	(739)	(260)	(999)
Balance at 12/31/2020	852	3	855
Amortisation	(20)	(1)	(21)
Balance at 06/30/2021	832	2	834

The item includes only the property in Calcinatè (BG), owned by Cembre S.p.A., which is no longer used for the Group's activities.

3. INTANGIBLE ASSETS

	Development costs	Patents	Software	Trademarks	Other	Work in progress	Total
Historical cost	2,692	858	6,135	495	2,043	209	12,432
Accumulated amortisation	(1,883)	(772)	(4,653)	(132)	(600)	-	(8,040)
Balance at 12/31/2020	809	86	1,482	363	1,443	209	4,392
Increases	373	24	82	-	3	59	541
Currency translation differences	-	-	(1)	-	-	-	(1)
Amortisation	(90)	(36)	(161)	(25)	(100)	-	(412)
Net divestments	(11)	-	-	-	-	-	(11)
Reclassifications	-	-	29	-	-	(29)	-
Balance at 06/30/2021	1,081	74	1,431	338	1,346	239	4,509

Intangible fixed assets refer almost entirely to the Parent Company Cembre S.p.A.. Software increases mainly refer to upgrades of programs already in use. Assets in progress include, exclusively, advances paid for new software. For more details on Development costs, refers to the Directors' Report on Operations.

4. GOODWILL

	06/30/2021	12/31/2020	Change
Goodwill	4,608	4,608	-

In May 2018, the German company Cembre GmbH acquired the entire capital of the compatriot IKUMA, identifying, after allocating the amount paid for the acquisition, a residual goodwill value of €4,608 thousand. In the first half of 2020, a reorganisation of the distribution networks, logistics and administrative and commercial services of both the aforementioned companies was completed, which resulted in significant integration of the two companies. As a result of this restructuring and close integration, the merger by incorporation of IKUMA in Cembre GmbH was resolved, endorsed on July 1, 2020, effective retroactively to January 1, 2020.

In the first half of 2021, there were no indicators of impairment that determined the need to analyse the consistency of the goodwill; the positive performance of Cembre GmbH guarantees the full recoverability of the value booked in the financial statements.

5. RIGHT OF USE - LEASED ASSETS

In the first half of 2021, the item recorded the following changes:

	Buildings	Cars	Total
Historical cost	6,985	2,341	9,326
Accumulated amortisation	(1,627)	(1,046)	(2,673)
Balance at 12/31/2020	5,358	1,295	6,653
Increases	695	387	1,082
Currency translation differences	89	2	91
Amortisation	(537)	(395)	(932)
Closure of contracts	(7)	-	(7)
Balance at 06/30/2021	5,598	1,289	6,887

The increase in the item buildings concerns mainly the new lease agreement signed by Cembre LTD relating to a portion of an industrial building adjacent to the company's registered office.

6. OTHER NON-CURRENT ASSETS

	06/30/2021	12/31/2020	Change
Guarantee deposits	58	52	6
Guarantee loan	-	496	(496)
Total	58	548	(490)

The item "Guarantee loan" included, as at December 31, 2020, the discounted value of the non-current portion of the sum deposited with the notary public upon acquisition of

IKUMA KG. This amount, booked under other non-current payables, was paid to cover the amount due to the company's former shareholders. As at June 30, 2021, said amount was reclassified under current taxes as it falls due in May 2022.

7. INVENTORIES

	06/30/2021	12/31/2020	Change
Raw materials	11,858	12,213	(355)
Work in progress and semi-finished goods	14,137	13,349	788
Finished goods	25,031	24,873	158
Total	51,026	50,435	591

The value of finished goods is adjusted to its presumed realisable value through a provision for slow-moving stock amounting to €4,636 thousand. Changes in the provision in 2021 are shown in the table that follows:

	06/30/2021	12/31/2020
Balance at beginning of the period	4,748	4,539
Accruals	100	558
Uses	-	(161)
Adjustments	(278)	(50)
Currency translation differences	66	(138)
Balance at end of the period	4,636	4,748

The adjustments concerned the provisions allocated by Cembre Inc., reduced by €125 thousand, Cembre España SLU, reduced by €73 thousand, Cembre S.p.A., reduced by €57 thousand and Cembre GmbH, reduced by €23 thousand.

8. TRADE RECEIVABLES

	06/30/2021	12/31/2020	Change
Receivables due from customers	38,716	26,256	12,460
Provision for doubtful accounts	(486)	(457)	(29)
Total	38,230	25,799	12,431

Nominal receivables due from customers by geographical area are shown in the table below.

	06/30/2021	12/31/2020	Change
Italy	21,616	13,782	7,834
Europe	14,906	10,757	4,149
North America	1,327	1,049	278
Oceania	177	265	(88)

Middle East	268	82	186
Far East	214	167	47
Africa	208	154	54
Total	38,716	26,256	12,460

Average collection time increased from 64 days in 2020 to 75 days in the first half of 2021.

Changes in the provision for doubtful accounts are shown in the table that follows:

	06/30/2021	12/31/2020
Balance at beginning of the period	457	473
Accruals	52	94
Uses	(24)	(101)
Release of excess accrual	-	(7)
Currency translation differences	1	(2)
Balance at end of the period	486	457

The breakdown of receivables by maturity at June 30, 2021 and December 31, 2020 is shown below:

Situation at:	Not past due	0-90 days	91-180 days	181-365 days	Over one year	Under litigation	Total
06/30/2021	35,827	2,552	91	94	87	65	38,716
12/31/2020	23,338	2,467	201	43	136	71	26,256

9. OTHER ASSETS

	06/30/2021	12/31/2020	Change
Receivables from employees	73	67	6
VAT and other indirect taxes receivable	-	3	(3)
Advances to suppliers	558	745	(187)
Other	1,055	760	295
Total	1,686	1,575	111

The residual item "Other" includes the value of the sum deposited with the notary public upon acquisition of IKUMA KG, to guarantee the debt due to the company's former shareholders, amounting to €735 thousand as at June 30, 2021.

10. SHAREHOLDERS' EQUITY

The capital stock of the Parent Company amounts to €8,840 thousand, and is made up of 17 million ordinary shares with a par value of €0.52 each, fully subscribed and paid-up.

In the "Statement of changes in consolidated shareholders' equity" all changes in the different items that make up shareholders' equity are analysed.

At June 30, 2021, Cembre S.p.A. held 258,041 treasury shares, corresponding to 1.52% of its capital stock. Against these shares the Company recorded €4,897 thousand in a specific equity reserve under liabilities.

On the fiftieth anniversary of the foundation of the company, the Shareholders' Meeting approved an incentive plan targeted at Company executives and middle managers, which provides for the annual assignment of rights to purchase ordinary Cembre S.p.A. shares and will last until 2025. Following the adoption of this plan, in compliance with the provisions of IFRS 2, in 2019, a Stock Options Reserve was recognised, representative of the debt to beneficiaries of the plan itself, assuming the attainment of the performance targets established and continuity of the work relationship. At June 30, 2021, this reserve amounted to €463 thousand, marking an increase of €108 thousand in the first half of 2021. Said increase was booked in the Income Statement under other personnel costs.

The "Consolidation reserve" included in the "Statement of changes in consolidated shareholders' equity" consists of the following adjustments:

	06/30/2021	12/31/2020
Elimination of investments in subsidiaries	27,438	26,041
Elimination of unrealised intra-group profits in stock	(3,542)	(4,554)
German subsidiary product warranty provision reversal	22	23
Cancellation of dividends	1,743	1,363
Other changes	(94)	39
Total	25,567	22,912

11. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

	Effective interest rate %	Term ending	06/30/2021	12/31/2020
Leasing liabilities - Non-current portion				
Cembre S.p.A.			2,516	2,746
Cembre Ltd.			1,126	802
Cembre Sarl			19	45
Cembre España SLU			82	56
Cembre GmbH			279	130
Cembre Inc.			1,153	1,231
Total non-current portion			5,175	5,010
NON-CURRENT FINANCIAL LIABILITIES			5,175	5,010

	Effective interest rate %	Term ending	06/30/2021	12/31/2020
Bank loans				
Cembre S.p.A.				
<i>Current portion</i>				
Unicredit contract 47122	0.01	Jan-21	-	4,000
BNL contract 38656	0.01	Mar-21	-	10,000
Banca Intesa contract 11320	0.03	Sept-21	1,200	3,600
BNL contract 76900	0.01	Oct-21	5,000	5,000
Unicredit contract 81152	0.01	Jan-22	4,000	-
Unicredit contract 17794	0.00001	Jan-22	5,000	-
BNL contract 10935	0.01	Mar-22	6,000	-
Total current portion			21,200	22,600
Bank charges				
Leasing liabilities - Current portion				
Cembre S.p.A.			899	892
Cembre Ltd.			243	156
Cembre Sarl			53	82
Cembre España SLU			59	41
Cembre GmbH			220	210
Cembre Inc.			271	288
Total current portion			1,745	1,669
CURRENT FINANCIAL LIABILITIES			22,946	24,270

12. EMPLOYEE TERMINATION INDEMNITY AND OTHER RETIREMENT BENEFITS

The item includes the Employee Severance Indemnity accrued for employees of the parent company; special retirement benefits, due in accordance with French regulations to persons employed in France at the time of retirement, are also included in the provision.

At June 30, 2021, no significant changes were made to the actuarial assumptions, therefore, the Group decided to maintain the actuarial effect on the provision calculated as at December 31, 2020 unchanged.

	06/30/2021	12/31/2020
Opening balance	2,178	2,356
Accruals	492	900
Uses	(328)	(631)
Social security (INPS) treasury provision	(191)	(493)

Actuarial effect	-	46
Closing balance	2,151	2,178

Total amounts accrued with the INPS (Social Security) treasury provision amounted to €8,034 thousand.

13. PROVISIONS FOR RISKS AND CHARGES

Changes in provisions for risks and charges in the 1st Half of are shown in the table below.

	Supplementary customer allowances	Directors' variable compensation	Employee incentives	Risks of legal disputes	Total
At December 31, 2020	195	-	49	21	265
Accruals	13	25	25	-	63
At June 30, 2021	208	25	74	21	328

In line with the remuneration policy of Cembre S.p.A., variable compensation based on the achievement of medium-long term targets was introduced in favour of the Chairman and Managing Director. This amount will be paid out in 2024 contingent on the achievement of objectives set for financial years 2021-2023 by the Board of Directors. The amount of the accrual against the possible variable compensation of directors is recorded among the cost of services and, given the limited impact, was not discounted.

The provision for employee benefits includes amounts accrued for sales personnel that will be paid out upon the achievement of performance objectives set in the sales development plan defined by the Company.

14. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities at June 30, 2021 are summarised as follows:

	06/30/2021	12/31/2020
Deferred tax assets		
Elimination of unrealised intra-group profits in stock	1,520	1,371
Write-down of inventories	566	582
Provision for French personnel costs	100	100
Consulting capitalised by Cembre GmbH	124	124
Provision for doubtful accounts of the Parent Company	86	88
Differences on amortisation and depreciation of Parent Company	225	265
Discounting of employee termination indemnity	52	52
Write-down of Calcinate property	34	34
Other	285	273
Gross deferred tax assets	2,992	2,889

	06/30/2021	12/31/2020
Deferred tax liabilities		
Average cost valuation of inventories by the Parent Company	(441)	(341)
Accelerated depreciation	(306)	(292)
Elimination of German subsidiary product warranty provision	(9)	(9)
Reversal of land depreciation	(24)	(24)
Revaluation of land	(1,652)	(1,652)
Discounting of the Cembre GmbH guarantee loan	(1)	(2)
Allocation of IKUMA investment purchase price	(504)	(541)
Reversal of amortisation of non-competition agreement of former IKUMA directors	(106)	(75)
Dividends not collected	(2)	(2)
Currency translation differences	(5)	-
Gross deferred tax liabilities	(3,050)	(2,938)
Net deferred tax assets	(58)	(49)

15. TRADE PAYABLES

	06/30/2021	12/31/2020	Change
Trade payables	14,314	11,408	2,906
Advances received from customers	334	180	154
Total	14,648	11,588	3,060

Trade payables by geographical area, in thousands of Euro, are disclosed here below.

	06/30/2021	12/31/2020	Change
Italy	10,577	9,302	1,275
Europe	3,508	2,080	1,428
Far East	216	7	209
North America	11	16	(5)
Other	2	3	(1)
Total	14,314	11,408	2,906

16. OTHER PAYABLES

The item "Other payables" may be broken down as follows:

	06/30/2021	12/31/2020	Change
Payables to employees	4,589	2,533	2,056
Employee withholding taxes payable	361	1,003	(642)
VAT and similar foreign taxes payable	2,148	799	1,349
Commissions payable	341	358	(17)
Payable to Statutory Auditors and similar foreign boards	44	44	-
Payables to Directors	14	22	(8)
Social security payables	1,960	2,581	(621)
Payables for sundry taxes	247	107	140
Payables to former IKUMA directors	735	498	237

Payables for legal disputes	-	655	(655)
Sundry items	428	797	(369)
Deferrals	(134)	(171)	37
Total	10,733	9,226	1,507

The increase in payables to employees, compared to December 31, 2020, is due to the accrual of amounts for holidays, thirteenth month's pay and year-end bonuses that have already matured, but which will be paid in the coming months.

The item "Payables to former IKUMA directors" represents the value of the current portion of the non-competition bonus provided for in the purchase contract.

The payable for legal disputes arose in 2020 due to a dispute with a UK customer, relating to the malfunctioning of a product developed specifically at its request. The dispute was closed following an out-of-court settlement, and the provision was fully utilised in the first half of 2021.

17. REVENUES FROM SALES AND SERVICES PROVIDED

	1 st Half of 2021	1 st Half of 2020	Change
Revenues from sales and services provided	84,547	64,656	19,891

In the first half of 2021, revenues rose by 30.8% on the corresponding period in the previous year. A total of 43.0% of Group sales were to Italian customers (43.2% more than in 2020), while sales in the rest of Europe (excluding Italy) represented 46.8% of total sales (growth of 30.2% on the previous year). Turnover from non-European countries, equal to 10.2% of sales, decreased by 3.1% compared to the first half of 2020. In accordance with the relevant accounting standards, revenues are recognised net of discounts, allowances and premiums to customers and net of adjustments to customer estimates relating to previous years.

18. OTHER REVENUES AND INCOME

Other operating revenues are made up as follows:

	1 st Half of 2021	1 st Half of 2020	Change
Capital gains	22	24	(2)
Insurance reimbursements	19	109	(90)
Reimbursements	280	195	85
Operating grants	3	18	(15)

Other	21	22	(1)
Total	345	368	(23)

Reimbursements relate primarily to transport costs charged to customers. Operating grants, as in 2020, refer to the amounts received for employee training.

19. COST OF SERVICES

The item is broken down as follows:

	1 st Half of 2021	1 st Half of 2020	Change
Subcontracted work	1,640	1,425	215
Electricity, heating and water	985	823	162
Transport of goods sold	1,489	1,178	311
Fuel	235	167	68
Travelling expenses	239	280	(41)
Maintenance and repair	1,077	920	157
Consulting	795	903	(108)
Advertising and promotion	136	99	37
Insurance	379	347	32
Boards' compensation	378	378	-
Postage and telephone	196	195	1
Commissions	503	392	111
Security and cleaning	366	347	19
Bank services	80	81	(1)
Software maintenance fees	422	335	87
Sundry items	226	494	(268)
Total	9,146	8,364	782

The increase in subcontracted work and the transport of goods sold is directly related to the return to normal business activities, with respect to the situation in the first half of 2020 as a result of the pandemic.

20. PERSONNEL COSTS

Personnel costs are broken down as follows:

	1 st Half of 2021	1 st Half of 2020	Change
Wages and salaries	17,678	15,269	2,409
Social security contributions	4,252	3,837	415
Employee termination indemnity	628	636	(8)
Retirement benefits	110	93	17
Other costs	620	517	103
Total	23,288	20,352	2,936

Wages and salaries include €1,218 thousand relating to outsourced personnel, mainly of the Parent Company.

The item “Other costs” includes the provision for the Stock Option Reserve, amounting to €108 thousand. For details refer to Note 10.

Average number of employees by category:

	1 st Half of 2021	1 st Half of 2020	Change
Managers	22	22	-
White collars	381	357	24
Blue collars	320	343	(23)
Outsourced personnel	51	33	18
Total	774	755	19

Average number of employees by Group company:

	Managers	White collars	Blue collars	Outsourced personnel	Total 1 st Half 2021	Total 1 st Half 2020	Change
Cembre S.p.A.	8	218	226	47	499	488	11
Cembre Ltd.	4	47	57	-	108	103	5
Cembre Sarl	3	25	7	2	37	31	6
Cembre España SLU	1	32	9	2	44	44	-
Cembre Inc.	2	23	5	-	30	35	(5)
Cembre GmbH	4	36	16	-	56	54	2
Total	22	381	320	51	774	755	19

21. OTHER OPERATING COSTS

The item is broken down as follows:

	1 st Half of 2021	1 st Half of 2020	Change
Sundry taxes	488	373	115
Losses on receivables	11	101	(90)
Capital losses	54	40	14
Donations	18	104	(86)
Other	396	270	126
Total	967	888	79

The residual item “Other” consists primarily of sundry expenses incurred by the Parent Company.

22. ACCRUALS TO PROVISIONS FOR RISKS AND CHARGES

The item is broken down as follows:

	1 st Half of 2021	1 st Half of 2020	Change
Customer indemnities	13	11	2
Legal disputes	-	663	(663)
Total	13	674	(661)

23. FINANCIAL INCOME (EXPENSE)

	1 st Half of 2021	1 st Half of 2020	Change
Bank loans and overdrafts	(2)	(4)	2
Interest on leased assets	(47)	(53)	6
	(49)	(57)	8
Interest earned on bank account balances	2	3	(1)
	2	3	(1)
Total financial income (expense)	(47)	(54)	7

24. INCOME TAXES

Income taxes are composed as follows:

	1 st Half of 2021	1 st Half of 2020	Change
Current taxes	(5,043)	(2,850)	(2,193)
Deferred taxes	1	115	(114)
Net extraordinary gains	16	136	(120)
Total	(5,026)	(2,599)	(2,427)

In view of the complexity of the calculation and the immateriality of the differences identified in the past, taxes for some foreign subsidiaries were estimated on the basis of the theoretical tax rate. We therefore limit our analysis to the comparison between actual tax and theoretical tax expense for the 1st Half of 2021 and the 1st Half of 2020, postponing a reconciliation to the financial statements at year-end.

	1 st Half of 2021	1 st Half of 2020
Profit before taxes	19,676	10,199
Taxes	(5,026)	(2,599)
Effective tax rate	25.54%	25.48%
Theoretical tax rate (*)	27.90%	27.90%

(*)Tax rate of the parent company (IRES + IRAP)

Cembre S.p.A. submitted a request to the Revenue Agency for the renewal of the agreement concerning the application of the “Patent box” regime for the period 2020-2024. Said request was declared admissible. However, as of the date of this document, it is not possible to establish the outcome and the date of conclusion of this negotiation.

At June 30, 2021 there were no temporary differences on which no deferred tax asset and/or liability had been recorded.

Deferred tax assets and liabilities are made up as follows:

	1 st Half of 2021	1 st Half of 2020
Elimination of unrealised intra-group profits in stock	149	(26)
Write-down of inventories	(16)	(203)
Provision for doubtful accounts of the Parent Company	(2)	(6)
Provision for risks of legal disputes	-	100
Differences on amortisation and depreciation of Parent Company	(40)	1
Average cost valuation of inventories by the Parent Company	(100)	30
Accelerated depreciation	(14)	13
Allocation of IKUMA investment purchase price	37	37
Other	(13)	169
Prepaid/deferred taxes for the period	1	115

25. COMPREHENSIVE INCOME

The Cembre Group uses a single table to report its comprehensive income. In particular, the economic effects recorded directly under Shareholders' Equity are reported separately and result in an increase or decrease of net profit for the period. At June 30, 2021, the only difference relates to foreign exchange translation differences, arising upon consolidation, on the translation into euro of the financial statements of companies whose functional currency is not the euro. As indicated in Note 12, at the time of preparation of the Interim Report, in view of the modest effects, the discounting of employee termination indemnity was not updated.

26. EARNINGS PER SHARE (BASIC AND DILUTED)

Basic earnings per share are calculated by dividing net profit by the weighted average number of shares in circulation for the period, excluding treasury shares held at the end of the period, equal to 258,041.

Diluted earnings per share is determined by dividing the net profit by the weighted average number of shares in circulation in the period, excluding treasury shares, increased by the number of shares that potentially could be added to those in circulation due to the stock option plan.

	1 st Half of 2021	1 st Half of 2020
Consolidated net profit	14,650	7,600
No. of ordinary shares in circulation('000)	16,742	16,720
Basic earnings per share	0.88	0.45
Weighted number of shares potentially assignable	19	22
Diluted earnings per share	0.87	0.45

27. NET FINANCIAL POSITION

The net financial position of the Group amounted to a positive €1,259 thousand at the end of the period, down on December 31, 2020 due to capital expenditure in the period and the payment of dividends for financial year 2020.

At the reporting date, the Group had no outstanding debt involving covenants (equity/profit ratios) or negative pledges (limitation clauses). In respect of the "Guidelines on disclosure obligations pursuant to the prospectus regulation" set forth by ESMA, details of the Group's Net Financial Position are provided below:

	06/30/2021	12/31/2020
A Cash	11	12
B Bank deposits	29,369	37,676
C Cash and cash equivalents (A+B)	29,380	37,688
D Financial receivables	-	-
E Current bank payables	(21,201)	(22,601)
F Current financial leasing liabilities	(1,745)	(1,669)
G Current financial debt (E+F)	(22,946)	(24,270)
H Net current financial position (C+D+G)	6,434	13,418
I Non-current financial leasing liabilities	(5,175)	(5,010)
J Non-current financial debt (I)	(5,175)	(5,010)
K Net financial position (H+J)	1,259	8,408

28. RELATED PARTIES

Among assets leased to Cembre S.p.A. by third parties are an industrial building adjacent to the Company's registered office measuring a total of 5,960 square meters on three floors, in addition to the Monza, Padua and Bologna sales offices. These properties are owned by "Tha Immobiliare S.p.A.", a company with registered office in Brescia, whose capital is held by Giovanni Rosani and Sara Rosani, members of the Board of Directors of the Parent Company Cembre S.p.A.; the interest for the company can be seen in the

prospect of continuity and in the reduction of the risks of termination of the lease contract. At the end of the half-year, all amounts due to Tha Immobiliare S.p.A. had been settled.

Cembre Ltd. leases an industrial building from Borno Ltd., a company controlled by Lysne S.p.A. (holding company of Cembre S.p.A.).

A summary of the amounts reported in the financial statements relating to the above contracts is provided below:

	Net assets	Non-current liabilities	Current liabilities	Amortisation	Interest expense
Leased assets from THA - Cembre S.p.A.	2,487	2,045	485	247	28
Leased assets from Borno - Cembre Ltd	1,293	1,085	222	99	7

For disclosure purposes, the table below summarises the costs relating to rentals to related parties incurred in the period:

	1 st Half of 2021	1 st Half of 2020	Change
Rent paid to related parties	379	353	26

Cembre S.p.A. does not have direct relationships with the parent company Lysne S.p.A. of any other nature than that of the exercise of shareholders' rights on the part of the parent. Lysne S.p.A. does not carry out any management or coordination activity with respect to Cembre S.p.A.

Remuneration of Directors and Statutory Auditors

In the 1st Half of 2021, compensation for the Board of Directors and the Board of Statutory Auditors amounted to:

	Board of Statutory Auditors	Directors
Emoluments as directors and auditors of Cembre S.p.A.	43	310
Remuneration as employees	-	398
Non-monetary benefits	-	10

Non-monetary benefits relate to the use of a company car and insurance policies underwritten in favour of directors.

In line with the remuneration policy of the Company, variable compensation linked to the achievement of medium-long term objectives was introduced in favour of the Chairman and Managing Director. Such compensation will be paid out in 2024 in case targets set for years 2021-2023 by the Board of Directors, upon proposal of the Remuneration Committee, are achieved. The Company prudentially accrued a provision of €25 thousand for the part relating to the 1st Half of 2021.

29. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

The Group makes very limited use of derivative instruments to hedge against interest risk and currency exposure.

The short-term maturity of a large part of the financial instruments held is such that their carrying value is in line with their fair value of the same.

Risks connected with the market

The Group faces these risks with ongoing innovation, the widening of the product range and the upgrade of its production process, by implementing, also with the help of its foreign subsidiaries, targeted marketing policies and pursuing a policy of expansion on markets where the Group has less of a presence.

Interest rate risk

As at June 30, 2021, as shown in detail in Note 11, the Parent Company Cembre S.p.A. has five loans in place, expiring between September 2021 and March 2022. The nature of the rate applied and the relatively short-term maturity protect the Group from any fluctuations in interest rates.

Currency risk

Despite a strong international presence, the Group does not have a significant exposure to currency risk (on an operating or equity basis), as it operates mainly in the Euro area, the currency in which its trade transactions are mainly denominated.

Exposure to currency risk is determined mainly by some sales in US dollars and British pounds. The entity and volume are not such as to have a significant impact on the Group's results.

As described in the consolidation principles section, financial statements of consolidated companies prepared in currencies other than the euro are translated into euro at the exchange rate published on the website of the Ufficio Italiano Cambi (Italian Exchange Office).

In addition to currency risk, the Group is also exposed to currency translation risk. As described in the consolidation principles section, in fact, financial statements of consolidated companies prepared in currencies other than the Euro are translated into Euro at the exchange rate published on the website of the Ufficio Italiano Cambi.

In the table that follows we report the economic effect of possible fluctuations in exchange rates for main financial figures of consolidated companies operating outside the euro area.

	Currency	Change exchange rate	Change Shareholders' Equity	Change Turnover	Change Profit before taxes
Cembre Ltd	GBP	5% / -5%	643/(643)	507/(507)	63/(63)
Cembre Inc.	USD	5% / -5%	445/(445)	288/(288)	24/(24)

In the income statement as at June 30, 2021, the item "exchange gains (losses)" is a positive €127 thousand.

Liquidity risk

The exposure of the Group to liquidity risk is not material as its financial position is balanced. The collection and payment cycle is also in balance, as shown by the ratio of current assets to current liabilities.

Credit risk

The Group's exposure to credit risk relates exclusively to trade receivables.

As shown in note 8, none of the areas in which the Group operates poses relevant credit risks.

Operating procedures limit the sale of products or services to customers who do not possess an adequate credit profile or provide adequate guarantees. Receivables matured over 12 months and those under litigation are widely covered by the provision for

doubtful accounts accrued. Moreover, Cembre S.p.A. has stipulated an insurance policy against commercial credit risk, allowing it to reduce further exposure to credit risk.

30. SUBSEQUENT EVENTS

No event having significant effects on the Group's financial position or operating performance occurred after the close of the first half.

31. CONSOLIDATED COMPANIES

The scope of consolidation did not change during the first half of 2021.

Companies consolidated line-by-line are:

Company	Registered office	Share capital	Share held at 06/30/2021	Share held at 12/31/2020
Cembre Ltd	Sutton Coldfield (Birmingham - UK)	GBP 1,700,000	100%	100%
Cembre Sarl	Morangis (Paris - France)	EURO 1,071,000	100%	100%
Cembre España SLU	Torrejón de Ardoz (Madrid -Spain)	EURO 2,902,200	100%	100%
Cembre GmbH	Munich (Germany)	EURO 10,112,000	100%	100%
Cembre Inc.	Edison (New Jersey, US)	US \$ 1,440,000	100%	100%

Brescia, September 9, 2021

**FOR THE BOARD OF DIRECTORS
OF THE PARENT COMPANY CEMBRE S.P.A.**
Chair and Managing Director
Giovanni Rosani



CEMBRE

Attestation of the Half-year Condensed Financial Statements

pursuant to art 154-bis Paragraph 5, of Legislative Decree 58 dated Feb. 24, 1998 “Consolidated Law on financial intermediation regulations” and subsequent integrations and updates
(Translation from the original Italian text)

The undersigned Giovanni Rosani and Claudio Bornati in their capacity respectively of, Managing Director and Manager responsible for preparing the financial reports of Cembre S.p.A., attest, pursuant to article 154-bis, paragraphs 3 and 4 of Legislative Decree no.58 dated February 24, 1998, as amended and integrated:

- the adequacy in relation to the characteristics of the company, and
- the application of

administrative and accounting procedures used in the preparation of the Half-year Condensed Financial Statements for the 1st Half of 2021.

It is furthermore attested that the Half-year Condensed Financial Statements for the 1st Half of 2021:

- have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel dated July 19, 2002;
- correspond to the document results, books and accounting records;
- provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

It is furthermore attested that the Report on Operations includes reference to important events that occurred in the first six months of the year and their impact on the condensed consolidated interim financial statements, along with a description of the main risks and uncertainties for the six remaining months of the year, in addition to information on significant related-party transactions. The interim management statement also contains a reliable analysis of the information on significant transactions with related parties.

Brescia, September 10, 2021

Manager responsible for the
preparation of financial reports

signed by: Claudio Bornati

Chairman and
Managing Director

signed by: Giovanni Rosani

Review report on the half-yearly condensed consolidated financial statements

(Translation from the original Italian text)

To the Shareholders of
Cembre S.p.A.

Introduction

We have reviewed the half-yearly condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated comprehensive income statement, the statement of changes in the consolidated shareholders' equity and the consolidated statement of cash flows and the related explanatory notes of Cembre S.p.A. and its subsidiaries (the "Cembre Group") as of 30 June 2021. The Directors of Cembre S.p.A. are responsible for the preparation of the half-yearly 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 half-yearly condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with review standards recommended by Consob (the Italian Stock Exchange Regulatory Agency) in its Resolution no. 10867 of 31 July 1997. 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 half-yearly condensed consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-yearly condensed consolidated financial statements of Cembre Group as of June 30, 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.

Brescia, 10 September 2021,

EY S.p.A.
Signed by: Andrea Barchi, Auditor

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



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