



**COMER
INDUSTRIES S.P.A.**



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GENERAL INFORMATION

Board of Directors

Matteo Storchi President & CEO

Cristian Storchi Deputy President and Director

Arnaldo Camuffo Independent Director

Luca Gaiani Director

Lee M. Gardner Director

Joseph P. Huffsmith Director

Matteo Nobili Director

Paola Pizzetti Independent Director

Marco Storchi Director

Board of Statutory Auditors

Luigi Gesaldi Chairman

Francesca Folloni Statutory Auditor

Massimiliano Fontani Statutory Auditor

Control Risk Sustainability Committee

Paola Pizzetti Chair

Arnaldo Camuffo Member

Luca Gaiani Member

Appointment and Remuneration Committee

Arnaldo Camuffo Chair

Paola Pizzetti Member

Matteo Nobili Member

Related-Party Committee

Paola Pizzetti Chair

Arnaldo Camuffo Member

Financial Reporting Officer

Stefano Palmieri

Audit Firm

Deloitte & Touche S.p.A.

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DIRECTORS' REPORT

Comer Industries S.p.A.

Headquarters and Administrative Offices: 42046 Reggiolo (RE) Italy - Via Magellano, 27
Reg. Reggio Emilia Business Register no. 07210440157
Approved share capital 18,487,338.60 euros entirely subscribed and paid-up
Tax Code 07210440157 - VAT code IT 01399270352

DIRECTORS' REPORT FOR THE YEAR 2023

Summary of the results of Comer Industries S.p.A.

(million euros)	31.12.2023	31.12.2022	Change in %
SALES REVENUES	421.2	427.5	(1.5%)
EBITDA	65.1	48.8	33.5%
% of revenues	15.5%	11.4%	
EBIT	52.0	35.8	45.3%
% of revenues	12.3%	8.4%	
NET PROFIT	40.7	38.0	7.0%
% of revenues	9.7%	8.9%	
COMMERCIAL WORKING CAPITAL	60.8	77.4	(21.4%)
% of revenues	14.4%	18.1%	
INVESTED CAPITAL	462.6	477.9	(3.2%)
ROI [EBIT over Invested capital (%)]	11.2%	7.5%	50.1%
NET FINANCIAL POSITION	(143.6)	(178.5)	(19.6%)
NET FINANCIAL POSITION adjusted*	(92.9)	(76.0)	22.3%
FREE CASH FLOW	48.9	5.6	789.2%
CAPEX	12.5	11.3	10.4%
% of revenues	3.0%	2.6%	
SHAREHOLDERS' EQUITY	320.3	301.3	6.3%
Net Financial Position / Shareholders' Equity	0.45x	0.59x	
ROE [Net profit / Net equity]	12.7%	12.6%	0.7%
EPS [Net profit / Number of shares]	1.42	1.33	7.0%
AVERAGE PERSONNEL EMPLOYED IN THE PERIOD	924	955	(3.2%)

(*) The Adjusted Net Financial Position NFP is determined by including the long-term financial receivables from subsidiaries.

1. SIGNIFICANT EVENTS IN THE 2023 FINANCIAL YEAR

In January 2023, the Comer Industries S.p.A. and its subsidiaries (hereinafter the "Group") entered the market for electric vehicle engines and transmissions through the acquisition of Benevelli Electric Powertrain Solutions and Sitem Motori Elettrici, later merged into e-comer S.r.l.

The deal, which came a year after the signing of an agreement to acquire 100% of Germany's Winterscheid (hereinafter "WPG") – among the industry leaders in propulsion systems and services for off-highway and industrial applications – allowed the Group to enter a fast-growing market, enriching the range of products offered through investments in cutting-edge and sustainable technologies.

Furthermore, during the year the Group began the process of listing on the regulated Euronext Milan market for medium-large cap companies.

This transfer (so-called translisting from the Euronext Growth Milan multilateral trading system to Euronext Milan) that took place on July 12, 2023 represents another strategic objective in the Group's growth and is aimed at boosting the Company's visibility in the financial markets and attracting more interest from institutional investors.

Details of the main events that occurred in the course of 2023 are provided below.

On January 9, 2023, Comer Industries S.p.A. (hereinafter the "Company") concluded the acquisition of e-comer S.r.l., a newly established company that on December 27, 2022 absorbed the business units of Benevelli Electric Powertrain Solutions and Sitem Electric Motors, for an Enterprise Value of 54 million euros plus a variable component (so-called earn out) estimated at 3.4 million euros as of December 31, 2023. This transaction resulted in a cash-out on the closing date of 50 million euros. The consideration paid for the transaction at the closing was financed by resorting to a medium- to long-term bank loan provided by Crédit Agricole Italia in the same amount. The remaining 4 million euros will be paid in four interest-free equal annual installments starting from the 12th month following the closing date.

In March 2023 the deed of merger by incorporation of Winterscheid Monguelfo S.p.A. into Comer Components S.r.l. was signed, with legal effect as of April 1, 2023 and with accounting and tax effects backdated to January 1, 2023. The reason and justification for the merger is the need to limit operating expenses and simplify the Group's corporate structure following the acquisition of the Winterscheid Group (hereinafter "WPG").

On April 4, 2023, the Board of Directors of the Company resolved to submit to the Shareholders' Meeting convened on April 20, 2023 the approval of *i*) the project for listing the Company's ordinary shares on Euronext Milan, *ii*) the adoption of new bylaws, with effect subject to the commencement of trading of the Company's ordinary shares on Euronext Milan, and *iii*) the proposal to grant the Board power to increase the share capital pursuant to Article 2443 of the Italian Civil Code.

On April 20, 2023 the Ordinary and Extraordinary Shareholders' Meeting of Comer Industries S.p.A. approved all items on the agenda including: *i*) the Financial Statements for the year 2022 and the distribution of a dividend of 0.75 euros per share, *ii*) the appointment of the Board of Statutory Auditors for the three-year period 2023-2025, *iii*) the project for listing the Company's ordinary shares on Euronext Milan, *iv*) the delegation of authority to the Board of Directors to increase the share capital pursuant to Article 2443 of the Italian Civil Code, and *v*) the adoption of a new text of the Company's bylaws for the purpose of complying with current regulations on

companies with shares traded on regulated markets, with effect subject to the commencement of trading of the Company's ordinary shares on Euronext Milan.

On May 5, 2023 the shareholder Eagles Oak S.r.l. announced that as of the date of commencement of trading of Comer Industries S.p.A.'s shares on Euronext Milan it ceased to exercise direction and coordination over Comer Industries S.p.A.

On June 21, 2023 the Ordinary Shareholders' Meeting of Comer Industries S.p.A. resolved to adjust and supplement the assignment given to the Audit Firm with respect to the nine-year period 2021-2029 in view of the admission of the Shares to trading on Euronext Milan.

On July 5, 2023, with order no. 8958, Borsa Italiana S.p.A. ("Borsa Italiana") authorized admission to listing of the Company's ordinary shares (ISIN IT0005246191) on the Euronext Milan regulated market organized and managed by Borsa Italiana ("Euronext Milan") and ordered the simultaneous exclusion of trading on the Euronext Growth Milan multilateral trading system. On July 7, 2023, with document no. 0063331/23 the National Commission for Companies and the Stock Exchange ("Consob") authorized the publication of the Prospectus (the "Prospectus") regarding the admission to trading of the Company's ordinary shares on the Euronext Milan regulated market ("Euronext Milan"). On July 12, 2023 trading of the ordinary shares of Comer Industries S.p.A. began on the Euronext Milan ("Euronext Milan") regulated market organized and managed by Borsa Italiana S.p.A. ("Borsa Italiana") with simultaneous exclusion thereof from trading on the Euronext Growth Milan multilateral trading system.

In July 2023 Evoluzione Comer s.r.l., a non-operating wholly owned company, was put into liquidation. Also in July 2023, Comer GmbH was merged into the subsidiary WPG German Holdco GmbH. These operations were carried out in pursuit of the simplification of the corporate structure.

On September 7, 2023, 14,640,089 shares achieved an increase in voting rights (two voting rights for each share) pursuant to Article 5 of the Bylaws.

On October 17, 2023, 1,700,000 shares achieved an increase in voting rights (two voting rights for each share) pursuant to Article 5 of the Bylaws.

On November 16, 2023, the ordinary Shareholders' Meeting approved the authorization to purchase and dispose of treasury shares for a period of 18 months; on the same day, the Board of Directors approved the initiation of the first tranche of the Comer Industries S.p.A. share buyback program for a maximum of 10 million euros.

As part of the project to rationalize the production footprint, the Group informed trade unions that in May 2024 the staff of the Pegognaga (MN) Plant will be transferred to the Reggiolo (RE) plants.

2. THE GLOBAL MACROECONOMIC SCENARIO AND THE REFERENCE MARKET

After the COVID-19 pandemic, Russia's invasion of Ukraine and the sharp rise in inflation, the global economic recovery has proven surprisingly resilient. In its January 2024 World Economic Outlook, the International Monetary Fund (IMF) expects global growth of 3.1% in 2024 and 3.2% in 2025, with forecasts for 2024 0.2 percentage points higher than those of October 2023.

However, the IMF highlights that growth for the next two years will be 3.8% lower than the historical average (2000-2019) due to the increase in reference rates by the central banks, required to combat inflation, and a decline in fiscal support, within a context of high debt which is holding back global economic activity.

Inflation is declining more rapidly than expected since the 2022 peak, with a lower impact on economic activity, reflecting favorable supply side developments - thanks to the resolution of pandemic-era supply chain issues - as well as the tightening of the monetary policies of central banks, which kept inflation expectations unchanged.

Overall global growth is expected to fall from the current 6.8% at the end of 2023 to 5.8% in 2024 and 4.4% in 2025.

With deflation and ongoing growth, the likelihood of an economic crisis (hard landing) declined, while the expectation of gradual global development (soft landing) has risen.

New upticks in commodity prices due to geopolitical shocks - including continued attacks in the Red Sea - and supply disruptions or more persistent underlying inflation could however extend restrictive monetary conditions to the detriment of the economic recovery; the aggravation of difficulties in the real estate sector in China, as well as any drastic cuts in public expenditure and tax hikes, could have negative effects on future outlooks.

Economic growth was stronger than expected in the second half of 2023 in the United States and in a number of significant emerging markets and developing economies; however, this growing momentum has not been observed everywhere, with a particularly limited recovery in the Eurozone, reflecting weak consumer confidence, the persistent effects of high energy prices and weakness in the manufacturing sector and company investments, which are particularly sensitive to interest rates.

As regards the main economies in which the group operates, the IMF expects America to grow by 2.1% in 2024, Europe by 0.9% (with Italy at +0.7% and Germany at +0.5%), China by 4.6%, India by 6.5% and Latin America by 1.9%, and in particular Brazil by 1.7%.

Overview of the World Economic Outlook Projections	Year over Year			
	Estimate	Projections		
		2022	2023	2024
World Output	3.5	3.1	3.1	3.2
Advanced Economies	2.6	1.6	1.5	1.8
United States	1.9	2.5	2.1	1.7
Euro Area	3.4	0.5	0.9	1.7
Germany	1.8	-0.3	0.5	1.6
France	2.5	0.8	1.0	1.7
Italy	3.7	0.7	0.7	1.1
Spain	5.8	2.4	1.5	2.1
Japan	1.0	1.9	0.9	0.8
United Kingdom	4.3	0.5	0.6	1.6
Canada	3.8	1.1	1.4	2.3
Other Advanced Economies	2.7	1.7	2.1	2.5
Emerging Market and Developing Economies	4.1	4.1	4.1	4.2
Emerging and Developing Asia	4.5	5.4	5.2	4.8

China	3.0	5.2	4.6	4.1
India	7.2	6.7	6.5	6.5
Emerging and Developing Europe	1.2	2.7	2.8	2.5
Russia	-1.2	3.0	2.6	1.1
Latin America and the Caribbean	4.2	2.5	1.9	2.5
Brazil	3.0	3.1	1.7	1.9
Mexico	3.9	3.4	2.7	1.5
World Consumer Prices	8.7	6.8	5.8	4.4
Advanced Economies	7.3	4.6	2.6	2.0
Emerging Market and Developing Economies	9.8	8.4	8.1	6.0

Source: *World Economic Outlook, January 2024 Update*

Target market

The Company operates in the design and manufacture of advanced engineering systems and mechatronics solutions for power transmissions and breaks its activities down into two main sectors, based on the use of the machines on which its products are installed: (i) agricultural and (ii) industrial, which encompasses all other sectors, including wind and electric.

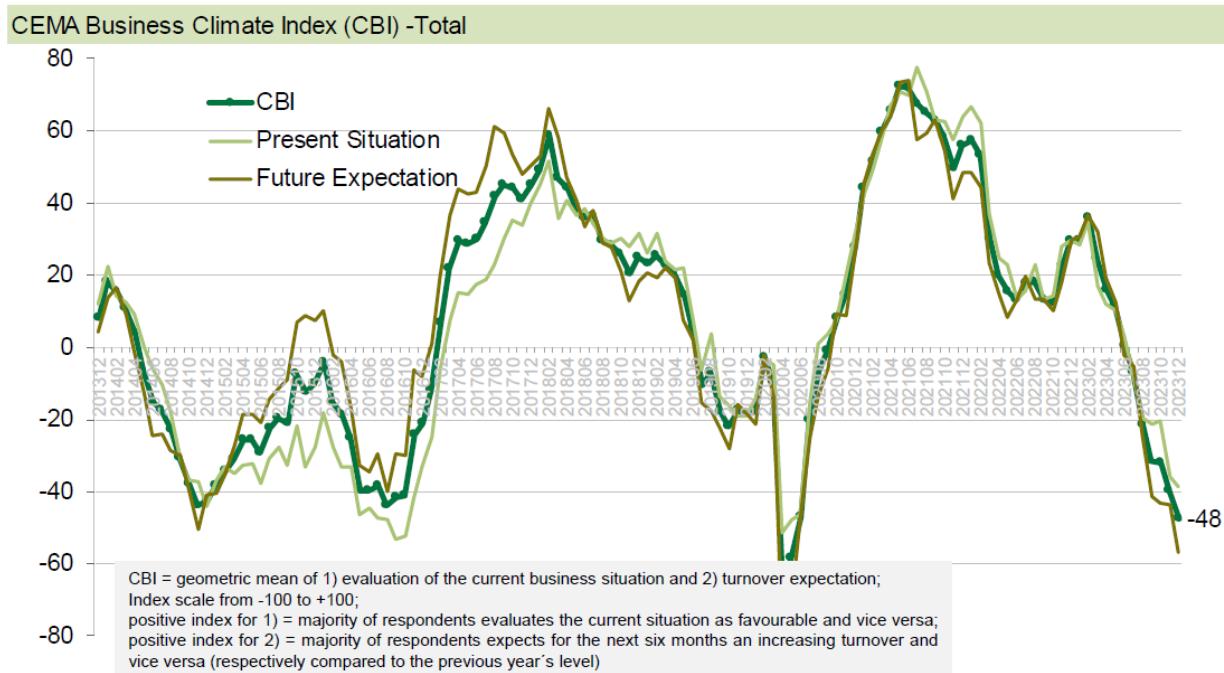
Agricultural sector

As concerns the agricultural market, 2023 was a two-speed year.

A first part of the year in which the market continued to benefit from the trends that supported the sector starting from the second half of 2021, or after the end of the COVID-19 crisis: i) growth in demand for machinery by farmers and ii) generalized price increases.

A second part of the year in which the market was rebalanced after the highs reached by the economic cycle in spring 2023.

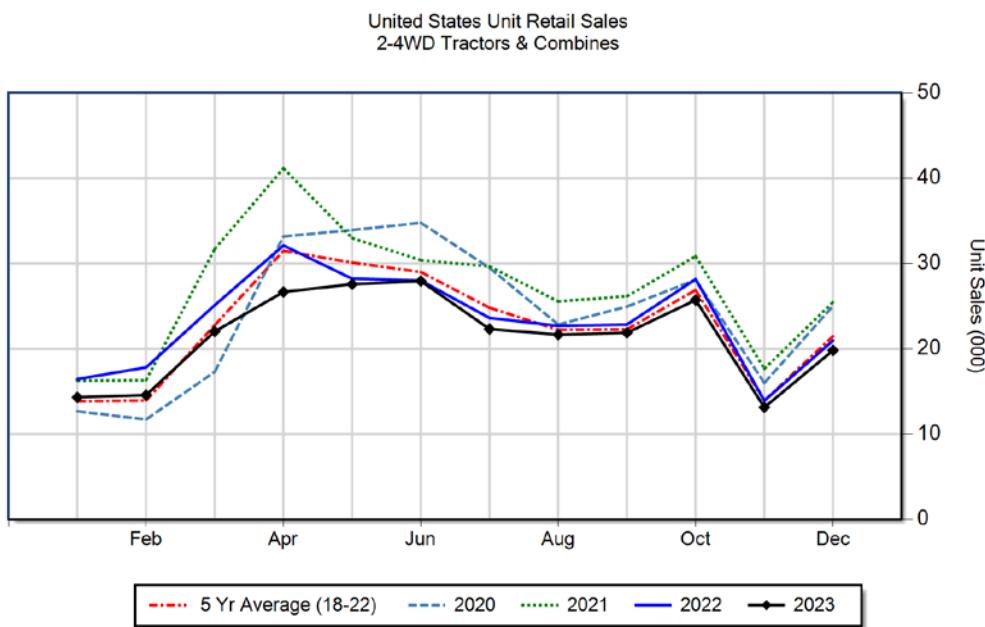
The December 2023 overall business climate index for the agricultural machinery industry in Europe (CEMA's business climate index) closed 2023 at -48 compared to the highs reached in February 2023 of +36 (on a scale of -100 to +100), showing a significant downward trend. Although current confidence levels for all European markets remain negative for the entire year of 2024, respondents expect their company's revenues to decline by an average of between 5% and 10%.



Source: CEMA Business Barometer December 2023

As for the North American market, however, the Association of Equipment Manufacturers AEM in its Ag Tractor and Combine Report for December 2023 reported an 8.2% decline in agricultural equipment sales (despite a 5.2% increase in the sub-index for tractors over 100HP) and a 1.7% growth in sales of combines.

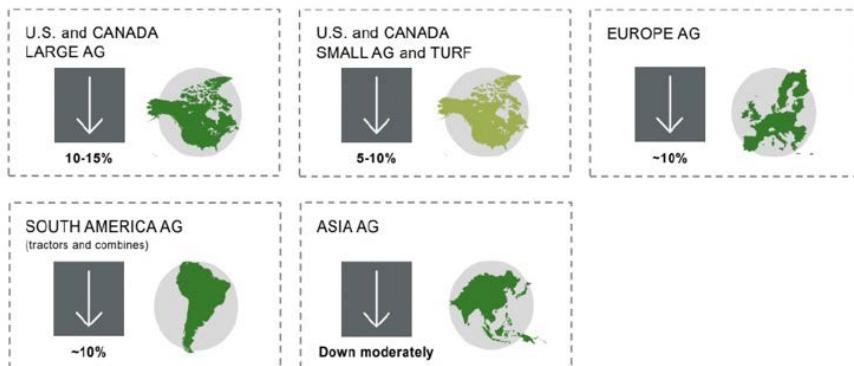
The figure below shows that the American market was more resilient than the European market with 2023 sales substantially aligned with the average of the last 5 years (2018-2022) in the second half of the year.



Source: AEM United States Ag Tractor and Combine Report December 2023

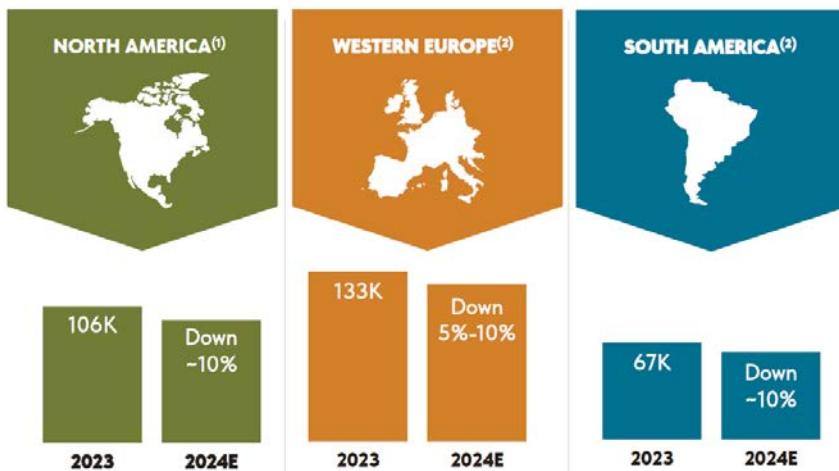
- Leading agricultural OEMs are feeling cautious about the market's development in 2024. Specifically: In its annual report published in November 2023, John Deere expects performance of between -10%

and -15% depending on geographical area, with Asia slightly negative compared to the rest of the world.



Source: Deere & Company Forecast as of 22 November 2023

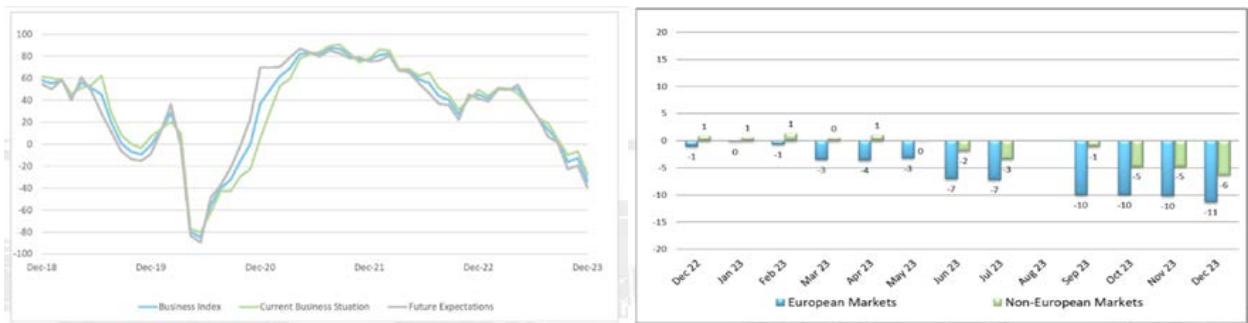
- In its annual report published in early February 2024, AGCO was slightly more positive than its competitor, instead estimating a market decline of 5% to 10%.
- In its annual report issued in mid-February CNH estimates a 10% to 15% decline in overall sales for the agricultural sector in 2024.



Source: AGCO Fourth Quarter and Full Year 2023 Financial and Operational Results

Industrial sector

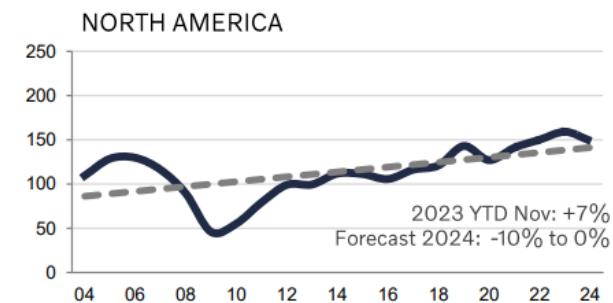
The industrial sector, whose performance is most closely linked to economic conditions and interest rate trends that favor investment, saw a slight improvement in early 2023 followed by a negative trend for the remaining part of the year, as shown by the Business Index trend published by the Committee for European Construction Equipment (CECE) in December 2023 (Fig. on the left), which was also confirmed by the decrease in orders in the second part of the year in both the European and non-European markets (Fig. on the right).



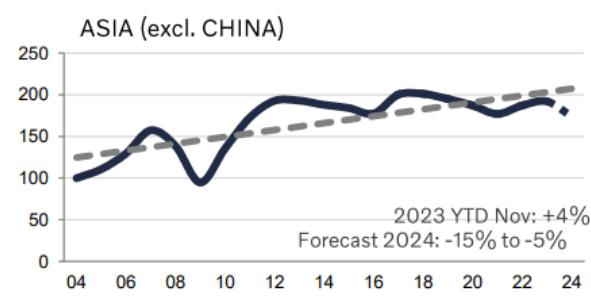
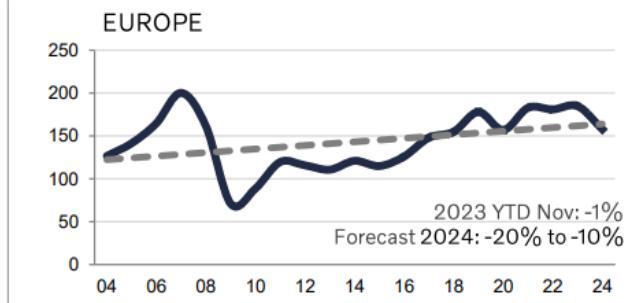
Source: CECE Business Barometer January 2024

Respondents' expectations in terms of market trends for the next six months differ according to the different geographical areas: i) 65% expect the European market to be in the range of 0% to -10%; ii) 71% expect the North American market to be in a range between 0% and -10%; iii) 77% expect the Chinese market to be in the range of 0% to -10%; and iv) 78% expect the Indian market to be in the range of 0% to +10%.

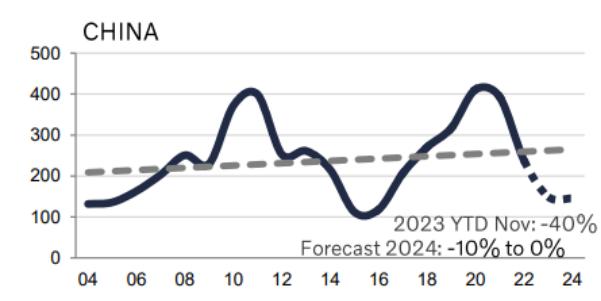
- Volvo, one of the leading OEM players in the industry, in its annual report issued in January 2024 for its Construction Equipment division sales for 2024 forecasts: i) Europe contracting between -10% and -20%, ii) North America in a range between 0% and -10%, iii) Asia (excluding China) contracting between -5% and -15%, and iv) China in a range between 0% and -10%; as indicated in the charts below.



Source: Volvo Fourth Quarter 2023



Source: Volvo Fourth Quarter 2023



- CNH expects the Construction Equipment sector as a whole to contract by about 10% in revenues versus 2023.

- In contrast, Caterpillar instead announced sales for 2024 that would be substantially in line with those for 2023 but did not provide a breakdown by geographic area.

3. COMMENTS ON KEY PERFORMANCE INDICATORS

Management uses certain performance indicators that are not identified as accounting measures under IFRS (non-GAAP measures) to enable a better assessment of the Group's economic, capital, and financial performance. The calculation performed by the Group may not follow the same method adopted by other groups, and therefore the indicators may not be comparable with those used by them. These performance indicators, determined in accordance with the provisions of the Guidelines on performance indicators issued by ESMA/2015/1415 and adopted by Consob with Communication no. 92543 of December 3, 2015, refer only to the performance of the accounting period covered by this Consolidated Annual Financial Report and the periods compared. The performance indicators should be regarded as complementary and not as a substitute for information prepared in accordance with IFRS. Below is a description of the main indicators adopted.

3.1. DEFINITION OF THE INDICATORS.

The performance indicators used by the Company and reported herein are based on the following definitions:

“EBITDA”: represents the value of Operating Profit adjusted by the amount of the following entries:

(+) Amortization, Depreciation and other write-downs of fixed assets, in particular:

- Amortization of intangible fixed assets;
- Depreciation of tangible fixed assets;
- Other write-downs of fixed assets.

“EBIT”: is the Operating Profit in the Income Statement.

“Net profit”: indicates the result of the Income Statement.

“Commercial Working Capital”: indicates the algebraic sum of the following balance sheet items:

(+) current assets:

Inventories;

Trade Receivables;

(-) current liabilities:

Trade payables.

“Invested capital”: is the algebraic sum of the following balance sheet items:

(+) Commercial working capital;

(+) Tangible (including Rights of use), Intangible Assets and Equity Investments in other companies;

(+) Tax and deferred tax assets, current tax assets;

(+) Other short and long-term receivables, of a non-financial nature;

(-) Other short and long-term payables, of a non-financial nature;

- (-) Current and deferred tax liabilities;
- (-) Post-employment benefits in the short and long term and short- and long-term provisions.

"Net Financial Position": indicates the algebraic sum of the following balance sheet items:

- (+) Current Asset items (A):

- Other short-term financial receivables
- Marketable securities at fair value
- Cash and cash equivalents

- (-) Non-current and current liabilities (B):

- Long-term loans
- Long-term derivative financial instruments
- Short-term loans
- Short-term derivative financial instruments
- Other short- and long-term financial payables (including payables relating to lease contracts recognized in accordance with IFRS 16)
- Non-current trade payables

The net financial position, determined in accordance with the provisions contained in Reminder no. 5/21 of April 29, 2021 issued by Consob, which refers to ESMA Guideline 32-382-1138 of March 4, 2021.

"Net Financial Position Adjusted": is determined including in the Net Financial Position Non-current Asset items.

"Free cash flow": Indicates the algebraic sum of Cash flow generated (absorbed) by operations and + Net cash flow from investing/disinvesting activities in the Statement of Cash Flows.

"Cash conversion rate": represents the ratio of Free Cash Flow to EBITDA.

"Capex": indicates the increase occurring in investments in tangible and intangible fixed assets (net of revaluations, capital grants and the effects of currency conversion) which, following International Accounting Standards, are recorded in the corresponding heading in equity, excluding (i) the equity effects of internal capitalizations of costs for internally generated development activities and excluding (ii) the impacts related to the application of IFRS 16.

"Equity": indicates the algebraic sum of Share capital, Share premium reserve, Treasury share reserve in the portfolio, Other reserves and Profits/losses corresponding to the total of the "Share capital and reserves" heading.

"ROI (return on investment)": ratio of EBIT to invested capital.

"ROE (return on equity)": ratio of Net Profit to Net Equity.

"EPS (Earnings per share)": ratio of Net Profit to average number of shares outstanding in the period of reference.

"Average staff in the year": simple average on a monthly basis of the workforce employed by the Company, including temporary workers.

The Company prepares the income statement according to the nature of costs and the Cash Flow Statement with the indirect method.

3.2. COMMENTS ON THE INDICATORS.

Revenues of Comer Industries S.p.A. stand at 421.2 million euros, down by 1.5% compared with the previous year (427.5 million euros). The reduction in turnover, recorded in the second half of the year, was caused by a general contraction in the markets in which the Company operates. Revenues generated abroad represent more than 80% of the total, in line with previous years.

The agricultural sector (73% of total turnover) continues to represent the driving sector, closing the year with a contraction lower than that recorded in the industrial sector.

EBITDA came to 65.1 million euros, equal to 15.5% of revenues from 2023, up compared to the previous year in absolute value (+33.5%) and in terms of percentage of revenues (15.5% compared to 11.4% in 2022). This result is primarily due to continuous process improvements and efficiency projects at production sites.

The net financial position as of December 31, 2023, is shown below:

<i>(Thousand euros)</i>	December 31, 2023	December 31, 2022	Change
Cash and cash equivalents	(38,486)	(73,387)	34,901
Short-term financial receivables	(16,598)	(56,616)	40,018
Short-term loans	111,160	97,080	14,080
Long-term loans	69,544	190,668	(121,124)
Financial payables IFRS 16	17,970	20,800	(2,830)
Net Financial Position	143,590	178,545	(34.955)
Long-term financial receivables	(50,679)	(102,590)	51,911
Net Financial Position adjusted	92,911	75,955	16,956

The net financial position shows a negative balance of 143.6 million euros, an improvement of 35.0 million euros over December 31, 2022. The net financial position adjusted shows a negative balance of 92.9 million euros, determined including 50.7 million euros long-term financial receivables towards subsidiaries, and is worsening of 16.9 million euros over December 31, 2022.

Comer Industries S.p.A. generated cash from operating activities for 48.9 million euros.

Net profit amounted to 40.7 million euros (equal to 9.7% of revenues, 8.9% in 2022), benefiting from dividend income from subsidiary companies equal to 7.6 million euros (12.5 million euros in 2022).

ROE, calculated on net profit, stands at 12.7% compared to 12.6% in the previous year and benefited from the growth in operating income. Earnings per share stand at 1.42 euros per share (1.33 euros per share in 2022).

4. INVESTMENTS

During fiscal year 2023, two new horizontal machining centers dedicated to cast iron flow and a new hobbing cell equipped with green technology free of cutting oil came on line at the Italian plant in Reggiolo. This hobbing cell is connected with anthropomorphic robots and was dedicated to the steel flow for gear tooth. Both investments were interfaced with factory systems following the Industry 4.0 approach.

From a green perspective, an investment was also launched for the purchase of an industrial water processing system that will begin operating in the first half of 2024.

Also at the Reggiolo plant, an investment was made in a new semi-automatic axle assembly line that will achieve full speed in the production process the next fiscal year. This line is equipped with the most modern manufacturing technologies or cyber-physical systems and management and supervision software.

5. RESEARCH AND DEVELOPMENT

The Group's research and development is carried out in design offices located in Italy, Germany and the United States, which are then validated and approved in four different specialized validation centers located in Reggiolo and Monguello in Italy, Lohmar in Germany and Rockford in the United States.

For the agricultural market, particularly for application on tractors, development and validation was completed of the front axle for tractors up to 160hp and a new size was developed for machines up to 120hp. Furthermore, a new generation stabilizer has been completed for the rear attachment system.

Also in the agricultural area, a complete transmission system has been developed for combine harvesters, with products belonging to a number of lines (gearboxes, planetary, driveshafts), while a quick-fit solution has been developed for cutter bars.

In the industrial realm, category 2 axle development has been completed for elevating platforms and category 3 axle development has started for telescopic loaders; furthermore, the initial axle prototypes have been supplied for electrified wheel loaders.

Prototypes have also been developed for two new sizes in the latest generation industrial PTO driveshaft range (30kNm/40 kNm) and a new size in the double joints range with improved torque performance (>10kNm).

In the renewable energy sector, validation has been completed on the new sizes of slewing drives (140kNm and 190kNm) and the fail-safe system developed specifically for that application.

Lastly, after the acquisition in early 2023 of business units in the complementary transmissions and electric motors sector, Benevelli Electric Powertrain Solutions and Sitem Motori Elettrici, which have been merged into the company e-comer S.r.l., the Group has been afforded not only the possibility of further increasing capacity and expertise in research and development and its product portfolio, but also that of creating integrated products and systems for electrified transmissions and vehicles.

An initial example of this synergy was the development of a gearbox equipped with an electric motor for the rotation of an excavator that will be supplied as a prototype in the course of 2024 to a major Group customer. In the digitalization field, in the course of 2023 a new PLM (Product Lifecycle Management) system has been set up for the management of engineering processes and documents, a system which during the coming year will be extended to all group design offices.

6. SOCIAL RESPONSIBILITY

Over the past few years, Comer Industries has been committed to supporting and advancing various sustainability and social responsibility initiatives, in line with the Sustainable Development Goals defined by the United Nations Organization. For the Company, it is a priority to generate a positive impact for economic, social and cultural development. This is why education, health, innovation, environment, sports and culture are the main areas in which the Company believes most and invests to create value and opportunities for its employees as well as future generations.

Aware that it can continue to grow only by nurturing its roots, Comer Industries S.p.A. invests to promote the areas in which it operates and local communities through initiatives, programs, support activities and partnerships.

In this context, it donated two ambulances to the Reggiolo Committee of the Italian Red Cross, a symbol of the company's focus on the priority area of health, in addition to a concrete gesture to support the local community and health care system, to boost the effectiveness and efficiency of the emergency services available to residents. Indeed, the two Mercedes Sprinter 190cv ambulances are equipped with advanced electro-medical equipment allowing them to be used for basic activities and as mobile resuscitation units.

Support for the world of education also begins from an awareness of having a significant responsibility to people, and the support from Comer Industries for the international industrial research doctorate program in Reggio Childhood Studies, promoted by the Reggio Children Foundation and the Department of Education and Human Sciences at the University of Modena and Reggio Emilia, contributes to generating know-how and value for the future. An international research project dedicated to the Atelier di Palazzo Sartoretti in Reggiolo, which fits within and provides continuity to the long-term collaboration between Comer Industries, Reggio Children, the Municipality of Reggiolo and Azienda Servizi Bassa Reggiana, expanding the possibility of developing the educational and didactic pathways inaugurated last year, formed with the aim of investigating the phenomena of mechanics and gears, while welcoming various other collateral disciplines (graphic, digital, etc.) that merge within workshops and embrace numerous aspects of education and experimentation.

The educational and training projects in which the company strongly believes also involve areas beyond national borders, as evidenced by the now long-standing collaboration with the Volunteer Organization "Namaste, Honor to You", with which the Vidya Home project was started in Bangalore, India: a residence for deserving girls where the Company pays for room, board, university expenses and all necessary resources so they can cultivate their talent and become nurses. Partnerships with Italian and international universities, and the Scuola2030 project, in collaboration with Gazzetta di Reggio e di Modena, respond to the approach inherent in the Company's DNA to look towards the future and younger generations, enabling them to get to know the world of engineering already from their school desks.

The company's commitment to sustainability also includes its support for projects linked to innovation and the participation of Comer Industries in Le Village by Crédit Agricole di Parma, the first Benefit Corporation of the Crédit Agricole Italia Group, as well as one of the first European innovation hubs to obtain that recognition, moves in this direction: an open ecosystem where, on one hand, start-ups can make use of services to accelerate their business and work alongside structured organizations, and on the other hand, established industries benefit from collaboration with start-ups in terms of know-how and innovative ideas applied to their business operations, taking advantage of new technologies as facilitators in business development. Amongst

local development activities aimed at favoring employee well-being, it is worth noting the two sports-focused partnerships with the amateur association in Carpi (Modena) Sessantallora, which promotes activities in the areas of cycling, mountain biking and triathlons, and Padel Club Reggiolo. Sustainability at Comer Industries also means preserving the scenic, artistic, and cultural beauty of our country, therefore for years now the Company has been supporting FAI by participating in the Corporate Golden Donor membership program. The ambition to do something tangible to promote sustainable development is strong and well-integrated into the company's vision, which is driven by the desire to leave a positive mark and create something new.

7. ENVIRONMENT AND SAFETY

Considering further expansion through the acquisition of e-comer at the beginning of the year, the Company confirmed its commitment to occupational health and safety by consolidating its performance. In fact, in 2023 there was a significant reduction in the number of accidents, from 29 in 2022 to the current 7, with a corresponding improvement in the frequency indicator. This was achieved by extending the preventive approach geared toward worker awareness and involvement of all workers. These include the provision of training supported by videos representative of actual hazardous conditions within manufacturing facilities, and targeted actions to reduce the risks and improve the ergonomics of manufacturing infrastructure.

During 2023 the Company intensified its commitment to environmental sustainability through various projects aimed at reducing its impact on the environment, which resulted in improved performance indicators.

With regard to energy consumption, there was a 10% reduction in the intensity index due to the reduction in electricity and natural gas consumption per unit worked. This achievement confirms the process of progressively improving energy efficiency undertaken several years ago.

The reduction in energy consumption combined with the purchase of electricity from renewable sources led to a reduction of 29% in the Group's Scope 1 greenhouse gas emission intensity.

Finally, there was a positive trend compared to the previous year in the percentage of hazardous waste, with a 5% reduction.

No critical issues have emerged during the year with relation to the environment.

Please see the 2023 Non-Financial Statement for a detailed description of the Group's standards, specifically in the Employee Health and Safety Management System and commitment to corporate sustainability.

8. INTERGROUP RELATIONS AND DEALINGS WITH RELATED PARTIES

Comer Industries S.p.A. has dealings with subsidiaries and other related parties at market conditions considered as normal in the respective reference market, taking account of the characteristics of the assets and the services provided. Transactions between Comer Industries S.p.A. and its subsidiaries, in compliance with IAS 24, are disclosed below:

Company (thousand euros)	Sales of goods and services	Purchase and other operating costs	Financial income	Financial charges	Royalties	Dividends
Comer Industries Components	4,123	79,692	117	3	0	1,600
Comer Industries Inc	75,033	93	0	173	0	3,620
Comer Industries Shaoxing Co. Ltd.	0	4,085	0	0	0	0
Comer Industries Jiaxing Co. Ltd.	1,827	24,145	0	271	5,145	0
Comer Industries UK Ltd	1,914	249	0	0	0	0
Comer Industries GmbH	0	0	0	0	0	0
Comer Industries India Pvt Ltd	1,206	2,313	0	0	1,580	0
Comer Industries do Brasil EIRELI	2,207	0	0	0	0	2,428
e-comer	57	24	1	83	0	0
WPG US Holdco LLC.	0	0	6,384	699	0	0
WPG UK Holdco Ltd.	0	0	68	208	0	0
WPG German Holdco GmbH	0	0	1,759	455	0	0
Walterscheid GmbH	1,842	182	0	0	0	0
Walterscheid Getriebe GMBH	441	0	0	0	0	0
Walterscheid Cardan GmbH	54	0	0	0	0	0
Off-Highway Powertrain Service	607	0	0	0	0	0
Powertrain Service France	103	0	0	0	0	0
WPG Taicang	78	0	0	0	0	0
WPG Brazil	67	0	0	0	0	0
Powertrain Rockford Inc	649	0	0	0	0	0
Walterscheid Inc. Woodridge	383	0	0	0	0	0
Total	90,591	110,781	8,328	1,892	6,724	7,648

Company (thousand euros)	Trade Receivables	Trade Payables	Other Receivables	Other Payables	Financial Receivables	Financial Payables
Comer Industries Components	1,018	8,078	0	0	0	2,912
Comer Industries Inc	18,525	123	0	0	0	1,693
Comer Industries Shaoxing Co. Ltd.	0	1,207	0	0	0	-
Comer Industries Jiaxing Co. Ltd.	3,105	17,989	0	0	0	21,792
Comer Industries UK Ltd	26	45	0	0	0	-
Comer Industries GmbH	0	0	0	0	0	-
Comer Industries India Pvt Ltd	1,969	28	0	0	0	-
Comer Industries do Brasil EIRELI	152	22	0	0	0	-
e-comer	57	32	0	0	0	6,300
WPG US Holdco LLC.	0	0	0	0	64,849	4,847
WPG UK Holdco Ltd.	0	0	0	0	0	20,808
WPG German Holdco GmbH	0	100	0	0	0	18,579
Walterscheid GmbH	1,418	176	0	0	0	-
Walterscheid Getriebe GMBH	461	0	0	0	0	-
Walterscheid Cardan GmbH	54	0	0	0	0	-
Off-Highway Powertrain Service	612	0	0	0	0	-
Powertrain Service France	103	0	0	0	0	-
WPG Taicang	78	0	0	0	0	-
WPG Brazil	67	0	0	0	0	-
Powertrain Rockford Inc	772	0	0	0	0	-
Walterscheid Inc. Woodridge	487	0	0	0	0	-
Total	28,904	27,802	0	0	64,849	76,931

The “Financial income” and “Financial charges” headings refer to interest accruing in the period on intercompany loans and cash pooling contracts.

At December 31, 2023 the following intra-group loans were outstanding:

- Loan to Comer Industries S.p.A. from Comer Industries (Jiaxing) Co. Ltd. for 21.8 million euros;

- Loan to Comer Industries S.p.A. from WPG German Holdco Gmbh for 10.9 million euros;
- Loan to Comer Industries S.p.A. from WPG UK Holdco Ltd in the amount of 20.8 million euros;
- Loan to Comer Industries S.p.A from e-comer s.r.l. in the amount of 6.3 million euros.

At December 31, 2023, cash pooling contracts were in place between Comer Industries Spa and the subsidiaries Comer Industries Components Srl (2.9 million euros), Comer Industries Inc. (1.7 million euros), WPG German Holdco (7.6 million euros) and WPG US Holdco (4.8 million euros).

Dealings with parent companies

Comer Industries S.p.A. does not have commercial or financial dealings with the majority shareholder, Eagles Oak S.r.l.

Relations with other related parties

It is disclosed that the “Other operating costs” heading includes professional consultancy provided by two Directors of the parent company Comer Industries S.p.A. for non-significant amounts.

9. THE COMPANIES IN THE GROUP

At December 31, 2023, the Comer Industries Group is organized in a structure with Comer Industries S.p.A. at the top, possessing directly or indirectly 100% of 24 Italian and foreign subsidiaries that constitute the scope of consolidation.

The key figures of the consolidated subsidiary companies are summarized in the table below:

Company	Country	% control	Main activity	Share capital December 31, 2023	Revenues December 31, 2023 euros/Mn*	Net equity December 31, 2023 euros/Mn*	Headcount December 31, 2023
Comer Industries S.p.A.	Italy	Parent company	Design, production and sales	€ 18,487,339	421.16	320.29	863
Comer Industries Components S.r.l.	Italy	100%	Production and sales	€ 7,125,000	164.95	45.95	421
e-Comer S.r.l.	Italy	100%	Design, production and sales	€ 1,000,000	26.87	61.92	116
WPG German Holdco GmbH	Germany	100%	Holding company	€ 10,495,000	-	25.89	0
Off-Highway Powertrain Services Germany GmbH	Germany	100%	Sales and after-sales service	€ 2,050,000	108.05	22.85	298
Walterscheid GmbH	Germany	100%	Design, production and sales	€ 17,895,000	193.74	77.44	758
Walterscheid Getriebe GmbH	Germany	100%	Design, production and sales	€ 25,600	63.48	6.93	239
Walterscheid Cardan GmbH	Germany	100%	Production and sales	€ 625,000	7.85 -	1.53	28
Comer Industries UK Ltd	UK	100%	Sales	£ 265,000	2.92	1.37	4
WPG UK Holdco Ltd.	UK	100%	Holding company	£ 3,093,000	-	21.00	0
Powertrain Services UK Limited	UK	100%	Holding company	£ 14,231,000	-	4.07	0
Powertrain Services (UK Newco) Ltd.	UK	100%	Holding company	-	- -	0.82	0
Powertrain Services France SAS	France	100%	Sales and after-sales service	€ 2,139,000	16.48	15.39	27
Walterscheid Russia LLC	Russia	100%	Sales	RUB 10,000	-	0.76	3
Comer Industries INC	United States	100%	Sales	\$ 13,281,000	119.28	25.54	34
WPG US Holdco LLC.	United States	100%	Holding company	\$ 58,546,000	-	19.33	0
Walterscheid Inc. Woodridge	United States	100%	Production and sales	\$ 2,000,000	67.08	30.16	186
Powertrain Rockford Inc.	United States	100%	Design, production and sales	\$ 1,000	90.49	72.59	197
Comer Industries do Brasil EIRELI	Brazil	100%	Sales	BRL 6,112,000	14.19	8.23	8
Walterscheid Brasil Industria de Equipamentos Agricolas Ltda.	Brazil	100%	Production and sales	BRL 8,410,000	10.99 -	1.05	59
Comer Industries (Jiaxing) Co Ltd	China	100%	Production and sales	€ 11,700,000	148.00	81.08	284
Comer Industries (ShaoXing) Co Ltd	China	100%	Production and sales	€ 6,720,000	4.25	5.24	2
Walterscheid Powertrain (China) Co. Ltd.	China	100%	Production and sales	CNY 2,000,000	16.54 -	2.44	0
Comer Industries India Pvt Ltd	India	100%	Production and sales	INR 145,090,000	34.85	11.01	101

10. NON-FINANCIAL INFORMATION

Launched in 2019, the Company's *Our Bright Impact* sustainable development program is based on a commitment to contribute to the achievement of the **Sustainable Development Goals**, an integral part of the United Nations 2030 Agenda and a point of reference for building a strategy based on sustainability.

In declaring this commitment, the Company has chosen the path of progressive integration of programs and actions within its business model, applying criteria based on sustainability to its strategic choices and operations. Moreover, to give greater prominence to its commitment to a sustainable business model, even in previous years when it was not required to do so by Directive 2014/95/EU (Non-Financial Reporting Directive), the Company had decided to communicate its sustainability performance in a structured manner through the publication of the **Non-Financial Statement** in accordance with the provisions of Italian Legislative Decree no.254/2016 and the Global Reporting Initiative Sustainability Standards.

The 2023 Non-Financial Statement, now mandatory as a result of the translisting, contains information relating to environmental, social, personnel-related, respect for human rights, and the fight against corruption, useful to ensure an understanding of the activities carried out by the Company, its performance, its results, and their impact.

11. SIGNIFICANT EVENTS AFTER THE CLOSE OF THE YEAR AND BUSINESS OUTLOOK

As concerns the significant events after the end of the financial year, on February 3, 2024 the shareholders' agreement signed on December 1, 2021 and subsequently amended on June 14, 2023 between Comer Industries S.p.A., Eagles Oak S.r.l. and WPG Parent B.V. was terminated.

With regard to the foreseeable development of operations, note that the agricultural market has benefited from particularly sustained growth over the last year and a half and is now facing a phase of decline in this excess demand, moving towards more limited growth rates aligned with historical trends. The sector was down in the final quarter of 2023 and is also expected to decrease in the first part of 2024, with expectations for a slight improvement in the second half of the year. On the other hand, the industrial sector, after benefiting from the economic recovery to less of an extent, is expected to perform better than the agricultural sector.

Overall, Management expects 2024 sales to be in line with the forecasts of the market's major OEM players mentioned above, and a margin slightly lower than what was recorded in 2023. Lastly, net of extraordinary transactions, the Group is expected to continue its path of improving its net financial position thanks to the continuous generation of cash.

12. OPERATIONAL RISK MANAGEMENT

Below are the main operational risks inherent in business, such as risks related to climate change and information technology.

Furthermore, the Company is exposed to different types of business risk, as described in the Notes to this Financial Report in Section 3 "Financial Risk Management".

Climate change risk

The Company's goal of contributing to the fight against climate change is realized through a path of progressive alignment and adherence to the Recommendations of the TCFD-Task Force on Climate-related Financial Disclosures.

During 2023 the spectrum of analysis was further expanded and updated by incorporating instances from the new operating locations. The climate change risk assessment method consists of four steps.

(i) Scenario analysis

The analysis was conducted considering the specifications of the *Technical Supplement, The Use of Scenario Analysis in Disclosure of Climate-Related Risks and Opportunities* of 2017.

The first phase involved a mapping of the *as is* state, on which to build scenario assessments in terms of economic growth and exogenous factors, correlating them to the potential levels of climate-changing gas (GHG) released into the atmosphere.

Starting from the identification of 2022 as the reference year, a medium-long term time horizon to 2030 was assessed, in the perspective of two scenarios: the first, aligned with the aim of limiting global warming to 1.5 °C (*Net -Zero 2050*); the second, instead, aligned with the preservation of current policies (*business as usual*) and global warming greater than 2 °C. The analysis was developed for the countries in which the Group's sites are present: Brazil, China, Germany, India, Italy, United Kingdom, USA.

(ii) Governance

The Board of Directors is responsible for strategic and organizational policies regarding climate change and for verifying the adequacy of the organizational structure and necessary resources. To manage the related risks and impacts, it avails itself of the Control, Risk and Sustainability Committee which has proactive and support functions in defining environmental policies and monitoring the correct implementation of the strategy. The responsibility for coordinating the implementation of the strategy and the assessment of risks and opportunities related to climate change management is assigned to the Quality, Sustainability & Lean Development function. It defines specific quantitative objectives to be achieved each year for each individual site and each indicator, based on the results obtained in the previous year and the medium-long term sustainability development plan. Each site develops an improvement plan defining projects, resources, and responsibilities: progress is monitored monthly to update and review action plans and to manage progress and performance. There is a monthly performance communication flow to the CEO.

Furthermore, specific indicators linked to climate risk management are being defined, aimed at monitoring, and communicating the effectiveness of the mitigation plans implemented on a quarterly basis to the CCRS and the Board of Directors.

The Integrated Quality, Sustainability and Lean Development Policy is the key document that defines the modus operandi with which the Company operates and expresses its commitment to the Sustainable Development Goals.

(iii) Risk management

The process was based on the scenario analysis described above. In compliance with the Recommendations of the Task Force on Climate-related Financial Disclosures, the Risk Management system was supplemented by a timely analysis of risk factors related to climate change. The scope of analysis includes all the Group's sites.

Risk weighting and related mitigation actions were carried out through the tools and criteria provided in the Group's risk management model. The prioritization of climate risks is based on a specific Risk = Probability x Impact matrix, with which risks are classified into high, significant, medium and low in light of any prevention or mitigation measures that have already been applied. In accordance with the internal risk management procedure, specific mitigation plans are defined for risks classified as high and significant, while medium and low risks may be considered acceptable. Any action plans flow into the corporate ERM monitoring system.

The mapping and assessment of significant physical climate risks relevant to the Group are carried out based on data and information inferred from specific models in the public domain and internationally recognized. For the classification of physical hazards reference was made to the table in Appendix A of Attachment I to Del. Reg. 2021/2139.

The mapping and assessment of significant and relevant transitional climate risks for the Group was made possible through the direct involvement of function heads and management, as well as the characterization of sites according to their geographic area. The classification of transition risks was made considering those envisaged in the technical specification. The regulatory framework applicable to the context and the impact on the Company's processes and products were also considered, especially the recently published legislation by the European Union aimed at combating carbon emissions (Carbon Border Adjustment Mechanism).

Finally, each of the risks identified was assigned an estimate of the related and residual financial impacts as a result of the application of the specific mitigation actions implemented.

For the financial quantification of acute and chronic physical climate risks, two economic quantities related to the organization's operations were identified and used according to the specific type of risk:

- Value of buildings and their contents (e.g., equipment, machinery, etc.) for each Group site. These values were derived from expert estimates or alternatively from the literature. In the latter case, the available values were updated considering inflation for the years in question.
- Turnover of the various Group companies and EBITDA.

The expected economic damage was assessed in prospective terms by calculating the increase in damage up to 2030 based on two scenarios: net zero 2050 (corresponding to a global average temperature increase of 1.5°C) and delayed transition (corresponding to a global average temperature increase of 2°C).

The quantification of the financial impact related to transition climate risks was calculated using the proxy methodology based on the carbon price suggested by TCFD in the Guidance on Metrics, Targets and Transition Plan (October 2021).

See the chapter "Climate change and emissions management" in the Group's Non-Financial Statement for a more detailed discussion of the risks and opportunities identified.

(iv) Strategy

In a medium- to long-term perspective, the acquisition of Walterscheid required a new reflection on objectives and strategic choices, as it redefines the scope subject to corporate sustainability performance measurement. This assessment took place during 2022, and the process of monitoring and mapping risks and opportunities took this new arrangement into account.

While no risks above the internal threshold of acceptability were noted, a number of risks assessed as particularly financially impactful were identified, along with the relevant scenario and time horizon, for which see the chapter "Climate change and emissions management" in the Group's Non-Financial Statement.

(v) Metrics and objectives

The current climate change reporting system is summarized below:

- consumption of direct energy – GRI 302-1;
- direct and indirect emissions: (Scope 1 and Scope 2 GHG emissions) and other types of emissions relevant to the sector of reference (specifically CO, NOx, PM and SOV) - GRI 305-1, GRI 305-2 and GRI 305-7;
- Scope 3 GHG emissions: the areas currently measured are logistics (limited to the route from the Italian plants to the customers' premises), commuting (limited to the Italian plants), Group-wide waste treatment, and fuel- and energy-related activities at each site – GRI 305-3;
- Energy and emission intensity indices – GRI 302-3 and GRI 305-4.

A summary indicator of climate change-related risk is being prepared based on which quantitative targets will be set starting next year.

The objectives related to these indicators are reported and monitored in the 2030 Sustainable Development Plan.

Cyber & Information technology risk

The Company considers the operational continuity of its IT systems to be of great importance and has implemented risk mitigation measures in this regard aimed at ensuring network connectivity, data availability, and data security, while at the same time guaranteeing the processing of personal data in compliance with the European GDPR regulation and the national regulations applicable in individual EU member states. To this end, it has implemented and continues to optimize an Information Security Management System (ISMS).

Cybersecurity is a strategic priority for Comer Industries, which operates in an increasingly digitized and competitive environment. For this reason, a number of initiatives were implemented during 2023 to strengthen the security of infrastructure, data and processes, in accordance with ISO 27001 and the NIST framework.

The Company periodically conducts staff training on the risks associated with the use of the internet, social media, and email, and a course on threat assessment and the degree of resilience of the protection systems in place to cyber-attacks, including by conducting vulnerability tests.

13. PROPOSAL FOR THE ALLOCATION OF PROFIT

The Board of Directors proposes to the Shareholders' Meeting the allocation of profit for the year of Comer Industries S.p.A. of 40,701,615.86 euros as follows:

- Dividends of 1.25 euros for each share, corresponding to a total value of 35,847,612.50 euros, calculated on the basis of the number of shares outstanding at the draft financial statements approval date (*i.e.* 28,678,090 shares).
- The residual value of 4,854,003.36 euros to the Extraordinary Reserve.

The distribution of a dividend of 1.25 euros per share will take place with an ex-date of May 13, 2024 and payment date of May 15, 2024. In this case, all those registered as Comer Industries S.p.A. shareholders at the end of the accounting day of May 14, 2024 (record date) will be entitled to the dividend.

Reggiolo, Italy, March 13, 2024

For the Board of Directors

Matteo Storchi

(President & CEO)

02



FINANCIAL STATEMENTS AND EXPLANATORY NOTES

Comer Industries S.p.A.

Headquarters and Administrative Offices: 42046 Reggiolo (RE) Italy - Via Magellano, 27

Reg. Reggio Emilia Business Register no. 07210440157

Approved share capital 18,487,338.60 euros entirely subscribed and paid-up

Tax Code 07210440157 - VAT code IT 01399270352

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STATEMENT OF FINANCIAL POSITION
(thousand euros)

ASSETS	Notes	December 31, 2023	December 31, 2022
Non-current assets			
Tangible fixed assets	5.1	51,285	51,738
Intangible fixed assets	5.2	4,656	4,069
Equity investments	5.3	328,267	271,950
Deferred tax assets	5.4	9,184	8,810
Long-term financial receivables	5.5	50,679	102,590
Other long-term receivables	5.6	586	844
	Total	444,657	440,001
Current assets			
Inventories	5.7	64,675	71,283
Trade receivables	5.8	88,570	102,111
Other short-term receivables	5.8	2,292	2,369
Current tax assets	5.4	3,325	9,506
Short-term financial receivables	5.5	16,598	56,616
Cash and cash equivalents	5.9	38,486	73,387
	Total	213,946	315,273
TOTAL ASSETS		658,603	755,274
EQUITY AND LIABILITIES	Notes	December 31, 2023	December 31, 2022
Share capital and reserves			
Issued capital		18,487	18,487
Share premium		187,881	187,881
Treasury shares in the portfolio		(147)	-
Other reserves		73,363	56,931
Net profit		40,702	38,044
	Total equity	5.10	320,286
			301,344
Non-current liabilities			
Long-term loans	5.9	64,269	190,668
Other long-term financial payables	5.9	19,753	17,386
Deferred tax liabilities	5.11	586	1,615
Post-employment benefits	5.12	4,538	4,762
Other long-term payables	5.14	17,016	14,408
Long-term provisions	5.13	2,459	2,740
	Total		108,621
			231,579
Current liabilities			
Trade payables	5.14	92,396	95,984
Other short-term payables	5.14	10,608	10,579
Current tax liabilities	5.15	3,961	8,146
Short-term loans	5.9	110,159	97,041
Short-term derivative financial instruments	5.9	-	-
Other short-term financial payables	5.9	4,494	3,454
Short-term provisions	5.13	8,078	7,146
	Total		229,697
TOTAL LIABILITIES			658,603
			755,274

INCOME STATEMENT (thousand euros)	Notes	December 31, 2023	December 31, 2022
Revenue from contracts with customers	5.17	421,161	427,464
Other operating revenues	5.18	16,758	16,200
Change in inventories of semi-finished and finished goods and WIP	5.7	(6,607)	59
Purchase costs		(277,941)	(295,045)
Personnel costs	5.19	(58,089)	(65,623)
Other operating costs	5.21	(30,314)	(34,184)
Write-downs of receivables and high risk provisions	5.8-5.13	117	(115)
Amortization/Depreciation	5.1-5.2	(13,087)	(12,976)
OPERATING RESULT	5.22	51,998	35,779
Net financial income / (charges)	5.23	(5,043)	1,760
Dividends distributed by subsidiaries	5.23	7,648	12,469
Profit before Tax		54,603	50,008
Income taxes	5.24	(13,901)	(11,964)
NET PROFIT		40,702	38,044

COMPREHENSIVE INCOME STATEMENT (thousand euros)	December 31, 2023	December 31, 2022
Net profit	40,702	38,044
Other components of the comprehensive income/(loss) statement that may be reclassified to the profit / (loss) in subsequent periods:		
Net (loss)/gain on cash flow hedges	0	0
of which fiscal effect	0	0
Total other components of the comprehensive income/(loss) statement that may be reclassified to the profit / (loss) in subsequent periods	0	0
Other components of the comprehensive income/(loss) statement that will not be reclassified to the profit / (loss) in subsequent periods:		
(Loss)/gain on revaluation of defined benefit plans	(104)	726
of which fiscal effect	30	(208)
Total other components of the comprehensive income/(loss) statement that will not be reclassified to the profit / (loss) in subsequent periods	(104)	726
Total comprehensive profit/(loss)	40,598	38,770

CASH FLOW STATEMENT (thousand euros)	December 31, 2023	December 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES:		
Profit (Loss) for the year	40,702	38,044
Adjustments for:		
Financial income and charges (excluding exchange differences from valuation)	(3,162)	996
Exchange differences from valuation	(1,881)	764
Amortization of intangible fixed assets	1,173	1,213
Depreciation of tangible fixed assets	11,913	11,763
Dividends received	(7,648)	(12,469)
Provision for employee benefit plans net of uses	3,413	10,768
Provision for severance indemnity	1,944	2,296
Provision for risks and charges, net of uses	1,062	2,461
Net change in provisions for risks and charges	(411)	(724)
Net change in severance indemnity	(2,379)	(2,215)
Change in other receivables (including current tax receivables)	6,259	(5,263)
Change in other payables (including current tax payables)	(4,526)	3,926
Net change in other non-current assets and liabilities	(177)	(365)
Net change in deferred taxes	(1,296)	(2,114)
Operating cash flow before changes in working capital	44,986	49,080
Change in inventories	6,607	(59)
Change in trade receivables	13,541	(15,559)
Change in trade payables	(3,588)	(15,328)
Cash flow generated (absorbed) by changes in working capital	16,560	(30,946)
Cash flow generated (absorbed) by operations	61,546	18,134
CASH FLOW FROM INVESTMENT ACTIVITIES:		
(Investments)/Divestments in intangible fixed assets	(1,760)	(1,821)
(Investments)/Divestments in tangible fixed assets	(10,774)	(9,746)
(Investments)/Divestments in equity investments	(90)	(1,010)
Net cash flow from investment/disinvestment activities	(12,624)	(12,577)
Free cash flow	48,922	5.557
Net increases from equity investment acquired	(49,952)	0
Cash flow from acquisitions	(49,952)	0
Cash flow from merger net of cash and cash equivalents	0	(8,062)
CASH FLOW FROM FINANCING ACTIVITIES:		
Net change in current financial assets	42,446	(39,463)
Net change in non-current financial assets	51,911	56,474
Change in current payables due to banks and other lenders	13,157	38,934
Change in non-current payables due to banks and other lenders	(129,993)	6,891
Financial income and expenses and valuation exchange differences	5,043	(5,275)
Dividends received	5,220	12,469
Dividends paid	(21,509)	(14,339)
Change in reserves due to purchase of treasury shares	(147)	0
Cash flow generated (absorbed) by financial operations	(33,872)	55,691
Increase (Decrease) in cash and cash equivalents	(34,901)	53,186
Net cash and cash equivalents at the start of the year	73,387	20,201
Cash and cash equivalents at the end of the year	38,486	73,387
Change in cash and cash equivalents	(34,901)	53,186

Statement of changes in equity										
(thousand euros)	Share capital	Share premium reserve	Reserve for treasury shares in the portfolio	Other reserves						Total net equity
				Stock grant reserve	Legal reserve	Extraord. reserve	F.T.A. reserve	Exchange gains reserve	IAS 19 reserve	
Net equity at January 1, 2022	18,487	187,881	8,181	2,622	43,821	336	-	(298)	15,884	276,913
Profit/(Loss) for the period									38,044	38,044
Components of the comprehensive profit/(loss): IAS 19.93A - Actuarial gains								726		726
Subtotal: Res of comprehensive income/(loss) statement	-	-	-	-	-	-	-	-	726	38,044
Distribution of dividends						(14,339)				(14,339)
Allocation of 2021 profit				794	15,090				(15,884)	-
Net equity at December 31, 2022	18,487	187,881	-	8,181	3,416	44,571	336	-	427	38,044
Profit/(Loss) for the period									40,702	40,702
Components of the comprehensive profit/(loss): IAS 19.93A - Actuarial gains								(104)		(104)
Subtotal: Res of comprehensive income/(loss) statement	-	-	-	-	-	-	-	-	(104)	40,702
Distribution of dividends						(21,509)				(21,509)
Allocation of 2022 profit				281	33,563		4,200		(38,044)	-
Purchase of treasury shares			(147)							(147)
Reclassification of Stock grant reserve				(8,181)		8,181				-
Net equity at December 31, 2023	18,487	187,881	(147)	-	3,697	64,806	336	4,200	324	40,702
										320,286

1. GENERAL INFORMATION

Comer Industries S.p.A. (herein the “Company”) is an Italian company, listed on the Euronext Milan market, with administrative and registered offices in Via Magellano 27 in Reggiolo (RE), Tax code and registration in the Business Register at no. 07210440157 with approved share capital of 18,487,338.60 euros entirely subscribed and paid-up, subdivided into 28,678,090 shares. As of December 31, 2023, Comer Industries S.p.A. held in its portfolio n. 5,387 treasury shares equal to 0.02% of the share capital, purchased at a weighted average cost of 27.3625 Euros.

The Company is the leading global player in the design and manufacturing of advanced engineering systems and mechatronics solutions for power transmissions. Comer Industries S.p.A. operates in the sectors of agricultural machinery, construction, wind energy and engines and transmissions for electric vehicles. For information on the Group's operations, please refer to the “Directors' Report” presented along with the Consolidated financial statements.

As of July 12, 2023, the date on which Comer Industries S.p.A.'s shares begin trading on Euronext Milan, the exercise of direction and coordination by Eagles Oak S.r.l. over Comer Industries S.p.A. ceased.

The financial statements as at December 31, 2023, drafted on a going concern basis, with respect to which there are no aspects of uncertainty, were approved by the Board of Directors on March 13, 2024.

2. ACCOUNTING STANDARDS ADOPTED

2.1. DECLARATION OF COMPLIANCE WITH IFRS

The financial statements of Comer Industries S.p.A. have been drawn up in compliance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board ("IASB") and approved by the European Union and in force at the balance sheet date, as well as in compliance with the provisions required by Consob (Commissione Nazionale per le Società e la Borsa), issued by it in implementation of art. 9 of Italian Leg. Dec. 38/2005 (resolutions 15519 and 15520) of July 27, 2006 and the DEM/6064293 communication of July 28, 2006, pursuant to art. 78 of the Issuers' Regulations, the EC document of November 2003 and, where applicable, the Italian Civil Code. "IFRS" also refers to the International Accounting Standards ("IAS") still in force, as well as all the interpretive documents issued by the IFRS Interpretation Committee, previously called the International Financial Reporting Interpretations Committee ("IFRIC") and before that, the Standing Interpretations Committee ("SIC").

2.2. CONTENTS AND FORM OF THE FINANCIAL STATEMENTS

The unit of currency used is the Euro, and all values are expressed in thousands of euros unless otherwise indicated.

The presentation layout for the balance sheet makes a distinction between current and non-current assets and liabilities, in which:

- non-current assets include balances of assets realizable after more than one year and include intangible, tangible and financial assets and deferred tax assets;
- current assets include the balances of assets realizable within 1 year;
- non-current liabilities include payables falling due after more than 1 year, including financial debts, provisions for liabilities and charges and liabilities for employee benefits and deferred tax liabilities;
- current liabilities include payables falling due within 1 year, including the short-term portion of medium-long-term loans, provisions for liabilities and charges and liabilities for employee benefits.

The income statement is presented according to a "costs by nature" classification.

The cash flow statement has been drawn up on the basis of the indirect method and is presented in compliance with IAS 7, classifying cash flows between operating, investment and financing activities.

2.3. RELEVANT ACCOUNTING STANDARDS

For the preparation of the financial statements, Comer Industries S.p.A. adopted International Accounting Standards and International Financial Reporting Standards as of 2018, with the transition date to IFRS effective January 1, 2017.

The financial statements as at December 31, 2023 were therefore drawn up according to the IAS / IFRS adopted by the European Union.

The financial statements are presented in thousands of euros and are prepared on a cost basis.

The preparation of the financial statements in accordance with IFRS (International Financial Reporting Standards) requires judgments, estimates and assumptions that have an effect on the assets, liabilities, income and expenses. The actual results may differ from the results obtained using these estimates.

2.4. TREATMENT OF FOREIGN CURRENCY TRANSACTIONS

The functional and presentation currency of Comer Industries S.p.A. is the euro. Transactions in foreign currencies are converted into Euro on the basis of the exchange rate at the transaction date. The monetary assets and liabilities are converted at the exchange rate on the balance sheet date. Any exchange rate differences arising out of conversion are recognized in the income statement. Non-monetary assets and liabilities measured at historical cost are converted at the exchange rate at the transaction date. The monetary assets and liabilities measured under fair value are converted into euro at the exchange rate on the date the fair value was determined.

2.5. TANGIBLE FIXED ASSETS

(i) Owned fixed assets

Property, plant and equipment are measured at historical cost and are reported net of depreciation (see next point (iv)) and impairment losses (see para. 2.8). The cost of fixed assets manufactured internally includes materials, direct labor and a share of indirect manufacturing costs. The cost of fixed assets, whether purchased externally or manufactured internally, includes incidental costs directly chargeable and necessary to operate the asset and, when relevant and subject to contractual obligations, the current value of the estimated cost for the dismantling and removal of fixed assets.

Financial charges relating to specific loans used for the acquisition of tangible fixed assets are charged to the income statement on an accruals basis. According to the provisions of IAS 20, any capital grants obtained as a result of investment incentives granted by the public administration are deducted from the historical cost of any related capitalized fixed assets, when put into operation.

No fixed assets are available for sale.

(ii) Fixed assets under finance leases

Assets held by the Company under leasing contracts, including operating leases, in accordance with IFRS 16, are recognized as assets with a balancing entry in financial payables. In particular, assets are recognized at a value equal to the current value of future payments at the date of signing the contract, discounted using the applicable incremental borrowing rate for each contract.

(iii) Subsequent costs

The costs of replacing certain parts of the fixed assets are capitalized when it is probable that these costs will result in future economic benefits and can be reliably measured. All other costs, including the costs of maintenance and repairs, are attributed to the income statement as incurred.

(iv) Depreciation

Depreciation is charged to the income statement on a straight-line basis and on the estimated useful life of fixed assets and their residual possible use. Land is not depreciated. The estimated useful life results in the following depreciation rates by homogeneous category:

Buildings	2.5%-3%
Light construction, general and specific equipment	10 – 15.5%
Equipment, models and molds	20 - 25%
Furniture and furnishings	12%
Electronic office equipment	18 - 20%
Motor vehicles and internal transport	20 - 25%

The estimated useful life of assets is revised annually and any changes in rates, where necessary, are made prospectively.

For assets purchased and/or that became operational during the year, depreciation is calculated using the rates set out above, but adapted *pro-rata temporis* to any such set-up date.

2.6. INTANGIBLE FIXED ASSETS

(i) Research and development costs

The costs of research with the aim of acquiring new technical knowledge are charged in the income statement when incurred.

The development costs incurred for the creation of new products, versions, accessories or new production processes are capitalized when:

- o these costs can be reliably determined;
- o these products, versions or processes are technically and commercially feasible;
- o the expected volumes and realization values indicate that the costs incurred for development will generate future economic benefits;
- o the resources to complete the development project exist.

The capitalized cost includes the materials and the mere cost of direct labor. Other development costs are charged to the income statement when incurred. The capitalized development costs are measured at cost, net of accumulated amortization, (see next point (v)) and impairment losses (see para. 2.8)

(ii) Other intangible fixed assets

Other intangible fixed assets, which all have finite useful lives, are measured at cost and are recorded net of accumulated amortization, (see next point (v)) and impairment losses (see para. 2.8)

The use of software licenses is amortized over their period of use (3-5 years).

The costs incurred internally for the creation of trademarks or goodwill are charged to the income statement when incurred.

(iii) Subsequent costs

Subsequent costs incurred for intangible fixed assets are capitalized only if they increase the future financial benefits of the specific capitalized fixed asset, otherwise they are charged in the income statement as incurred.

(iv) Accessory financing costs

Accessory financing costs are recognized as a reduction of the loans when they are disbursed.

(v) Amortization

Amortization is charged to the income statement on a straight-line basis based on the estimated useful life of the capitalized fixed assets. The estimated useful lives are as follows:

Patents and trademarks	5 years
Development costs	3-5 years
Licensing of software	5 years

The useful life is reviewed annually and any changes in rates, where necessary, are made prospectively.

2.7. EQUITY INVESTMENTS

Equity investments in subsidiary companies are measured at cost. If at the balance sheet date impairment with respect to the carrying amount is detected, applying the impairment methodology described in the previous paragraph, the equity investment is written down accordingly.

Investments in associates and others are valued according to the equity method, as set forth in IAS 28, which requires initial recognition at acquisition cost and the subsequent write-down or revaluation of the carrying amount to recognize the share pertaining to the investor of the investee's profits or losses after the acquisition date.

2.8. IMPAIRMENT OF ASSETS

The book values of the assets, except for stocks, financial assets regulated by IFRS 9 and deferred tax assets, are subject to review at the balance sheet date, in order to determine if any impairment indicators exist, particularly with reference to equity investments. If the assessment reveals the presence of such indicators, the estimated realizable value of the asset is calculated in the manner indicated below.

A tangible or intangible asset suffers an impairment if it is not able to recover the book value at which the asset is recorded in the financial statements through the use or sale thereof. The purpose of the verification (impairment test) provided by IAS 36, is to ensure that non-current assets are not carried at a value higher than their realizable value, consisting of the net realizable value or value in use, whichever is higher.

The value in use is the current value of future financial flows that are expected to be generated by the asset or by the cash generating unit to which the asset belongs. Expected cash flows are discounted using a pre-tax discount that reflects the current market estimate of the cost of money reported at the time and risks specific to the asset. If the book value is higher than the realizable value, the assets or cash-generating unit to which they belong are written down to reflect the realizable value. These impairment losses are recognized in the income statement.

If the conditions that led to the impairment cease to exist, the assets previously written down are proportionally reversed. Restorations of value are recognized in the income statement.

The goodwill value previously written down can never be reinstated.

2.9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, bank and postal deposits and securities with an original maturity of less than three months.

2.10. CURRENT FINANCIAL ASSETS, RECEIVABLES AND OTHER ASSETS

Financial assets, as provided for by the new IFRS 9 – *"Financial Instruments: recognition and measurement"* (as revised in July 2014) which replaces IAS 39 - "Financial Instruments: Recognition and Measurement", are classified, on the basis of the Company's management methods and the related contractual cash flow characteristics, in the following categories:

- Amortized cost: financial assets held exclusively for the purpose of collecting the contractual cash flows are classified in the Amortized cost category. They are valued using the amortized cost method, recording the income in the income statement using the effective interest rate method;
- Fair value through other comprehensive income ("FVOCI"): financial assets whose contractual cash flows are represented exclusively by the payment of principal and interest and which are held in order to collect the contractual cash flows as well as the flows deriving from the sale of the same are classified in the FVOCI category. They are measured at fair value. Interest income, exchange rate gains/losses, impairment losses (and related write-backs) of financial assets classified in the category FVOCI, are recorded in the income statement; other changes in the fair value of assets are recorded among the other components of OCI. When these financial assets are sold or reclassified to other categories, due to a change in the business model, the cumulative gains or losses recognized in OCI are reclassified to the income statement;
- *Fair value through profit or loss ("FVTPL")*: the FVTPL category is residual in nature by collecting financial assets that do not fall under the Amortized cost and FVOCI categories, such as financial assets purchased for trading or derivatives, or assets designated as FVTPL by management at the date of initial recognition. They are measured at fair value. Gains or losses resulting from this measurement are recognized in the income statement;
- FVOCI for equity instruments: financial assets represented by equity instruments of other entities (i.e. investments in companies other than subsidiaries, associates and joint ventures), not held for trading purposes, can be classified in the FVOCI category. This choice can be made instrument by instrument and requires changes in the fair value of these instruments to be recognized in the OCI and not to be reversed to the income statement either on sale or on impairment of the same. Only dividends from these instruments will be recognized in the income statement. The fair value of financial assets is determined on the basis of quoted bid prices or through the use of financial models. The fair value of unlisted financial assets is estimated using specific valuation techniques adapted to the specific situation. Valuations are regularly carried out in order to verify whether there is objective evidence that a financial asset or group of assets may be impaired. If there is objective evidence, the impairment loss is recognized as a cost in the income statement for the period.

2.11. TREASURY SHARES

When purchasing treasury shares, the price paid, inclusive of any directly attributable incidental costs, is deducted from the Net Equity of the Company until the cancellation, re-issue or disposal of the shares. When these treasury shares are resold or re-issued, the price collected, net of any directly attributable incidental costs and the related tax effect, is accounted for as Net Equity of the Company. Therefore, no profit or loss is recognized in the Income Statement at the time of the purchase, sale or cancellation of treasury shares.

2.12. INVENTORIES

Stocks are recorded, in each homogeneous category, at the purchase cost, including incidental and production costs and the corresponding net realizable or market value at year-end, whichever is lowest. The cost is determined using the weighted average cost method.

As far as goods manufactured by the Company (semi-finished, work in progress and finished goods) are concerned, the cost of production includes all directly chargeable costs (raw materials, consumables, energy utilities, direct labor), and the cost of manufacturing (indirect labor, depreciation, etc.) in the amount reasonably attributable to the products.

Any stock impairment risks are hedged by the relevant stock depreciation allowance recorded as an adjustment to the corresponding asset item. Amounts thus obtained do not differ significantly from current costs on the closing date of accounts.

2.13. INTEREST-BEARING FINANCIAL PAYABLES

All interest-bearing financial payables are valued with the amortized cost method. The difference between this value and the settlement value is charged to the income statement during the term of the loan.

2.14. LIABILITIES FOR EMPLOYEE BENEFITS

(i) *Defined contribution plans*

Comer Industries S.p.A. participates in public or private defined contribution pension schemes on a mandatory, contractual or voluntary basis. The payment of contributions fulfills Comer Industries S.p.A.'s obligation towards its employees. The contributions are costs recognized in the period in which they are due.

(ii) *Defined benefit plans for employees*

The defined benefit plans for employees are payable on or after the termination of the period of employment in the Company. These mainly include the severance indemnities which are calculated separately for each plan using actuarial methods to estimate the amount of future benefit accrued to employees during the year and in previous years. The resulting benefit is discounted and recorded net of the fair value of any related assets. The interest rate used to calculate the present value of the obligation was determined in accordance with para. 78 of IAS 19, from the Iboxx Corporate A index with a duration of 10+ as recorded on the valuation date. To this end, the yield for a duration comparable to the overall duration of the worker's covered by the assessment was chosen.

In the case of increases in plan benefits, the portion of the increase relating to the previous employment period is charged to the income statement on a straight line basis over the period in which the related rights will be acquired. If the rights are acquired immediately, the increase is immediately recorded in the income statement.

The expected present value of benefits payable in the future related to the length of employment in the current period, conceptually similar to the accrued share of the employee severance indemnity, is classified under personnel costs in the income statement while the implicit financial charges are reclassified in the applicable financial section.

2.15. INCOME TAXES

Income taxes recognized in the income statement include current and deferred taxes. Income taxes are generally charged to the income statement, unless they relate to items recognized directly under capital and reserves. In this case, the income taxes are also charged directly to capital and reserves, as a variation to the amount recorded.

Current taxes are taxes calculated by applying the tax rate in effect on the balance sheet date and adjustments to prior year taxes to taxable income.

Deferred taxes are calculated using the so-called liability method on timing differences between the amount of assets and liabilities recorded in the financial statements and the corresponding values recognized for tax purposes. Deferred taxes are calculated according to the designated method of reversal of timing differences, on the basis of realistic estimates of financial charges resulting from the application of the tax legislation in force at the date in which the financial statements were prepared.

Deferred tax assets are recognized only if it is probable that sufficient taxable income will be generated in future years to realize these deferred taxes.

2.16. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges relate to costs and charges of a specific nature and certain or likely existence, the amount and date of occurrence of which are not known at the close of the period. Provisions are recognized when:

- the existence of a pending liability arising from a past event is probable;
- it is likely that the obligation will be burdensome;
- the amount of the obligation can be estimated reliably.

Provisions are recorded at the value reflecting the best estimate of the amount the company would reasonably pay to settle the obligation or transfer it to third parties at the end of the period.

The costs that Comer Industries S.p.A. expects to incur to carry out restructuring plans are recorded in the financial year in which the Company formally defines the plan and the interested parties have a valid expectation that the restructuring will happen.

The provisions are periodically updated to reflect any variations in estimates of costs and realization times. Revisions of the provision estimates are charged in the same income statement item that had previously held the provision.

The notes to the consolidated financial statements illustrate the contingent liabilities consisting of:

- possible, but not probable, obligations arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly under the control of the company;
- present obligations arising from past events the amount of which cannot be reasonably estimated or the fulfillment of which will probably not be burdensome.

2.17. CURRENT FINANCIAL LIABILITIES, TRADE PAYABLES AND OTHER PAYABLES

Trade payables and other payables, which mature within the normal commercial terms, are not discounted and are recognized at cost (identified by nominal value) reflecting their settlement value.

Current financial liabilities include the short-term portion of borrowings, including payables for cash advances and other financial liabilities. Financial liabilities are measured at amortized cost by recording charges in the income statement using the effective interest rate method, with the exception of financial liabilities purchased for trading purposes or derivatives, or those designated as FVTPL by management at the date of initial recognition, which are measured at fair value through profit or loss (see para. Financial derivatives).

2.18. DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

Financial assets

A financial asset is derecognized when:

- the rights to receive cash flows from the asset are extinguished;
- the Company retains the right to receive cash flows from the asset, but has assumed the contractual obligation to pay them in full and without delay to a third party;
- the Company has transferred the right to receive cash flows from the asset and has transferred substantially all risks and rewards of ownership of the financial asset or has neither transferred nor retained all risks and rewards of ownership of the asset, but has transferred control of the asset.

In cases where the Company has transferred the rights to receive cash flows from an asset and has neither transferred nor retained all the risks and benefits or has not lost control over it, the asset is recognized in the balance sheet to the extent of its residual involvement in the asset. The residual involvement that takes the form of a guarantee on the transferred asset is valued at the lower of the initial book value of the asset and the maximum amount that the Company could be required to pay.

In cases where the residual involvement takes the form of an option issued and/or purchased on the transferred asset (including options settled in cash or similar), the extent of the Company's involvement corresponds to the amount of the transferred asset that the Company may repurchase; however, in the case of a put option issued on an asset measured at fair value (including options settled in cash or similar), the extent of the Company's residual involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognized when the obligation underlying the liability is extinguished, canceled or discharged.

In cases where an existing financial liability is replaced by another from the same lender, under substantially different conditions, or the conditions of an existing liability are substantially changed, this exchange or change is treated as a de-recognition of the original liability and the recognition of a new liability, with any differences between the carrying amounts recognized in the income statement.

In the case of changes to financial liabilities defined as non-substantial, the financial liability is not derecognized and the value of the debt is recalculated keeping the original effective interest rate unchanged, discounting the modified cash flows, thus generating a positive or negative effect on the income statement.

2.19. REVENUE

Revenues are recognized to the extent in which it is probable that the economic benefits will be achieved by the Company and the related amount can be reliably determined, regardless of the date of payment. Revenues are measured at the fair value of the amount received or to be received, taking into account the contractually defined payment terms and excluding taxes and duties.

Revenue from the sale of goods is recognized when the Company has transferred all significant risks and rewards connected with ownership of the goods to the purchaser. Revenue is measured at the fair value of the consideration received or to be received, net of returns and rebates, commercial discounts and volume reductions.

2.20. COSTS

Costs are recognized when they relate to goods and services purchased and/or received during the period or by systematic allocation of an expense from which future benefits are spread over time.

2.21. FINANCIAL INCOME AND CHARGES

The financial income and charges are reported on an accrual basis based on the interest accrued to the net value of the related financial assets and liabilities by applying the effective interest rate. The financial income and charges include gains and losses on exchange and gains and losses on derivative instruments that must be recognized in the income statement if they fail to meet the requirements to be considered hedging.

2.22. DIVIDENDS

Dividends are recognized when, as a result of the resolution passed by the shareholders' meeting of the investee company to distribute the profit or possibly the reserves, the right to collect them arises for the investor. The dividend is recognized as financial income, irrespective of the nature of the reserves distributed. The investor company verifies that, following distribution, the recoverable amount of the equity investment has not declined to such a point so as to require the recognition of an impairment loss.

2.23. USE OF ESTIMATES

The preparation of the financial statements requires that the Directors apply accounting standards and methods that, in certain circumstances, are based on difficult and subjective valuations and estimates based on past experience and assumptions which are from time to time considered reasonable and realistic depending on the relative circumstances. The application of these estimates and assumptions affect the amounts reported in the schedules forming the financial statements, such as the Statement of financial position, the Income statement, the Statement of Comprehensive Income, the Cash flow Statement and the Statement of Changes in Shareholders' equity, as well as the information provided. The final values of the accounting items for which these estimates and assumptions were used may differ from those reported in the financial statements due to uncertainties regarding the assumptions and the conditions on which the estimates are based. Estimates and assumptions are reviewed periodically and the effects of each variation recognized in the period in which the estimate is revised if the revision affects only the current period, or even in subsequent periods if the revision affects the current period and those in the future. The financial statement items which, more than others, require a greater degree of discretion by the Directors when making estimates and for which a change underlying the assumptions used could have a significant impact on the financial

statements are: the impairment of equity investments, allowance for doubtful accounts, provisions for product warranty risks, other provisions for legal risks, the inventory write-down provision for semi-finished and finished products, defined benefit plans for employees, the recoverable value of non-current assets with an indefinite useful life ("impairment").

Allowance for doubtful accounts.

The provision reflects the risks calculated on specific positions both in relation to insolvency proceedings in progress and cases for which legal action has been taken, or simply receivables outstanding for more than 360 days, as well as the estimate of expected losses on receivables, also in the absence of events that already indicate clear risks of loss, as provided for by international accounting standard IFRS 9.

Provision for product warranty risks.

The provision includes amounts for both specific risks, estimated on the basis of specific technical analyses, and generic risks. The latter are calculated on the production values of single plants, using the average warranty costs as a percentage of turnover in the last 5 years applied to the turnover of the period.

The warranties granted are in line with legal provisions.

Provision for legal risks.

These refer to specific cases assigned to legal attorneys with relation to ongoing litigation.

Inventory write-down provision.

A generic amount has been set aside, calculated by applying a specific percentage write-down for bands of rotation indices in a systematic fashion, and a specific amount (especially for foreign subsidiaries) relating to the real possibility of disposal of the products.

Pension plans and other post-employment benefits / Provisions for employee benefits

The related net financial assets, costs, and expenses are valued using an actuarial method that requires the use of estimates and assumptions to determine the net value of the obligation or asset. The actuarial method considers financial parameters such as for example the discount rate or expected long-term return on plan assets and payroll growth rates and considers the probability of occurrence of potential future events through the use of demographic parameters, such as for example mortality rates. Specifically, the discount rates taken as reference are rates or rate curves of high quality corporate bond rates (Euro Composite AA rate curve) in the respective markets of reference. Expected asset returns are determined based on various data provided by some experts on the long-term expectations of capital market returns, inflation, current bond yields, and other variables, and are adjusted as necessary to account for asset investment strategies. The rates of future pay increases reflect the Company's long-term expectations based on the relevant markets and inflation trends. Changes in any of these parameters could have effects on future contributions to the funds.

Impairment test.

The allocation of goodwill to cash-generating units, the determination of those units, and the forecasting of future cash flows involve making estimates.

The Company has based its estimates and assumptions on parameters available at the time of preparing the Consolidated Financial Statements. However, current circumstances and assumptions about future developments may change due to changes in the market or events beyond the Company's control. If they occur, such changes are reflected in the assumptions.

Note that with regard to this particular aspect, given its significance, a sensitivity analysis was also performed, for which please refer to the Explanatory Notes.

2.24. PUBLIC GRANTS

Public grants are recognized when there is reasonable certainty that they will be received and that all the conditions referring to them have been satisfied. Grants relating to components of cost are recognized as revenues but are systematically spread over a number of financial periods so as to match the recognition of the costs they are intended to offset. A grant relating to an asset is recognized as a revenue in constant amounts along the expected useful life of the asset in question.

In the event the Company receives a non-monetary grant, the asset and the relative grant are recognized at nominal value and released in the income statement in constant amounts along the expected useful life of the asset in question.

Law 124 of 2017 provides for compulsory disclosure of subsidies, grants, appointments, or economic advantages received from the Public Administration or, in any case, involving public resources.

From a systematic reading of the regulation, the facilitating measures aimed at all companies have not been included (by way of example but not limited to tax facilitating measures such as hyper-amortization, super-amortization, tax credit for research and development and facilitating measures such as the Wages Guarantee Fund) as these advantages are not aimed at a specific company.

During the year, the Company only received State Aid that targeted all companies, and therefore for any details reference should be made to the National Register of State Aid.

2.25. ACCOUNTING STANDARDS.

2.25.1. IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM JANUARY 1, 2023

The following IFRS accounting standards, amendments and interpretations have been applied for the first time by the Company starting from January 1, 2023:

- On May 18, 2017, the IASB published **IFRS 17 – *Insurance Contracts***, which is intended to replace **IFRS 4 - *Insurance Contracts***. The standard was applied from January 1, 2023. The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from insurance contracts issued.

The adoption of this principle and its amendment has not had any effect on the Company's financial statements.

- On May 7, 2021, the IASB published an amendment called "**Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction**". The document clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts at the initial recognition date, such as leases and decommissioning obligations. The amendments were applied from January 1, 2023. The adoption of this amendment had no effect on the Company's financial statements.
- On February 12, 2021, the IASB published two amendments called "**Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2**" and "**Definition of Accounting Estimates—Amendments to IAS 8**". The amendments regarding IAS 1 require an entity to indicate relevant information on the accounting standards applied by the Company. The amendments are intended to improve disclosure about accounting standards applied by the Company so as to provide more useful information to investors and other primary users of financial statements as well as to help companies distinguish changes in accounting estimates from changes in accounting policy. The amendments were applied from January 1, 2023. The adoption of these amendments had no effect on the Company's financial statements.
- On May 23, 2023, the IASB published an amendment called "**Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules**". The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules (which came into force in Italy on December 31, 2023, but are applicable as of January 1, 2024) and establishes specific disclosure requirements for entities affected by the related International Tax Reform. The document provides for the immediate application of the temporary exception, while the disclosure requirements apply only to financial statements for annual periods starting on or after January 1, 2023, but not to interim financial statements with a closing date prior to December 31, 2023.

2.25.2. IFRS ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS ENDORSED BY THE EUROPEAN UNION AS OF DECEMBER 31, 2023, NOT YET MANDATORILY APPLICABLE AND NOT ADOPTED EARLY BY THE GROUP AS OF DECEMBER 31, 2023

The following IFRS accounting standards, amendments and interpretations have been endorsed by the European Union, but are not yet mandatorily applicable and were not adopted early by the Company as of December 31, 2023:

- On January 23, 2020, the IASB published an amendment called "**Amendments to IAS 1 Presentation of Financial Statements:Classification of Liabilities as Current or Non-current**" and on October 31, 2022 published an amendment entitled "**Amendments to IAS 1 Presentation of Financial Statements:Non-Current Liabilities with Covenants**." The purpose of these amendments is to clarify how to classify debt and other short-term or long-term liabilities. Furthermore, the amendments also

improve the information that an entity needs to provide when its right to defer the settlement of a liability for at least twelve months is subject to compliance with specific covenants. The modification applies from January 1, 2024, however early application is permitted. The Directors do not expect a significant effect in the Company's financial statements from the adoption of this amendment.

- On September 22, 2022, the IASB published an amendment called "**Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.**" The document requires the seller-lessee to measure the lease liability arising from a sale-and-leaseback transaction so as not to recognize income or loss that relates to the retained right of use. The modification will be applied from January 1, 2024, however, early application is permitted. The Directors do not expect a significant effect in the Company's financial statements from the adoption of this amendment.

2.25.3. ACCOUNTING STANDARDS, AMENDMENTS AND IFRS INTERPRETATIONS NOT YET APPROVED BY THE EUROPEAN UNION AS OF DECEMBER 31, 2023

At the reference date of this document, the competent bodies of the European Union have not yet completed the approval process necessary for the adoption of the amendments and principles described below.

- ❖ On May 25, 2023 the IASB published an amendment called "**Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements**". The paper requires an entity to provide additional information on reverse factoring arrangements that will enable financial statement users to assess how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The modification will be applied from January 1, 2024, however, early application is permitted. The Directors do not expect a significant effect in the Company's financial statements from the adoption of this amendment.
- ❖ On August 15, 2023, the IASB published an amendment called "**Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability**". The document requires an entity to apply a methodology to be applied consistently in order to verify whether a currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be provided in the notes. The amendment will be applied from January 1, 2025, however, early application is permitted. The Directors do not expect a significant effect in the Company's financial statements from the adoption of this amendment.
- On January 30, 2014, the IASB published **IFRS 14 – Regulatory Deferral Accounts**, which allows only those that adopt IFRS for the first time to continue to recognize the amounts relating to rate regulation activities according to the previous accounting standards adopted. As the Company is not a first-time adopter, this standard is not applicable.

3. FINANCIAL RISK MANAGEMENT

The Company's business is exposed to various financial risks: market risk (including exchange rate risk and interest rate risk), credit risk, liquidity risk and price and cash flow risk. The risk management program aims to minimize any negative impact on the financial performance of the Company and is planned by a central

function of the Company which coordinates all the operating companies, reporting directly to the Chief Executive Officer.

The Company does not use derivative financial instruments to hedge its exposure to foreign exchange risk and does not subscribe to derivative financial instruments for speculative purposes.

(a) Market risk

(i) Exchange rate risk

Comer Industries S.p.A. operates internationally and is exposed to exchange rate risk due to exposure mainly to the US dollar and the Chinese yuan, and secondarily to the Brazilian real and the British pound. The exchange rate risks are generated by forecasts of future commercial transactions and recognized assets or liabilities.

In order to manage the exchange rate risk generated by forecasts of future commercial transactions and recognized assets or liabilities denominated in a currency other than the functional currency (euro), Comer Industries uses repurchase agreements (forwards).

The Company's policy is to hedge a portion of future currency transactions that are expected to occur in the next 12 months. Where necessary, derivative contracts previously stipulated are renewed at maturity in relation to the evolution of the business.

(ii) Interest rate risk

The interest rate risk is derived from medium-long term loans at variable rates. Given the limited financial exposure, the Company's current policy is to use floating rate loans, monitoring the interest rate curve.

(b) Credit risk

Comer Industries S.p.A.'s policy is to sell to customers after an evaluation of their credit capacity and therefore within pre-set credit limits. Historically, the Company has not suffered significant losses on receivables.

(c) Liquidity risk

Prudent management of liquidity risk implies maintaining sufficient available cash and cash equivalents and sufficient credit lines from which to draw. Due to the dynamic nature of the business, Comer Industries S.p.A.'s policy is to have revolving standby credit facilities that can be utilized at short notice. The Company follows stringent rules to distribute its deposits and liquid assets in a balanced manner among an adequate number of banking institutions with ratings of high standing.

(d) Price and cash flow risk

Comer Industries S.p.A is subject to the risk of fluctuations in metal prices, in particular, aluminum, copper and steel. The Company's policy is to cover the risk where possible, through commitments from suppliers in the medium term, with stockpiling policies when prices are at their lowest and agreements with customers.

For the operational management of the above risks, please refer to the "Information on financial assets" paragraph.

4. CORPORATE INFORMATION AND INDUSTRY-RELATED INFORMATION.

4.1. CORPORATE INFORMATION

At December 31, 2023, Comer Industries S.p.A. ordinary shares totaled 28,678,090, of which 5,387 held as treasury shares, equal to 0.02% of the share capital.

The subsidiaries do not hold shares of the Parent Company.

4.2. SECTORAL INFORMATION

For sector information, please refer to the Group's Consolidated Financial Statements.

5. NOTES TO THE FINANCIAL STATEMENTS OF COMER INDUSTRIES S.P.A.

5.1. TANGIBLE FIXED ASSETS

The movements in technical fixed assets and the related accumulated depreciation during 2023 are described in the following tables, which show the values with a separate indication of grants received in the capital account, as a reduction of the investment value:

Description (thousand euros)	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other Assets	Tangible fixed assets in progress	Rights of use	Total
January 01, 2022	519	18,068	7,855	1,532	2,048	23,296	53,317
Increases		3,487	4,513	1,099	704	532	10,335
Decreases		(24)	(34)	0		(94)	(152)
Depreciation	(71)	(3,698)	(4,154)	(358)		(3,482)	(11,763)
Reclassifications		300	229	3	(532)		0
December 31, 2022	448	18,133	8,409	2,276	2,220	20,252	51,738
Increases		3,868	4,017	696	2,360	686	11,627
Decreases		(50)	(76)	(41)			(167)
Depreciation	(62)	(3,903)	(4,072)	(361)		(3,516)	(11,913)
Reclassifications	0	678		0	(678)		0
December 31, 2023	386	18,726	8,278	2,570	3,902	17,423	51,285

During the year, Comer Industries S.p.A. invested 10.8 million euros (2.6% of sales) in tangible fixed assets, net of decreases and excluding changes in "Rights of use".

Some of the most significant investments made by the Company during the year include two horizontal machining centers for the cast iron flow and a new robot cell for the gear processing flow.

The value of Rights of use at December 31, 2023 net of accumulated depreciation came to 17,423 thousand euros, of which: (i) 16,273 thousand euros for lease installments on industrial buildings; (ii) 1,021 thousand euros for lease installments on company vehicles; and (iii) 129 thousand euros for lease installments on forklifts.

5.2. INTANGIBLE FIXED ASSETS

The variations in intangible fixed assets are shown below, indicating values net of government capital grants:

Description (thousand euros)	Development and approval costs	Trademarks and know-how	Concessions, licenses and patents	Other intangible fixed assets	Intangible fixed assets in progress	Total
January 01, 2022	422	31	2,249	0	759	3,461
Increases	0		1,271		564	1,835
Decreases					(14)	(14)
Amortization	(232)	(13)	(968)	(0)		(1,213)
Reclassifications	54				(54)	0
January 01, 2023	244	18	2,551	0	1,256	4,069
Increases	6	0	1,527	0	277	1,810
Decreases					(50)	(50)
Amortization	(165)	(13)	(995)	1		(1,173)
Reclassifications	167		289		(457)	0
December 31, 2023	252	5	3,372	1	1,026	4,656

Intangible fixed assets are broken down as follows:

(i) Development and approval costs and intangible fixed assets in progress

These capitalizations are mainly related to internal orders associated with the development of new products. During the period development costs of 267 thousand euro were capitalized under fixed assets in progress. These projects meet the requirements of paragraph 57 of IAS 38, as the Group analyzed the technical feasibility of the same, as well as the intention to complete the project, to introduce new products on the market and the availability of technical and financial resources, as well as a reliable identification of own costs and their ability to produce future economic benefits. These expenses are amortized on the basis of the probable useful life generally estimated to be 3 to 5 years, depending on the sector they are intended for. Decreases of 50 thousand euros refer to abandoned projects.

(ii) Concessions, licenses and patents

The increases in the period relate to software licenses and applications for the logistics area and research and development and the capitalization of external costs for the realization of ERP consolidation projects in the Reggiolo industrial center.

5.3. EQUITY INVESTMENTS

Equity investments are shown in detail below:

Description (thousand euros)	December 31, 2023	December 31, 2022	Difference
e-comer s.r.l.	56,227	0	56,227
Comer Industries INC	9,218	9,218	0
Comer GMBH	0	152	(152)
Comer Industries Component S.r.l.	26,812	7,812	19,000
Comer Industries (Shaoxing) Co., Ltd.	226	226	0
Comer Industries (Jiaxing) Co., Ltd.	4,000	4,000	0
Comer Industries do Brasil EIRELI	2,016	2,016	0
Comer Industries India Private Limited	1,883	1,883	0
Comer Industries UK Ltd	810	810	0
WPG Brasil Ind. de Equi. Agr. Ltda	100	0	100
WPG US HoldCo LLC	100,791	100,791	0
WPG German Holdco GmbH	122,272	122,119	152
WPG UK Holdco Limited	3,494	3,494	0
Walterscheid Monguelfo Spa	0	19,000	(19,000)
Walterscheid Powertrain China Co.	0	0	0
Evoluzione Comer S.r.l.	0	10	(10)
Equity investments in subsidiaries	327,849	271,531	56,317
Deep Tier S.r.l.	100	100	0
Equity investments in associates	100	100	0
FF Investments S.r.l.	319	319	0
Equity investments in other companies	319	319	0
Total Equity Investments	328,267	271,950	56,317

Changes during the year in Equity investments in subsidiaries, amounting to 56.3 million euros, refer to:

- Increase of 56.2 million euros for the acquisition of the company e-comer S.r.l., purchased for 54 million euros, plus a variable component ("earn out") for a nominal value of 3.4 million euros and posted at amortized cost of 2.2 million euros;
- Increase of 100 thousand euros for the acquisition of shares representing 100% of Walterscheid Brasil Industria de Equipamentos Agricolos Ltda. owned by the subsidiary Powertrain Services UK Ltd;
- Increase for the acquisition of shares representing 100% of the share capital of Walterscheid Powertrain (China) Co. Ltd owned by the subsidiary WPG UK Holdco Limited at a price of 10 Chinese Renminbi, for an equivalent value of 1.27 euros;
- Reduction due to the placement in liquidation of the company Evoluzione Comer S.r.l.

The other changes during the year regard the merger of Comer GmbH into the subsidiary WPG German Holdco GmbH, and the merger of Walterscheid Monguelfo S.p.A. into Comer Components S.r.l.

A comparison is provided below between equity drafted in accordance with IAS of the subsidiaries and the relative carrying amount.

Entity name	Share capital (€k)	Net equity (€k)	% control	Share held (€k)	Value of equity investment (€k)	Difference (€k)
e-comer s.r.l.	1,000	61,919	100%	61,919	56,227	5,692
Comer Industries Inc.	12,019	25,543	100%	25,543	9,218	16,325
Comer Industries U.K. Ltd.	305	1,372	100%	1,372	810	563
Comer Industries Components Srl	7,125	45,951	100%	45,951	26,812	19,139
Comer Industries (Shaoxing) Co. Ltd.	6,720	5,235	100%	5,235	226	5,009
Comer Industries do Brasil EIRELI	1,140	8,232	100%	8,232	2,016	6,216
Comer Industries India Pvt Ltd	1,579	11,010	95% 34.20%	10,460	1,883	8,577
Comer Industries (Jiaxing) Co. Ltd.	11,700	81,080	%	27,729	4,000	23,729
WPG Brasil Ind. de Equi. Agr. Ltda	1,569	(1,049)	100%	(1,049)	100	(1,149)
WPG German Holdco GmbH	10,495	25,888	100%	25,888	122,272	(96,383)
WPG UK Holdco Limited	3,559	21,000	100%	21,000	3,494	17,506
WPG US HoldCo LLC	52,983	19,332	100% 33.33%	19,332	100,791	(81,458)
Deep Tier S.r.l.	90	799	% 11.72%	266	100	166
FF Investments S.r.l.	77	2,688	%	315	319	(4)

Investments in subsidiaries are valued according to the cost method, which requires it to be reduced in the event of impairment losses, if the decrease in value suffered by the investee cannot be absorbed within a reasonable period of time. A loss should be considered impairment when, fundamentally, it is not expected that the reasons causing it can be eliminated within a brief period of time, that is within a short enough period of time to make it possible to formulate reliable forecast based on objective and reasonably identifiable facts. The e-comer S.r.l. equity investment was checked by the management for any impairment, given its recent acquisition.

The result of the impairment test, drawn up with the support of a leading consultancy firm, was approved by the Board of Directors on February 7, 2024. It was carried out using the Discounted Cash Flow (DCF) method after tax. The expected cash flows used in the DCF calculation were determined based on a business plan with a duration of 5 years. The business plan takes into consideration the various scenarios and development expectations of the various markets, based on the information available at the end of 2023.

These flows were discounted at a discount rate calculated using the Weighted Average Cost of Capital ("WACC"), i.e., by weighting the expected rate of return on invested capital net of the costs of hedging for a sample of companies in the same industry. The average cost of capital (WACC) was calculated as 11.50% and the estimated growth rate as 2.0% was set at a value lower than the expected long-term inflation rate.

The performance of the impairment test did not indicate the need to recognize any impairment on the value of the equity investment as of December 31, 2023 and the level of cover is significant.

The sensitivity analysis, carried out considering changes in the WACC discount rate and changes in the growth rate, did not reveal any need to write down the item.

With respect to other equity investments in subsidiaries, the Company's Directors do not believe that there are currently indicators of impairment and, as a result, it was not necessary to perform any impairment testing. Investments in associates are valued according to the equity method, which requires initial recognition at acquisition cost and the subsequent write-down or revaluation of the carrying amount to recognize the share pertaining to the investor of the investee's profits or losses after the acquisition date. As concerns the subsidiary Deep Tier, although it is recognized at a value lower than the share held of net equity, no revaluation was recognized as it recorded a loss in the last year.

Lastly, equity investments in other companies include the company FF Investments S.r.l., a start-up established at the end of 2021, which until the date of approval of these financial statements, presented the data from the first year which closed at December 31, 2022. The book value of that equity investment, represented by the purchase cost, approximates its fair value.

With regards to the summary of economic-asset/liability relations with related parties of the Group, reference should be made to the details in the Management Report.

5.4. CURRENT AND DEFERRED TAX ASSETS

The details of deferred tax assets are as follows:

Description (thousand euros)	December 31, 2023	December 31, 2022
Deferred tax assets	9,184	8,810
Deferred tax assets	9,184	8,810

The balance of deferred tax assets increased by 374 thousand euros, primarily following greater inventory write-down provisions and provisions for benefit plans in favor of directors and employees.

For the detailed breakdown of this item please refer to the table below:

Description	December 31, 2023	December 31, 2022	Year 2023
	Total Deferred Tax Assets	Total Deferred Tax Assets	(used) allocated
Inventory write-down provision	1,583	1,115	468
Provision for warranty and/or contract risks	2,359	2,600	(240)
Comer Industries Trademark	406	482	(77)
Supplementary Agents Indemnity	39	42	(3)
Adjustment of foreign currency items	76	580	(503)
Taxed provision for receivables	252	252	0
Deferred emp. and dir. variable salary	3,950	3,367	583
Provisions for risks	303	160	143
IAS/IFRS impacts	205	205	(0)
Other impacts	11	8	2
Total deferred tax assets of the company	9,184	8,810	374

Changes in current tax assets are shown below:

Description (thousand euros)	December 31, 2022	Net change	December 31, 2023
VAT credit	8,007	(6,028)	1,979
Current tax receivables	1,491	(151)	1,340
Refund of export duty and other minor items	8	(2)	6
Current tax assets	9,506	(6,181)	3,325

As of December 31, 2023, the balance of the VAT credit amounted to 1,979 thousand euros, down compared to the previous year. During the year, a refund was requested for a VAT credit of 5.6 million euros.

The balance of current tax credits amounting to 1,340 thousand euros represents for 816 thousand euros the current share of tax credits for investments in new operating assets, of which 773 for Industry 4.0 and 502 thousand euros for the share of the research and development credit.

5.5. SHORT AND LONG-TERM FINANCIAL RECEIVABLES

This item includes financial receivables for a total of 67,277 thousand euros, of which 16,598 thousand euros within the year, connected primarily to the intra-group lending agreement between Comer Industries S.p.A. and WPG US Holdco aimed at refinancing and restructuring the existing debt in the acquired group.

The Loan agreement was initially broken down as follows:

1. Credit line amounting to 105.085 million US dollars, maturing on September 30, 2029, bearing interest at the rate of 2.5% on the 6-month Libor, entered into with the counterparty WPG US Holdco;
2. Credit line amounting to 82.196 million euros, maturing on March 31, 2027, bearing interest at the rate of 2.5% on the 6-month Euribor, entered into with the counterparty WPG German Holdco;
3. Revolving line for a maximum amount of 15 million euros, for current cash requirements.

The credit line in the amount of 82.196 million euros and the revolving line were both paid off in advance, in November and October 2023, respectively.

The remainder of the financial receivables outstanding at December 31, 2023 is constituted by the balance of Cash in Transit for a total of 2,428 thousand euros.

The changes and accounting data at December 31, 2023 are shown below.

Please note that the value of financial receivables in USD is inclusive of exchange adjustments at year-end.

Description (thousand euros)	Currency	Cont. val. December 31, 2022	Change	Cont. val. December 31, 2023	Nom. val. December 31, 2023 (LC)
Financial receivables WPG US Holdco LLC	USD	14,716	(546)	14,170	15,658
Financial receivables WPG German Holdco GmbH	EUR	16,530	(16,530)	-	-
Financial receivables Comer Industries Components srl	EUR	6,100	(6,100)	-	-
Financial receivables WPG UK Holdco Ltd	EUR	19,270	(19,270)	-	-
Cash in Transit	EUR	-	2,428	2,428	-
Total current financial receivables		56,616	(40,018)	16,598	
Financial receivables WPG US Holdco LLC	USD	78,755	(28,076)	50,679	56,932
Financial receivables WPG German Holdco GmbH	EUR	23,835	(23,835)	-	-
Total non-current financial receivables		102,590	(51,911)	50,679	
Total financial receivables		159,206	(91,929)	67,277	

5.6. OTHER LONG-TERM RECEIVABLES

Description (thousand euros)	December 31, 2023	December 31, 2022
Other minor items including security deposits Italy	277	279
Tax receivables	309	565
Other Long-term receivables	586	844

Other long-term debtors refer to guarantee deposits primarily for real estate in rental agreements and consumption.

Tax credits relate to the long-term share of tax credits for investments in new operating assets.

5.7. INVENTORIES

The changes are as follows:

Description (thousand euros)	December 31, 2022	Net change/Increases	December 31, 2023
Raw materials and Packaging	23,026	(3,865)	19,161
Provision for write-down of raw materials and consumables	-	(425)	(425)
Raw and ancillary materials and packaging	23,026	(4,290)	18,736
Semi-finished products purchased and produced	41,946	(5,004)	36,942
Provision for write-down of semi-finished products purchased and produced	(2,168)	(1,209)	(3,377)
Work in progress	39,778	(6,213)	33,565
Finished products and Goods	10,201	3,896	14,097
Provision for write-down of finished products	(1,723)	-	(1,723)
Finished products	8,479	3,896	12,374
Inventories	71,283	(6,608)	64,675

At December 31, 2023, the value of inventories is decreasing due to the reduction in turnover.

Inventories are shown net of a provision for obsolescence for a total amount of 5,525 thousand euros. During the period this amount increased by 1,667 thousand euros for provisions and decreased by 33 thousand euros further to use for scrapping.

5.8. TRADE RECEIVABLES AND OTHER SHORT-TERM RECEIVABLES

The changes are as follows:

Description (thousand euros)	December 31, 2022	Net change	December 31, 2023
Trade receivables	77,010	(15,931)	61,079
Receivables from group companies	27,535	1,369	28,904
Provision for bad debts	(2,434)	1,022	(1,413)
Trade receivables	102,111	(13,541)	88,570
Advances to suppliers	73	(15)	58
Receivables from Social Security Inst.	59	(30)	29
Accrued income and prepaid expenses	1,101	58	1,159
Credit notes to be received	895	(181)	714
Other short-term receivables	241	91	332
Other short-term receivables	2,369	(77)	2,292

Trade receivables amounting to 61,079 thousand euros declined by 15,931 thousand euros compared to the previous year. This change was influenced by the decline in turnover in the final months of the year; indeed, in the second half of the year, 41% of total turnover was generated. The average collection days, amounting to 76 days at December 31, 2023, are improving of 10 days compared to the previous year.

The specific allowance for doubtful accounts was used in the amount of 905 thousand euros to close trade receivables that are no longer recoverable, recognized in the provisions in previous years. The generic allowance for doubtful accounts calculated according to IFRS 9 was released for 117 thousand euros. During the year, Comer Industries S.p.A. did not record any significant losses on receivables.

Note that there are no trade receivables due after the year.

Receivables from customers resident in the nations currently involved in conflicts, Russia, Belarus, Ukraine and Israel, amount to 0.1%.

As at December 31, 2023, the representation by ranges of expired trade receivables (net of the allowance for doubtful accounts) is represented by the following table.

Description (thousand euros)	December 31, 2023	December 31, 2022
Not overdue	86,897	98,291
30-60 days past due	411	2,191
60-90 days past due	686	911
More than 90 days past due	1,989	3,152
Allowance for doubtful accounts	(1,413)	(2,434)
Trade receivables	88,570	102,111

Please note that loans past due for more than 30 days were classified in the "Not overdue" category.

5.9. FINANCIAL ASSETS AND LIABILITIES, GUARANTEES

The net financial position recorded at December 31, 2023 (calculated according to the provisions set forth in Consob Communication 5/21 of April 29, 2021 and ESMA recommendations 32-382-1138 of March 4, 2021) amounted to 143.6 million euros, an improvement of 35.0 million euros compared to December 31, 2022.

The value of other short-term financial receivables equal to 16,598 thousand euros is represented for 14,170 thousand euros by the short-term share of the intra-group loan in favor of WPG US Holdco LLC, and for 2.4 million euros by the balance of cash in transit. Cash and cash equivalents reduced by 34,901 thousand euros, moving from 73,387 thousand euros at December 31, 2022 to 38,486 thousand euros at December 31, 2023, primarily as a result of the early repayment of several loans. The value of short-term loans of 110,699 thousand euros includes 76,932 thousand euros for payables to subsidiaries (for the details, see section 5.9.3). Overall, net exposure to the banking system amounted to 57,851 thousand euros.

The value of prepayments deriving from accounting for up-front expenses according to amortized cost amounts to 1.3 million euros. The value of other financial liabilities attributable to the accounting treatment of leasing contracts according to IFRS 16 at December 31, 2023 amounts to 18.0 million euros, a decrease compared to December 31, 2022 (20.8 million euros).

The breakdown and movements compared to the previous year are shown below:

Description (thousand euros)	December 31, 2023	December 31, 2022	Change	Change %
A) Cash and cash equivalents	38,486	73,387	(34,901)	-48%
B) Cash equivalents	-	-	-	0.0%
C) Other current financial assets	16,598	56,616	(40,018)	-71%
D) Liquidity (A+B+C)	55,085	130,004	(74,919)	-58%
E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	90,031	65,382	24,649	38%
F) Current part of non-current financial debt	24,621	35,113	(10,491)	-30%
G) Current financial debt (E+F)	114,652	100,495	14,157	14%
of which secured	-	-	-	0.0%
of which not secured	114,652	100,495	14,157	14%
H) Net current financial debt (G-D)	59,568	(29,508)	89,076	-302%
I) Non-current financial debt (excluding current portion and debt instruments)	84,023	208,054	(124,031)	-60%
J) Debt instruments	-	-	-	0.0%
K) Trade and other non-current payables	-	-	-	0.0%
L) Non-current financial debt (I+J+K)	84,023	208,054	(124,031)	-60%
of which secured	-	-	-	0.0%
of which not secured	84,023	208,054	(124,031)	-60%
M) Gross Financial Debt (G+L)	198,675	308,549	(109,874)	-36%
N) Net Financial Debt (Net financial position) (D+M)	143,590	178,545	(34,955)	-20%

Financial assets and liabilities, broken down on the basis of the categories identified by IFRS 9, can be summarized in the following table:

Description (thousand euros)	At amortized cost	Fair value	Total book value
Assets:			
Trade receivables	88,570		88,570
Other short-term receivables	2,292		2,292
Current tax assets		3,325	3,325
Other short-term financial receivables	16,598		16,598
Cash and cash equivalents		38,486	38,486
Total assets	107,461	41,811	149,271
Liabilities:			
Long-term loans	(64,269)		(64,269)
Trade payables	(92,396)		(92,396)
Other short-term payables	(10,608)		(10,608)
Current tax liabilities		(3,961)	(3,961)
Short-term loans	(110,159)		(110,159)
Other short-term financial payables	(4,494)		(4,494)
Other long-term financial payables	(19,753)		(19,753)
Total liabilities	(301,680)	(3,961)	(305,641)
Total	(194,219)	37,849	(156,370)

5.9.1. SHORT-TERM DERIVATIVE FINANCIAL INSTRUMENTS

At December 31, 2023 there were no derivative financial instruments.

5.9.2. CASH AND CASH EQUIVALENTS

The value of 38,486 thousand euros at December 31, 2023 (73,387 thousand euros at December 31, 2022) declined compared to the previous year primarily due to the early repayment of several loans.

The Company follows stringent rules to distribute its deposits and liquid assets in a balanced manner among an adequate number of banking institutions with ratings of high standing.

Further information can be found in the cash flow statement and in the table below.

Description (thousand euros)	Currency	Cont. val. December 31, 2022	Change	Cont. val. December 31, 2023	Nom. val. December 31, 2023 (LC)
Cash and cash equivalents	USD	16,668	14,064	30,732	33,958
Cash and cash equivalents	EUR	56,719	(48,965)	7,754	7,754
Cash and cash equivalents	GBP	1	(1)	0	0
Total cash and cash equivalents		73,387	(34,901)	38,486	

5.9.3. SHORT-TERM LOANS AND CURRENT PORTION OF MEDIUM/LONG TERM LOANS

The breakdown of current financial payables is provided below:

Description (thousand euros)	Currency	Cont. val. December 31, 2022	Change	Cont. val. December 31, 2023	Nom. val. December 31, 2023 (LC)
Loan Crédit Agricole M/L current portion	EUR	15,469	(4,882)	10,587	10,587
Loan Crédit Agricole M/L current portion	USD	6,845	(6,845)	0	0
Loan CAI short-term portion	EUR	10,076	5	10,081	10,081
Unicredit loan	EUR	0	0	0	0
Unicredit loan	EUR	9,500	(9,500)	0	0
Total short-term bank loans		41,890	(21,222)	20,668	
Up-front commissions for short-term structured loans	EUR	(691)	153	(538)	(538)
Bank accounts payable and advances Comer Ind S.p.A.	EUR	5,574	7,523	13,097	13,097
Financial payables to subsidiaries	EUR	50,269	26,663	76,932	76,932
Total short-term loans		97,041	13,118	110,159	

The item includes interest-bearing bank loans.

The value of 110,159 thousand euros is made up of 20,668 thousand euros of short-term bank loans, shown gross of the short-term portion of transaction costs (equal to 538 thousand euros) treated according to the amortized cost method. The decrease compared to the previous year of 21.2 million euros is attributable to the settlement of the Unicredit loan for 9,500 thousand euros and the total and partial settlement of two loans granted by Crédit Agricole (in USD and EUR, respectively) for a total of 11,727 thousand euros. The remainder of current bank financial payables of 13.1 million euros consists of the balance of accounts receivable financing with short-term maturity.

The Company has intra-group financial payables outstanding for a total of 76.9 million euros: of which 21.8 million euros from the Chinese subsidiary Comer Industries Jiaxing, 10.9 million euros from WPG German Holdco GmbH, 20.8 million euros from Walterscheid UK Holdco and 6.3 million euros from e-comer. The

remainder of financial payables from subsidiaries is represented by the payable deriving from centralized treasury management.

5.9.4. LONG-TERM LOANS.

This item includes the long-term portions of the following loans:

1. Loan agreement entered into with Crédit Agricole in December 2021 and broken down as follows:
 - Medium-term loan for a maximum principal amount of 170 million euros, broken down into 3 lines as follows:
 - 140 million euros used for cash maturing on March 31, 2027, of which 45,000 thousand euros remaining at December 31, 2023;
 - 30 million euros, usable in cash and intended to support general revolving financial requirements, to be repaid in a lump-sum at the end of the relative interest period as set forth in the utilization request, with a maximum duration of 5 years. This line was unused as of December 31, 2023.
 - Medium/long-term loan for a maximum principal amount of 50 million dollars, maturing on March 31, 2027, repaid early in 2023.
2. Loan agreement signed with Crédit Agricole Italia in December 2022 for a total amount of 50 million euros, maturing on December 16, 2027. This financing provided the funding for the acquisition of e-comer, finalized in January 2023. A total of 10,000 thousand euros of this loan was repaid during the year. The residual amount at December 31, 2023 is 40,000 thousand euros, of which 30,000 thousand euros long-term.

Note that during 2023 the balance amounting to 30,802 thousand euros of the loan from Crédit Agricole, originally for USD 50 million, was repaid early. Moreover, the Unicredit loan of 9.5 million euros taken out in 2022 was repaid in advance.

Description (thousand euros)	Currency	Cont. val. December 31, 2022	Change	Cont. val. December 31, 2023	Nom. val. December 31, 2023 (LC)
Loan Crédit Agricole M/L long-term portion	EUR	126,000	(91,000)	35,000	35,000
Loan Crédit Agricole M/L long-term portion	USD	25,970	(25,970)	0	0
Loan CAI long-term portion	EUR	40,000	(10,000)	30,000	30,000
Up-front commissions for M/LT structured loans	EUR	(1,302)	571	(731)	(731)
Total long-term borrowings		190,668	(126,399)	64,269	

Reported below is the breakdown of bank loans by nature, short and medium/long-term existing as at December 31, 2023:

Description (thousand euros)	Balance as at December 31, 2022	New disbursement	Repayments	Balance as at December 31, 2023	of which over 5 years		Expiry
					< 1 year	> 1 year	
Loan Unicredit	-			-			July 31, 2022
Loan Unicredit	9,500		(9,500)	-			December 31, 2023
CA-CIB Line A1	20,000		(13,571)	6,429	1,429	5,000	March 31, 2027
CA-CIB Line A2	120,000		(81,429)	38,571	8,571	30,000	March 31, 2027
CA-CIB Line A3	\$ 30,802		(30,802)	0			March 31, 2027
CAI	50,000		(10,000)	40,000	10,000	30,000	December 16, 2027
Total	230,302	0	(145,302)	85,000	20,000	65,000	0

5.9.5. OTHER SHORT AND MEDIUM-TERM FINANCIAL PAYABLES

The heading mainly refers to payables deriving from the application of IFRS 16 for 17,970 thousand euros. The heading Shareholders for dividends for 2 thousand euros relates to payables to shareholders for coupons not collected. Payables for acquisition for a total of 6.3 million euros relates to the payable arising for the acquisition of e-comer, consisting of: 4 million euros deriving from the share of the fixed fee unpaid at the closing date, which will be paid in 4 equal annual installments starting from 2024, and recognized net of the amortized cost deriving from payable discounting for 188 thousand euros; and 3.4 million euros for the share of the variable fee (earn out) determined based on the value of the newly acquired company's sales in the period 2023-2026, and recorded net of the amortized cost resulting from the discounting of the debt for 920 thousand euros.

The detail for the breakdown of the item payables on December 31, 2023 and its variation is provided below:

Description (thousand euros)	December 31, 2022	Increases	Decreases	Reclassifications	December 31, 2023
Other short-term financial payables IFRS 16	3,414	-	(0)	78	3,492
Shareholders for dividends	40	-	(38)	-	2
Short-term payables for acquisition	-	1,000	-	-	1,000
Total Other short-term financial payables	3,454	1,000	(38)	78	4,494
Other long-term financial payables IFRS 16	17,386	923	(3,754)	(78)	14,477
Long-term payables for acquisition	-	5,276	-	-	5,276
Total Other long-term financial payables	17,386	6,199	(3,754)	(78)	19,753
Total Other financial payables	20,840	7,199	(3,792)	0	24,247

5.9.6. COMMITMENTS AND GUARANTEES

Guarantees given amount to 21.8 million euros (23.1 million euros in 2022) and consist of commitments relating to the granting of local credit facilities in favor of subsidiaries: 19.5 million euros in favor of Comer Industries Jiaxing, 1.3 million euros to Comer Industries India and around 1 million euros to Comer Industries Brazil.

The following are complete details of the system of commitments and risks for Comer Industries S.p.A.:

		December 31, 2023	December 31, 2022
Total guarantees to third parties (thousand euros)	Expiry	Amount	Amount
Guarantees given by Comer Industries S.p.A.			
Banca Nazionale del Lavoro for Comer India credit line	non-revolving	1,307	1,438
Banca Nazionale del Lavoro for Comer do Brasil credit line	non-revolving	985	936
Banca Nazionale del Lavoro for Comer Ind (Jiaxing) Co Ltd. credit line	non-revolving November 30, 2023	8,800	8,800
Crédit Agricole for Comer do Brasil credit line	non-revolving	0	532
Crédit Agricole for Comer Ind (Jiaxing) Co Ltd. credit line	non-revolving	10,725	11,443
Total guarantees to third parties		21,817	23,149
Total guarantees received from third parties		1,000	197

Comer Industries S.p.A. has no commitments to finance leasing companies.

5.10. NET EQUITY

Share capital

The share capital of Comer Industries S.p.A., amounting to 18,487,338.60 euros as at December 31, 2023, is entirely subscribed and paid-up. It consists of ordinary shares totaling 28,678,090, of which 5,387 held as treasury shares, for an equivalent value of 147 thousand euros, so the average number of shares outstanding at the date of December 31, 2023 amounted to 28,672,703.

Other reserves

The increase in the legal reserve relates to the allocation of the profit for 2022, as does the increase in the extraordinary reserve net of the distribution of dividends settled on May 17, 2023 at 0.75 euros per share, for a total of 21.5 million euros.

The Stock grant reserve was reclassified in the extraordinary reserve, for the purposes of a more concise exposure of the Other reserves, considering that this incentive plan was completely concluded in previous years.

The item IAS 19 reserve refers to actuarial gains and losses from the recalculation of the provision for employee severance indemnity, as required by the revision of IAS 19.93A. The reserve declined by 103 thousand euros (gross of the fiscal impact) in 2023.

The classification of reserves according to their origin, as well as changes in the course of previous years, is illustrated in the table as well as in the following notes.

Other reserves (thousand euros)	December 31, 2023	December 31, 2022
Legal reserve	3,697	3,416
Extraordinary reserves available	64,806	44,571
Stock grant reserve	-	8,181
FTA reserve (IAS/IFRS first time adoption)	336	336
Exchange gains reserve	4,200	-
IAS 19 reserve	324	427
Total other reserves	73,363	56,931

The classification of equity based on the possibility of use is shown in the table below:

<i>(thousand euros)</i>	Amount	Possibility of use ⁽¹⁾	Available amount
Share capital	18,487		0
Share premium reserve	187,881	A, B, C	187,881
Legal reserve	3,697	B	3,697
Extraordinary reserve	64,806	A, B, C	64,662
F.T.A. reserve	336	B	336
Exchange gains reserve	4,200	A, B	4,200
Reserve for treasury shares in the portfolio	(147)	C	(147)
IAS 19 reserve	324	B	324
Profit/loss for the year	40,702		0
Total	320,286		260,953
of which undistributable			8,557
of which distributable (C)			252,396

(1) **A:** for capital increase
B: for loss coverage
C: for distribution to shareholders

5.11. DEFERRED TAX LIABILITIES

Deferred tax liabilities <i>(thousand euros)</i>	December 31, 2023	December 31, 2022
Provision for deferred taxes	586	1,615
Deferred tax liabilities	586	1,615

Deferred tax liabilities are related to the tax effect of timing differences between the profit and loss for the year for statutory purposes and taxable income.

The amounts so defined are detailed in the following table:

Deferred tax liabilities of the company <i>(thousand euros)</i>	December	December 31,	Year 2023
	31, 2023	2022	
Description	Total Deferred Tax liabilities	Total Deferred Tax liabilities	(used) allocated
Difference full rate - pro rata of new assets acquired and entering into operation 2008 C S.p.A.	0	28	(28)
5% uncollected Comer Brazil dividends	29	0	29
Adj. Foreign currency items	557	1,587	(1,030)
Total deferred taxes	586	1,615	(1,029)
Total in the financial statements	586	1,615	(1,029)

5.12. POST-EMPLOYMENT BENEFITS

Changes in the provision were as follows:

Changes (thousand euros)	December 31, 2023	December 31, 2022
Opening balance	4,762	5,718
Use for discharges and advances	(516)	(332)
Settlements of complementary pensions and treasury funds	(1,863)	(1,883)
Allocation for the year	1,944	2,296
Effects of IAS 19 recalculation period (gross of taxes)	211	(1,037)
Closing balance	4,538	4,762

The economic and equity effects of the period, compared with the previous year, are summarized in the following:

Description: (thousand euros)	December 31, 2023	December 31, 2022
Current service cost	(80)	(413)
Actuarial losses/(gains)	104	(726)
Financial expenses	188	101
Tax effect on income statement	(31)	89
Equity tax effect	(30)	208
Overall effect	151	(740)

The employee severance indemnity refers to employee benefits governed by the rules and regulations in force in Italy and recorded in the financial statements of the Company.

Comer Industries S.p.A, on the basis of actuarial valuations and interpretations available on the closing date of accounts, adopted the following distinctions:

- Employee severance indemnity installments accruing as from January 1, 2007: considered a "defined contribution plan" in the case of both the option for complementary social security schemes as well as the option for the treasury fund of the National Security Institution (INPS). The accounting treatment is therefore the same as that in place for other types of contribution payments.
- Employee severance indemnity provision as at December 31, 2006: remains a "defined benefit plan" for which actuarial calculations must be made, although, compared to the calculations made to date (and reflected in the financial statements for the year ending December 31, 2006), excludes the component relating to future salary increases.

Liabilities for defined benefit plans have been determined on the basis of the following actuarial assumptions with value scales from 2020 to 2023:

Actuarial assumptions	Measuring unit	December 31, 2023	December 31, 2022
Discount rate	%	3.30	4.11
Expected rate of wage growth	%	0.50	0.50
Expected % of employees who will resign before pension (turnover)	%	5.00	5.00
Annual cost of living increase rate	%	2.00	2.30
Annual rate of TFR increase	%	3.00	3.23

In accordance with new regulations of IAS 19, the values of the employee severance indemnity provision that would have been obtained by changing the above actuarial assumptions are as follows:

Changes (thousand euros)	Discounted severance indemnity provision
Turnover rate +1.0%	4,550
Turnover rate -1.0%	4,525
Annual cost of living increase rate +0.25%	4,580
Annual cost of living increase rate - 0.25%	4,496
Discount rate + 0.25%	4,473
Discount rate - 0.25%	4,605

The negative effect of the period amounting to 104 thousand euros, gross of the fiscal impact, is reflected in the actuarial gain accrued in part as a result of the decrease in the discount rate, from 4.11% to 3.3%, and in part the substantial changes in the group subject to assessment in terms of new hires, resignations, retirement and requests for advances.

The composition of personnel by category, based on average data, is as follows:

Contract category	Number December 31, 2023	Number December 31, 2022	Number average 2023	Number average 2022
Senior executives	28	29	28	29
White Collar and Managers	264	267	265	267
Blue Collar and Outsourced workers	571	651	631	659
Total	863	947	924	955

At December 31, 2023, Comer Industries S.p.A. had 863 resources (947 at December 31, 2022) and the average number of resources went from 955 in 2022 to 924 in 2023.

5.13. SHORT AND LONG-TERM PROVISIONS

The provisions include:

Provisions for risks and charges (thousand euros)	December 31, 2023	December 31, 2022
Provision for product warranty risks	6,177	7,146
Other provisions for risks and legal charges	1,901	0
Short-term provisions	8,078	7,146
Agents provision	236	247
Other provisions for risks and legal charges	165	565
Provision for long-term product warranties	2,058	1,929
Long-term provisions	2,459	2,740

The provision for product warranty risks includes the estimation of specific risks reported before the preparation of the financial statements and relating to past productions. It also refers to coverage of general risks (the result of a calculation based on historical data) for repairs or replacement of products that did not conform to expectations. The balance at the end of the year is due to the best estimate of these risks in relation to open claims, not yet settled at year end.

The Supplementary Agents Indemnity Fund includes provisions for reimbursements recognized in the event of termination of the agency relationship, quantified according to the methods indicated in the collective

economic agreement of 20 March, 2002 for the regulation of agency relations and commercial representation in the industrial sectors and cooperation.

The provision for contingent liabilities and legal expenses represents the reasonable risk calculated in relation to litigation or potential liabilities still pending in court regarding dismissed workers or providers of services.

5.14. TRADE PAYABLES AND OTHER LONG AND SHORT-TERM PAYABLES

The changes are as follows:

Description (thousand euros)	December 31, 2022	Net change	December 31, 2023
Trade payables - third parties	(71,343)	6,749	(64,594)
Trade payables - subsidiaries	(24,641)	(3,161)	(27,802)
Trade payables	(95,984)	3,588	(92,396)
Short-term amounts due to employees	(6,365)	327	(6,039)
Payables to pension and social security institutions	(2,141)	93	(2,047)
Other payables	(681)	(44)	(725)
Short-term accrued liabilities and deferred income	(1,392)	(406)	(1,798)
Other short-term payables	(10,579)	(29)	(10,608)
Long-term amounts due to employees	(12,874)	(2,173)	(15,047)
Long-term accrued liabilities and deferred income	(1,534)	(435)	(1,969)
Other long-term payables	(14,408)	(2,608)	(17,016)

(i) *Trade payables*

The balance of 92,396 thousand euros, which includes advances from customers, decreased by roughly 3.5 million euros compared to the previous year, primarily due lower purchase volumes. Average payment days increased from 104 at December 31, 2022 to 107 at December 31, 2023.

There are no payables expiring after more than one year or expired for more than 12 months.

(ii) *Other long and short-term payables*

The short-term balance amounting to 10,608 thousand euros primarily includes amounts due to employees (amounting to 6,039 thousand euros) for services accrued and not paid as at year-end close and payables to pension and social security institutions (2,047 thousand euros). The long-term balance, of 17,016 thousand euros, includes for 15,047 thousand euros payables to directors and top managers with strategic responsibilities, relating to long-term loyalty plans correlated with business performance.

The balance of short and long-term accrued liabilities and deferred income mainly represents the suspended share of income linked to tax credits on operating assets, which follow the amortization plan of operating assets subject to the tax relief.

5.15. CURRENT TAX LIABILITIES

The details are as follows:

Description (thousand euros)	December 31, 2023	December 31, 2022
Tax authority balance for current taxes	2,570	6,668
Tax authority for IRPEF withholdings	1,391	1,478
Current tax liabilities	3,961	8,146

At the end of the year there were liabilities with tax authorities for current taxes calculated on income for the period.

The amount owed to the tax authorities for IRPEF (personal income tax) is in line with the previous year.

5.16. INFORMATION ON FINANCIAL ASSETS AND LIABILITIES

5.16.1. MANAGEMENT OF LIQUIDITY RISK

Liquidity risk is related to the difficulty in raising funds to meet commitments.

The control and implementation of appropriate policies for the management of liquidity risk in the presence of contingency guarantee the Company's survival and minimize the cost of funding.

This particular risk, unlike the others, manifests its effects in a very short time, with devastating consequences for companies.

It can result from insufficient resources available to meet financial obligations under the terms and deadlines set in the case of sudden revocation of uncommitted credit lines or of the possibility that the Company must honor its financial liabilities before their natural expiry.

As previously commented, the treasury activities of the Group are substantially centralized at Comer Industries S.p.A.

In FY 2023 the Company developed a cash pooling project with leading financial institutions in order to optimize the cash flows of companies of the Group.

The management of liquidity risk implies:

- Maintaining credit lines defined as primary risk within a total of no more than 80% of total credit lines and a substantial balance between the short and medium/long-term lines. This is necessary in order to avoid liquidity strains in the case of requests for any reimbursement by the relevant financial partners.
- Maintaining adequate liquidity derived from the cash flow generated by current operations.

It should be added that in managing this type of risk, the Company always tries to finance its investments with medium- to long-term unsecured loans in the breakdown of net debt, while covering current expenses using the short-term credit lines above.

5.16.2. MANAGEMENT OF INTEREST RATE RISK

The Company is exposed to the risk of changes in interest rates associated with outstanding financial assets and liabilities. The objective of interest rate risk management is to limit and stabilize the negative effects on cash flows subject to changes in interest rates. As of December 31, 2023, the Company had no interest rate risk hedging instruments in place given its limited financial debt.

5.16.3. MANAGEMENT OF EXCHANGE RATE RISK

In addition to what is already written in the previous paragraph, it should be noted that the Company has significant transactions in the currency of non-EU countries (mainly USD and CNY).

The exchange rate risk is hedged through purchase and sale of foreign currencies contracts (forwards).

Counterparties in these operations are the banks with which the Company normally operates.

The currencies involved are the USD and CNY, and any such transactions carried out to hedge cash inflows connected with budgeted sales transactions, scheduled on a monthly basis, may well fall within those defined as "highly effective" on "highly probable" future transactions, and their economic effect is recorded on an accrual basis.

The efficacy assessment is aimed at proving the high correlation existing between the technical-financial characteristics of the risk being hedged (maturity, amount, etc.) and those of the hedging instrument, by carrying out specific retrospective and prospective tests.

The fair value of a derivative contract is calculated using the official listing prices for instruments traded in regulated markets. The fair value of instruments that are not listed on regulated markets is calculated using valuation models that are appropriate for each category of financial instrument, with market data related to the balance sheet date (such as interest rates, exchange rates, and volatility), discounting the expected cash flows based on interest rate curves and converting amounts in other currencies to the Euro through exchange rates provided by the European Central Bank.

5.16.4. MANAGEMENT OF CREDIT RISK

Comer Industries S.p.A.'s policy is to sell to customers after an evaluation of their credit capacity and therefore within pre-set credit limits.

Historically, the Company has not suffered significant losses on receivables.

The maximum theoretical exposure to credit risk for Comer Industries S.p.A. as at December 31, 2023 is represented by the book value of financial assets in the financial statements.

With reference to the changed economic conditions that marked the year 2023, it is believed that the risk connected to the reference value is higher. Consequently, the Company has strengthened its procedures for the selection of customers, monitoring of recoveries of credit and has set up a specific insurance coverage for 95% of receivables generated (with the exception of several historical customers with a grade of highly reliable), in respect of the credit lines assigned. The risk of insolvency has been adequately reflected in the accounts by the allocation of the specific allowance for doubtful accounts.

5.16.5. MANAGEMENT OF PRICE RISK

Comer Industries S.p.A. is subject to the risk of fluctuations in the price of raw materials, particularly that of: aluminum, cast iron, copper and steel. Comer Industries S.p.A. reviews the sales prices of the products annually, transferring to customers increases in purchase costs in percentage terms compared to forecast indexes, on the basis of specific trade indexing agreements.

5.17. REVENUE FROM CONTRACTS WITH CUSTOMERS

The breakdown of revenues by geographic region is as follows:

Description (thousand euros)	December 31, 2023	December 31, 2022
ASIA PACIFIC	11,963	11,643
EMEA	309,630	303,396
LATIN AMERICA	7,284	13,034
NORTH AMERICA	92,284	99,391
Total revenues by geographical area	421,161	427,464

The Company closed the year 2023 with a decrease in revenues of 1.5%, reaching 421.2 million euros, with respect to 427.5 in the previous year. Export turnover represents 82% of the total, in line with 2022. At geographical level, there was a reduction of the market in Latin America and North America, with growth in the European markets.

5.18. OTHER OPERATING REVENUES

The breakdown of other operating revenues is as follows:

Description (thousand euros)	December 31, 2023	December 31, 2022
Recovery of manufacturing, repair, service and transportation expenses	1,333	2,130
Scrap sales	405	475
Photovoltaic refund	6	39
Capitalized costs net of disposal costs	217	261
Tax credits from the tax authorities	727	650
Royalties from subsidiaries	6,724	6,934
Services charged to subsidiaries	5,772	335
Other revenues and income	1,573	5,376
Total other revenues and income	16,758	16,200

The recovery of production, repairs, services and transport costs heading includes, among other things, bonuses and volume awards on supplies, charges for design and endurance test expenses, and the recovery of logistical and repair costs. The item scrap sales, at 405 thousand euros, was aligned with 2022.

Costs capitalized during the year for industrial product development projects amount to 217 thousand euros, net of decreases for abandoned projects of 50 thousand euros. Tax credits of 727 thousand euros represent the share for the year of tax credits on operating assets and on research and development. The Company receives royalties from the subsidiaries Comer Industries Jiaxing and Comer Industries India amounting to 6,724 thousand euros at the end of 2023 (6,934 thousand euros in 2022). The item Services charged to subsidiaries represents the chargeback to subsidiaries of a share of the centralized costs incurred in favor of the entire Group.

The residual item Other revenues primarily contains the share charged to the subsidiary Comer Industries Inc deriving from the application of the intra-group margin adjustment as defined by the TP policy, for 602 thousand euros (4,704 thousand euros in 2022).

5.19. PERSONNEL COSTS

This item also includes the provision recognized for variable salary and the annual production bonus, as well as a long-term loyalty plan linked to the achievement of pre-determined and measurable consolidated performance targets for the CEO and several top figures with strategic responsibilities.

5.20. REMUNERATION OF DIRECTORS AND STATUTORY AUDITORS

The fees of the Directors and Statutory Auditors of Comer Industries S.p.A. are as follows:

Description (thousand euros)	December 31, 2023	December 31, 2022
Directors	1,426	2,299
Statutory Auditors	50	50
Total compensation	1,476	2,349

The amounts include fees payable for the period resolved by the Shareholders' Meeting, the remuneration established by the Board of Directors for directors attributed particular responsibilities, including bonuses, and the share of long-term incentive schemes that has become certain during the year. The values do not include social security and insurance contributions.

The Company does not have any stock grant and/or stock option plans in place as of today.

5.21. OTHER OPERATING COSTS AND WRITE-DOWNS

Other operating costs break down as follows:

Description (thousand euros)	December 31, 2023	December 31, 2022
Rentals	708	465
Insurance	999	907
Agency and brokerage fees	621	799
Advisory services	3,644	2,471
Membership fees	263	24
Local property tax	21	15
Maintenance	3,215	2,798
Communication, Marketing and Trade		
Fairs	728	797
Transport	10,850	14,691
Utilities	3,915	5,108
Trips and travel	887	706
Other operating costs	4,463	5,402
Total other operating costs	30,314	34,184

The item other operating costs includes indirect charges associated with turnover, production and the corporate organizational structure such as rentals, utilities, leases and maintenance, insurance expenses, sales commissions and expenses related to product quality.

The change in the item Agency and brokerage commissions reflects the combined effect of the decline in foreign commissions, following foreign turnover trends, and the increased efficiency of the European sales organization. The item Advisory services includes 600 thousand euros of costs relating to the translisting operation as previously described in the management report. The item other operating costs includes, inter alia, provisions net of uses recognized as described in more detail in paragraph 5.13 Short and long-term provisions.

As required by Article 149-duodecies of the Issuer Regulation amended by Consob Resolution no. 15915 of May 3, 2007 published in Official Gazette no. 111 of May 15, 2007 (SO 115), the remuneration for the year 2023 for services provided by the audit firm Deloitte & Touche S.p.A. relating to the certification of the 2022 financial statements and other services is as follows:

- o annual and interim auditing engagements for 110.5 thousand euros;

- annual engagement for auditing the statement of expenses incurred for research and development and technology activities for 5 thousand euros.
- other non-audit services for 200 thousand euros.

All the above-described fees are included in the “other operating costs” heading.

5.22. OPERATING RESULT

The operating result achieved, in absolute terms, is equivalent to 51,998 thousand euros, corresponding to 12.3% of turnover (8.4% in the previous year). A better representation of the Company's operating performance is provided by the EBITDA commented on previously in the Directors' Report.

5.23. NET FINANCIAL INCOME / (CHARGES)

The details are as follows:

Description (thousand euros)	December 31, 2023	December 31, 2022
Exchange gain (loss)	(1,881)	764
Exchange gains and losses	(1,881)	764
Bank interest receivable	122	0
Interest receivable from group companies and parent company	8,328	6,711
Other interest income	47	54
Total financial income from cash management	8,497	6,765
Interest expense to group companies and parent company	(1,892)	(248)
Interest on advances, loans and other short-term bank borrowings	(140)	(71)
Interest on medium/long-term loans	(8,016)	(4,434)
Interest on loans amortized cost	(1,174)	(779)
Interest expense on discounted employee severance indemnities	(188)	(101)
Capital losses from disposal of equity investments	(12)	-
Economic result of interest rate hedging transactions fair value	-	137
Total financial costs from cash management	(11,422)	(5,497)
Interest resulting from the application of IFRS 16	(237)	(272)
Interest resulting from the application of IFRS 16	(237)	(272)
Interest and other Net financial charges	(5,043)	1,760
Dividends from subsidiaries	7,648	12,469

(i) Exchange gains and losses

This item includes both realized differences between the historical exchange rates of the relevant transactions and the reference exchange rates of receipts and payments in foreign currency, and unrealized differences due to the translation of monetary items at the spot exchange rate at the end of the financial year. The loss is mainly attributable to the latter case, and in particular to the revaluation of the dollar against the euro.

(ii) Interest and other net financial charges

The interest charge on mortgages and loans, both long and short-term, has inevitably increased due the sharp rise in the 6-month Euribor on outstanding medium/long-term loan agreements. The negative effect of financial interest expense is partly offset by an increase in interest receivable from loan agreements outstanding with several subsidiaries.

(iii) Dividends from subsidiaries

In the course of 2023, the Company accounted for dividends from subsidiaries for a total of 7,648 thousand euros, of which 3,620 thousand euros from Comer Industries Inc., 1,600 thousand euros from the Italian subsidiary Comer Industries Components Srl and 2,428 thousand euros from the subsidiary Comer Brazil. In 2021, it accounted for dividends for a total of 12,469 thousand euros.

5.24. INCOME TAXES

The total tax charge of 13,901 thousand euros primarily includes current income taxes of 14.9 million euros (12.6 million euros in 2022), net revenue from the recalculation of deferred tax liabilities of 1.4 million euros, withholdings for dividends equal to 366 thousand euros and contingent liabilities for taxes from previous years of 40 thousand euros.

The tax charge net of taxes on dividends from subsidiaries and taxes from previous years, calculated on the item Pre-tax profit, stands at around 28.6% at December 31, 2023, basically in line with the previous year (28.4% in 2022). Please note that Comer Industries S.p.A. is categorized as a non-financial holding company subject to the regulations laid out in art. 162-bis of the Consolidated Income Tax Act, Italian Presidential Decree 917/86, where *inter alia* it is subject to an increased IRAP rate of 4.65%.

In order to better understand the reconciliation between the tax burden recognized in the financial statements and the theoretical tax burden, the following explanatory table is provided wherein the IRAP is not considered as this, being a tax with a tax base different from income before taxes, would generate distortions between one year and another. The reconciliation was therefore determined with reference to the single IRES tax rate in force in Italy, equal to 24%.

Description <i>(thousand euros)</i>	December 31, 2023	December 31, 2022
Profit before tax	54,603	50,008
Theoretical tax rate	24%	24%
Theoretical income taxes	13,105	12,002
Taxable temporary differences in previous years		
Dividends not collected	(583)	0
Unrealized exchange effect	(557)	(1,587)
Deductible temporary differences in previous years		
Increases in provisions for risks and charges	1,621	3,107
Unpaid director remuneration	48	48
Unrealized exchange difference	76	579
Reversal of temporary differences from previous years		
Exchange difference from previous years realized during the year	1,008	(106)
Use of provisions for risks and charges	(603)	(426)
Payment of director remuneration previous years	(48)	(48)
Other minor	(6)	(10)
Differences that will not be reversed in subsequent years		
Non-deductible sundry costs (vehicle, telephone, depreciation/amortization, etc.)	305	290
95% untaxable dividends	(1,190)	(2,843)
ACE tax effect	(127)	(89)
Tax credit tax effect	(277)	(384)
Tax effect super-amort/depr and hyper-amort/depr and tax credit Leg. Dec 91/2014	(275)	(341)
Tax effect of actuarial gain (loss) IAS 19	(25)	174
Deduction IRAP paid and IRAP on personnel costs	(290)	(253)
Other minor	(150)	(163)
Income taxes recorded in the financial statements, excluding IRAP	12,031	9,949
Current IRAP	2,892	2,699
Current income taxes posted to the financial statements	14,923	12,649

5.25. EARNINGS PER SHARE

At the bottom of the income statement, the earnings/(loss) per share is reported, determined according to that manner provided in IAS 33, as summarized below.

Description (thousand euros)	December 31, 2023	December 31, 2022
Consolidated net income for the period attributable to Parent Company shareholders	40,701,616	38,044,344
Average number of shares in circulation	28,677,304	28,678,090
Basic earnings per share (EPS) (€)	1.42	1.33
Diluted earnings per share (€)	1.42	1.33

The means of calculation of diluted earnings (loss) per share are defined by IAS 33 – Earnings per share. The basic earnings (loss) per share is defined as the ratio between the economic result or the results of continuing operations of Comer Industries S.p.A. attributable to the holders of ordinary shares and the average number of ordinary shares outstanding at the end of the fiscal year (28,677,304).

Reggiolo, March 13, 2024

For the Board of Directors

Matteo Storchi

(President & CEO)

CERTIFICATION OF THE FINANCIAL STATEMENTS PURSUANT TO ARTICLE 154-BIS OF ITALIAN LEGISLATIVE DECREE 58/98

1. The undersigned Matteo Storchi, in his capacity as Chair of the Board of Directors and Chief Executive Officer, and Stefano Palmieri, in his capacity as Financial Reporting Officer of Comer Industries S.p.A., also taking into account the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree no. 58 of February 24, 1998, attest to:
 - ii. the adequacy of the financial statements with respect to the company's characteristics, and
 - iii. the effective application of administrative and accounting procedures for the preparation of the financial statements for 2023.
- No issues worthy of note emerged in this regard.
- We further attest that:
 - 3.1 The financial statements:
 - a) were prepared in accordance with the applicable international accounting standards recognized in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2022;
 - b) correspond to the figures in the books and records;
 - c) provide a true and fair view of the asset, economic and financial situation of the issuer.
 - 3.2 The management report includes a reliable analysis of the trends and results of operations as well as the situation of the issuer.

Reggiolo, March 13, 2024

CHAIR
OF THE BOARD OF DIRECTORS
AND CHIEF EXECUTIVE OFFICER

Matteo Storchi

FINANCIAL
REPORTING
OFFICER

Stefano Palmieri

03



REPORT OF THE BOARD OF STATUTORY AUDITORS

COMER INDUSTRIES S.P.A.

Headquarters Reggiolo (RE), Via Magellano 27
Registered in the Reggio Emilia Company Register no. 07210440157
Approved share capital Euro 18,487,338.60 fully paid-up

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING OF COMER INDUSTRIES S.P.A. PURSUANT TO ARTICLE 153 OF ITALIAN LEGISLATIVE DECREE NO. 58/1998 AND ARTICLE 2429 OF THE ITALIAN CIVIL CODE

Dear Shareholders,

With this report (hereinafter also "Report") the Board of Statutory Auditors of Comer Industries S.P.A. (hereinafter also the "Company") reports to you on its supervision during the fiscal year ending December 31, 2023 and any findings, in accordance with the requirements of Article 153 of Italian Legislative Decree 58/1998 (Consolidated Law on Finance, hereinafter also "TUF") and Article 2429, paragraph 2, of the Italian Civil Code, and in compliance with the recommendations provided by CO.N.SO.B. ("CONSOB") with Notice no. DEM/1025564 dated April 6, 2001 and subsequent updates.

The Board of Statutory Auditors is called upon to report to the Shareholders' Meeting, convened for the approval of the financial statements for the year ended December 31, 2023, on its supervision in fulfillment of its duties, including in its capacity as the Audit and Internal Control Committee, on any omissions and objectionable facts identified, and on the results of the fiscal year, as well as to provide proposals regarding the financial statements, their approval, and matters within its purview.

During the fiscal year ended December 31, 2023 and up to the current date, the Board of Statutory Auditors has carried out its supervision in accordance with the provisions of the law, taking into account the Rules of Conduct for the Board of Statutory Auditors of Listed Companies (hereinafter also "Rules") issued by the National Board of Accountants and Auditors, CONSOB provisions on corporate controls, as well as the provisions contained in Article 19 of Italian Legislative Decree no. 39/2010.

The separate Financial Statements of Comer Industries S.P.A. as well as the consolidated financial statements of the Comer Group were prepared in accordance with IAS/IFRS international account standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, as well as in accordance with the provisions issued by CONSOB in implementation of Article 9, para. 3, of Italian Legislative Decree no. 38/2005.

Moreover, in accordance with the provisions of the law, the Company submitted the Consolidated Non-Financial Statement for the year ending December 31, 2023.

The Board of Statutory Auditors acquired the information instrumental to the performance of its supervisory duties by participating in meetings of the Board of Directors and its board committees, discussions with the management of the Company and the Group, the information acquired from the relevant corporate structures, as well as through the additional controls performed. The Board of Statutory Auditors has strengthened the exchanges of information with the Company's board committees and auditors in compliance with the guidance provided in the Call for Attention issued by CONSOB on February 16, 2021.

The Board of Statutory Auditors also carried out its supervision with respect to the adequacy of the organizational structure, the internal control system, and the administrative accounting system, as well as the reliability of the latter in correctly representing operations.

Appointment and Independence of the Board of Statutory Auditors

The Board of Statutory Auditors in office as of the date of this Report was appointed by the Shareholders' Meeting of April 20, 2023 and is composed of Luigi Gesaldi (Chair), Massimiliano Fontani (Standing Auditor), Francesca Folloni (Standing Auditor), as well as Corrado Baldini and Ilaria Pingani (Alternate Auditors).

It will remain in office for three fiscal years and expire on the date of the Shareholders' Meeting convened to approve the financial statements for the year ending December 31, 2025.

With regard to the appointment of the Board of Statutory Auditors, the Company's By-laws require taking into account the regulatory provisions establishing the obligation to reserve a predetermined quota of members for the less-represented gender. More specifically, Article 20 of the By-laws stipulates that the composition of the Board of Statutory Auditors must ensure a balance between the male and female genders in compliance with applicable laws and regulations in force.

Since its appointment in April 2023 the composition of the Board of Statutory Auditors has complied with the regulations on gender balance set forth in Article 148, paragraph 1-bis, of the TUF, although such provision is applicable to the Issuing Company as from the first renewal of its corporate bodies following the date of commencement of trading on Euronext Milan, which for Comer Industries S.p.a. was on July 12, 2023.

As of the date of this Report, taking into account the recent Listing and the date of appointment of the current Board of Statutory Auditors, the Issuer has not adopted a specific policy with regard to the composition of the Board of Statutory Auditors with respect to aspects such as age and educational and professional background. It is believed that the qualitative and quantitative composition of the current Board of Statutory Auditors ensures sufficient diversification in terms of skills, age, experience, and gender, and specifically: (i) there are 2 standing auditors of the male gender and 1 standing auditor of the female gender on the Board of Statutory Auditors; with regard to the alternate auditors, there is one member of the female gender and one of the male gender; (ii) the age of the members of the Board of Statutory Auditors, ranging from 44 to 53 years old, allows for adequate age diversity; (iii) all members of the Board of Statutory Auditors are registered with the Register of Certified Public Accountants and Accounting Experts and the Register of Statutory Auditors.

At its meeting on May 4, 2023, and most recently on February 7, 2024, the Board of Directors ascertained that the statutory auditors met the independence requirements pursuant to article 148, paragraph 3, of the TUF. The outcome of the audit performed, as well as the outcome of its own self-assessment (in accordance with Q.1.1 of the Regulations), were reported in accordance with Article 144-novies, para. 1-ter of CONSOB Regulation no. 11971, and Recommendation no. 10 of the Corporate Governance Code to the Board of Directors, which took note of it at its meeting on February 7, 2024.

Supervisory and control activities of the Board of Statutory Auditors

In the performance of its duties, the Board of Statutory Auditors carried out the supervisory activities prescribed by Article 2403 of the Italian Civil Code, by Article 149 of Italian Legislative Decree no. 58/1998, by Article 19 of Italian Legislative Decree no. 39/2010, by CONSOB's recommendations on corporate controls and the activities of the Board of Statutory Auditors, and referring to the guidance contained in the Code of Corporate Governance as well as the rules of conduct for the Board of Statutory Auditors of listed companies issued by the National Board of Accountants and Auditors.

As part of its functions, the Board of Statutory Auditors:

- Attended the meetings of the Shareholders' Meeting and the Board of Directors, overseeing compliance with the provisions of the by-laws, laws, and regulations governing the functions of the Company's bodies, as well as compliance with the principles of proper administration.
- For the matters within its purview, supervised the adequacy of the Company's organizational structure and compliance with the principles of proper administration through direct observation, collection of information from the heads of certain corporate functions, and meetings with the Auditing Firm as part of a mutual exchange of relevant data and information.
- Evaluated and supervised the adequacy of the internal control system and the administrative and accounting system, as well as the reliability thereof to correctly represent operations, through information from the heads of the respective functions, examination of company documents, and analysis of the results of the work carried out by the Auditing Firm.
- Supervised the adequacy of the mutual flow of information between the Company and its subsidiaries pursuant to Article 114, paragraph 2, of Italian Legislative Decree no. 58/1998, in accordance with the instructions issued by the Company's management to Group Companies.
- Supervised the fulfillments related to the regulations of "Market Abuse" and "Protection of Savings" regarding "Internal Dealing," with particular reference to the handling of inside information and the procedure for the dissemination of announcements and information to the public, and monitored the procedures adopted by the Company for the handling of inside and relevant information.

Moreover, the Board of Statutory Auditors:

- Obtained adequate information from the Directors on the activities carried out and the most significant economic, financial, and asset transactions made by the Company and its subsidiaries pursuant to Article 150, para. 1 of the TUF. In this regard, the Board of Statutory Auditors paid special attention to whether the transactions resolved and implemented were in accordance with the law, the by-laws, and were not imprudent or reckless, in conflict with the resolutions passed by the Shareholders' Meeting, in potential conflict of interest, or such as to compromise the integrity of the company's assets.
- Held meetings with representatives of the Auditing Firm pursuant to Article 150, para. 3 of the TUF, and no relevant data and/or information emerged worthy of note in this Report.
- Exchanged information with any Boards of Statutory Auditors of companies directly or indirectly controlled by Comer Industries S.p.a pursuant to Article 151, para. 1 and 2 of the TUF.
- Supervised the concrete implementation of the corporate governance rules set forth in the Corporate Governance Code, which the Company has endorsed, as adequately represented in the Report on Corporate Governance and Ownership Structures, in compliance with Article 124-ter of the TUF and Article 89-bis of the Issuers' Regulation.

With particular regard to Recommendation 7 of Article 2) of the Corporate Governance Code, the Board of Statutory Auditors points out that in view of its recent listing and the forthcoming expiration of its term of office, the Board of Directors of Comer Industries S.p.A. has not established quantitative and qualitative criteria for assessing the significance of the circumstances relevant under the Code for the purpose of assessing the independence of the directors, considering it appropriate to make the assessment based on actual circumstances, possibly referring to the practice of other listed companies to assess the significance of such circumstances.

Financial reporting process

The Board of Statutory Auditors monitored the existence of rules and procedures related to the process of collection and dissemination of financial information. In this regard, note that the Report on Corporate



Governance and Ownership Structure explains how the Group has defined its Internal Control and Risk Management System with respect to the financial reporting process at the consolidated level. On May 4, 2023, the Board of Directors of Comer Industries S.p.A., with the prior favorable opinion of the Board of Statutory Auditors, appointed Mr Stefano Palmieri as the Financial Reporting Officer pursuant to Article 154-bis of Italian Legislative Decree 58/998.

The Financial Reporting Officer has made sure that adequate administrative and accounting procedures are in place to ensure, with reasonable certainty, the reliability of financial reporting and the ability of the financial reporting process to produce accounting and financial information in accordance with relevant accounting standards.

The Board of Statutory Auditors acknowledges that it has received adequate information on the monitoring of the company's processes with administrative-accounting impact within the Internal Control System, an activity carried out both during the year when producing periodic management reports and when closing the accounts for the preparation of the financial statements, in compliance with the monitoring and certification obligations the Company is subject to pursuant to Italian Law no. 262/2005. The adequacy of the administrative-accounting system was also assessed by obtaining information from the heads of the respective functions and analyzing the results of the work carried out by the Auditing Firm.

There were no particular critical issues or impediments to the issuance of the certification by the Financial Reporting Officer and the Chief Executive Officer regarding the adequacy of administrative and accounting procedures for the preparation of Comer Industries S.p.A.'s annual financial statements and consolidated financial statements for fiscal year 2023.

The Board of Statutory Auditors monitored compliance with the regulations concerning the preparation and publication of the Half-Yearly Financial Report and the Interim Management Reports, as well as their layouts and the correct application of accounting principles, also using the information obtained from the Auditing Firm.

1. Consideration of major economic, financial, and capital transactions undertaken by companies and their compliance with the law and the articles of incorporation.

The information acquired on the most significant economic, financial, and equity transactions carried out by the Company enabled the Board of Statutory Auditors to ascertain that they were in accordance with the law and the by-laws and were in the company's interest.

In this regard, it is believed that these transactions were fully described in the management report. More specifically, these transactions include:

- A) Acquisition of e-comer S.r.l., consolidated for the first time in the financial statements for the year ended December 31, 2023.
- B) Merger by incorporation of WPG Monguelfo S.p.A. into Comer Industries Components S.r.l.
- C) Notification by the relevant shareholder Eagles Oak S.r.l. of the termination of management and coordination over Comer Industries S.p.A.
- D) Update and integration of the assignment of the Auditing Firm for the period 2021-2029 due to the Company's transition from ESRI to EIP status.
- E) Translisting of the Company, with commencement of trading of Comer Industries S.p.A. ordinary shares on the Euronext Milan regulated market and simultaneous cessation of trading on the Euronext Growth Milan multilateral trading system.
- F) Attribution of multiple voting rights to certain shares pursuant to article 5 of the company's By-laws.



- G) Authorization by the Shareholders' Meeting for a stock buyback and simultaneous launch of the buyback program by the Board of Directors.
- H) Closure of the Pegognaga (MN) plant and transfer of employees to the Reggiolo (RE) plants starting in May 2024.

2. Indications of the existence of any atypical and/or unusual transactions carried out with related parties, or those capable of significantly affecting the company's economic and financial situation.

This case did not arise.

2.1 Related party transactions.

The Board of Statutory Auditors has acquired relevant information on intercompany and related party transactions. These transactions are described in the management report in the section entitled "Intragroup and related party relations."

Related party transactions - as defined by IAS 24 and governed by Article 4 of CONSOB Regulation 17221 of March 12, 2010, as amended - that took place until December 31, 2023 relate to mainly commercial relationships for the supply of goods and provision of services.

The Board of Statutory Auditors acknowledges that they comply with the law and the by-laws, that they are in the best interests of the company, and that there are no situations that require further consideration or comment.

3. Adequacy of the information provided in the directors' report on operations regarding atypical and/or unusual transactions, including those within the group and with related parties.

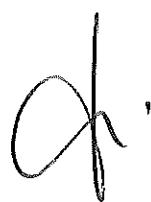
This case did not arise.

4. Comments and proposals on the remarks and findings of the auditors' report.

On March 20, 2024 the auditing firm Deloitte & Touche S.p.A issued the reports pursuant to Article 14 of Italian Legislative Decree no. 39/2010 and Regulation EU no. 537/2014 in which they certify that the separate financial statements of Comer Industries S.p.A. and the consolidated financial statements of the Comer Group as of December 31, 2023 give a true and fair view of the financial position, results of operations and cash flows for the year ended on that date, in accordance with the International Financial Reporting Standards, as well as the measures issued in implementation of Article 9 of Italian Legislative Decree no. 38 of February 28, 2005. In the audit reports, the auditors provide information on the key aspects of the audit.

Deloitte & Touche SpA also issued an additional report for the Internal Control Committee on the results of the Audit that also includes the statement regarding the independence of such statutory auditor. The Auditing Firm also believes that the Management Report and the information in the Report on Corporate Governance and Ownership Structures required by Article 123 bis, paragraph 4, of the TUF are consistent with the financial statements of Comer Industries SpA and the consolidated financial statements of the Comer Group as of December 31, 2023.

The Board of Statutory Auditors and the Auditing Firm have maintained continuous exchanges of information. The Auditing Firm reported to the Board of Statutory Auditors on its statutory audit and the absence of any uncertainties or limitations in the audits conducted.



5. Indication of whether any complaints have been filed under Article 2408 of the Italian Civil Code, any steps taken and their outcomes.

The Board of Statutory Auditors reports that during FY 2023 it did not receive any complaints pursuant to Article 2408 of the Italian Civil Code.

6. Indications of whether any reports have been filed, what steps if any have been taken, and their outcomes.

It is noted that during FY 2023 no reports were received by the Board of Statutory Auditors from any party.

7. Indication of whether any additional assignments were made to the auditing firm and their costs.

During 2023 and in the period between January 1, 2024 and the date of this report, in addition to the task of auditing the statutory and consolidated financial statements and verifying the proper maintenance of accounting, civil, and tax records, Comer Industries S.p.A. gave the auditing firm Deloitte & Touche S.p.A., subject to the favorable opinion of the Board of Auditors:

- An assignment in 2023 concerning certain activities as part of the ongoing process related to the admission of the Company's Shares to trading on Euronext Milan: fee (€195,000).
- An assignment in 2023 concerning the audit of the statement of expenses incurred by Comer Industries S.p.A. for research and development and technological innovation in 2022, prepared for the purposes envisaged in Article 1, paragraph 200 (R&D), and Article 1, paragraph 201 (technological innovation), of Italian Law no. 160 of 27/12/2019 and its amendments and supplements: fee (€5,000).
- An assignment in 2024 concerning the limited review of the Sustainability KPI Report of Comer Industries S.p.A. and its subsidiaries, excluding all companies belonging to the WPG Group, for the year 2023: fee (€1,000).
- An assignment in 2024 concerning some activities related to the CBAM Report for 2023: fee (€4,800).

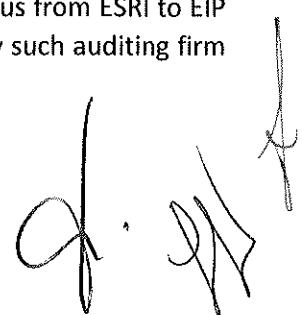
8. Indication of any assignments to parties related to the auditing firm with ongoing relationships and related costs.

During fiscal year 2023 and in the period between January 1, 2024 and the date of this report, no additional appointments were made to the partners, directors, members of supervisory bodies, or employees of the auditing firm or its subsidiaries or affiliates.

The Board of Statutory Auditors thus confirms that no critical issues have arisen regarding the independence of the auditing firm.

9. Indication of the existence of opinions, proposals, and observations issued pursuant to the law during the fiscal year.

In addition to the above, the Board of Statutory Auditors notes that in accordance with current regulations, in 2023 it issued its proposal regarding the adjustment and updating of the statutory audit assignment given to Deloitte & Touche S.p.A. so as to take into account the change of the Company's status from ESRI to EIP following its admission to Euronext Milan, according to the Letter of Assignment sent by such auditing firm on May 31, 2023.



10. Indication of the frequency and number of meetings of the Board of Directors, Executive Committee, and Board of Statutory Auditors.

The Board of Statutory Auditors has planned its activities in light of the relevant regulatory framework, performing the audits deemed most appropriate in relation to the size of the company and the nature and manner of its pursuit of the corporate purpose.

It also performed its controls by means of:

- Periodic meetings with heads of business functions, organized in order to acquire the information and data deemed useful and appropriate from time to time.
- Attendance at the shareholders' meeting.
- Periodic exchanges of information with the auditing firm, also in compliance with regulations.
- Exchange of information with the Supervisory Body and the Internal Audit function.

More specifically, during FY 2023 the Board of Statutory Auditors:

- Attended 10 meetings of the Board of Directors and 3 Shareholders' Meetings, thus, in compliance with the provisions of Article 2381, paragraph 5, of the Italian Civil Code and the By-laws, gathering adequate information on the general performance of operations and the foreseeable outlook, as well as on the most significant transactions in terms of their size or characteristics carried out by the company.
- Carried out supervisory activities through 8 meetings of the Board of Statutory Auditors, including activities regarding the annual financial statements.
- Attended 4 meetings of the Control and Risk Committee. The collaboration and engagement with the Control and Risk Committee, including through the organization of joint meetings on issues of common interest, has been fruitful and effective and has enabled the Board of Statutory Auditors to broaden its analysis of risk control and management by acquiring information additional to what was gathered independently.

11. Comments on compliance with the principles of good administration.

For the matters within its purview, the Board of Statutory Auditors has acquired knowledge of and supervised compliance with the fundamental criterion of prudent management of the Company and the more general principle of diligence, all through participation in meetings of the Board of Directors, documentation of information directly received from the various management bodies and in relation to the operations carried out by the Group and with specific analyses and checks where deemed appropriate. The information acquired made it possible to find that the actions decided on and taken complied with the law and the By-laws and that they were not manifestly imprudent or reckless.

The Board of Statutory Auditors is of the opinion that on the whole the governance tools and procedures adopted by the Company constitute a suitable safeguard for compliance with the principles of proper operational administration. The Board of Statutory Auditors supervised the deliberations of the Board of Directors and verified that management decisions were in compliance with applicable regulations, adopted in the interest of the Company, compatible with the Company's resources and assets, and adequately supported by information, analyses, and verification, including consulting with committees and external professionals when deemed necessary.

12. Observations on the adequacy of the organizational structure.

During the year under review and for the matters within its purview, the Board of Statutory Auditors acquired knowledge of and supervised the adequacy of the company's organizational structure with respect to the size and nature of the company's business, having no specific findings in this regard worthy of note to report.

The Board of Statutory Auditors points out that the Board of Directors has established an Appointment and Remuneration Committee, a Control and Risk Committee, and a Related Party Transactions Committee with advisory, proposing, and investigative functions, in accordance with the provisions of Articles 4 and 5 of the Corporate Governance Code.

13. Observations on the adequacy of the internal control system and in particular on the activities carried out by the internal control officers.

For the purpose of expressing its opinion on the overall effectiveness of the internal control system, the Board of Statutory Auditors also monitored the activities carried out by the main actors in the internal control and risk management system.

The Board of Statutory Auditors has taken note of the overall assessment of the internal control risk management system by the Control and Risk Committee, the conclusions of which are set out in the Committee's Report to the Board of Directors dated March 13, 2024.

As a participant in the preparation process, the Board of Statutory Auditors approved the work plan prepared by the Control and Risk Committee.

For the matters within its purview, the Board of Statutory Auditors assessed the adequacy of the internal control system, and based also on what has emerged as part of the exchanges of information with the Control and Risk Committee, has not found any particular weaknesses to date.

The Board of Statutory Auditors also acquired information from the Supervisory Body during specific meetings, as well as from its review of the half-yearly reports written by such Body. No discrepancies were found between what was presented in the documents produced by management, the Supervisory Body, and the auditing firm.

14. Observations on the adequacy of the administrative/accounting system and the reliability of the system to correctly represent operations.

Pursuant to Article 19 of Italian Legislative Decree no. 39/2010 (Consolidated Law on Statutory Audits), the Board of Statutory Auditors, qualified as the "Internal Control and Audit Committee," is called upon to supervise:

- The financial reporting process.
- The effectiveness of internal control and control management systems.
- The Statutory Audit of the annual and consolidated accounts.
- The independence of the Auditing Firm, particularly with regard to the provision of non-auditing services.

The Board of Statutory Auditors carried out its work with the cooperation of the current Control, Risk and Sustainability Committee in order to coordinate their respective responsibilities and to avoid any overlapping activities.

For the matters within its purview, the Board of Statutory Auditors has assessed the reliability of the administrative and accounting system to correctly record and represent operating events by obtaining information directly from the directors, the heads of the various functions, and the auditing firm during the

meetings held to review its work plan. The Board of Statutory Auditors also supervised the financial reporting process and recalls how, effective January 12, 2023, Mr. Stefano Palmieri was appointed by the Board of Directors as the Financial Reporting Officer pursuant to Article 154 bis of the TUF, subject to the favorable opinion of the undersigned Board of Statutory Auditors where the requirements for the office according to the By-laws are met. On March 13, 2024 the Financial Reporting Officer issued the certification that the financial statements provide a true and fair view of the financial position, results of operations, and cash flows of the company and its investees included in the scope of consolidation.

The Board of Statutory Auditors did not find any facts or circumstances involving the unsuitability of the subsidiaries' administrative accounting system to regularly provide management and the auditor of the parent company with the economic and financial balance sheet data required for the consolidated financial statements.

15. Observations on the adequacy of the provisions issued by the company to subsidiaries pursuant to Article 114, paragraph 2, of the TUF.

No observations.

16. Comments on any relevant issues that arose during the meetings held with the auditing firm pursuant to Article 150, paragraph 3, of the TUF.

During 2023 the Board of Statutory Auditors held special meetings with the Auditing Firm during which data and information relevant to the performance of their respective duties were exchanged by analyzing the work carried out by the Auditing Firm, with particular reference to the audit approach and strategy for 2023 as well as the definition of the audit plan. The main issues and related business risks were also shared so that the adequacy of the auditor's planned response could be appreciated.

Through information obtained from the auditing firm Deloitte & Touche SpA and the Company's management, the Board of Statutory Auditors has ascertained compliance with IAS/IFRS standards as well as with other statutory and regulatory provisions pertaining to the formation and layout of the separate financial statements, the consolidated financial statements, and the accompanying management report. Finally, as verified by the Auditing Firm and reported in the relevant report, the Board of Statutory Auditors has noted that Comer Industries SpA has taken the necessary steps for the purpose of preparing the financial statements in a single electronic communication format using XHTML technology in accordance with the requirements of Delegated Regulation EU 2019/815.

17. Indications of whether the company complies with the corporate governance code of the Committee for Corporate Governance of Listed Companies.

As of the date of this report, the Company has fully complied with the Code of Corporate Governance promoted by Borsa Italiana SpA, Abi, Ania, Assogestioni, Assonime and Confindustria, as reflected in the Report on Corporate Governance and Ownership Structure.

The Report on Corporate Governance and Ownership Structure for the year 2023 gives an account of the conclusions reached by the directors regarding the confirmation of the adequacy and effectiveness of the administrative and accounting organizational structure of the Company and its main subsidiaries.

See the Report on Corporate Governance and Ownership Structure for the year 2023 with respect to which the Board of Statutory Auditors gives an overall positive assessment.

18. Concluding assessments regarding its supervision as well as regarding any omissions, objectionable facts or irregularities identified in the course of such oversight.

The Board of Statutory Auditors acknowledges that its supervision was carried out during FY 2023 in a normal manner and that no significant facts emerged such as to require specific reporting herein.

19. Indication of any proposals to be presented to the shareholders' meeting in accordance with Article 153, paragraph 2), of the TUF in the matter pertaining to the Board of Statutory Auditors.

The Financial Statements of the Company, prepared by the Board of Directors in accordance with the law, were duly submitted and presented to the Board of Statutory Auditors together with the Management Report on March 13, 2024 at the meeting of the Board of Directors held on that date.

Regarding the control of the proper maintenance of the accounts and the correct recording of operations in the accounting records, as well as the verification of the correspondence between the information in the financial statements and the results in the accounting records and the compliance of the financial statements with the law, the Board of Statutory Auditors recalls that these tasks are entrusted to the Auditing Firm. Significantly, the Auditing Firm reported to the Board of Statutory Auditors that, based on the audits conducted during the year on the separate and consolidated financial statements for the year ended December 31, 2023, no uncertainties or limitations were found, and that the auditor's report does not contain any qualifications as stated in Item 4 above of this report.

The Board of Statutory Auditors supervised the general approach given to the annual financial statements and the consolidated financial statements for the year ended December 31, 2023, and specifies that the supervision of the financial reporting process, through the examination of the system of control of the processes of production of information that have as their specific object accounting data in the strict sense, was conducted by the Board of Statutory Auditors having regard not to the information but to the process through which the information is produced and disseminated. More specifically, having preliminarily ascertained through meetings with the heads of the functions concerned and with the Auditing Firm the adequacy of the administrative and accounting system to correctly record and represent operations and to translate them into reliable data systems for the production of external reporting, the Board of Statutory Auditors acknowledges that:

- The financial statements for the year were prepared in accordance with IAS issued by the International Accounting Standard Board.
- The preparation, layout, and format of the annual financial statements comply with laws and regulations.
- The financial statements are consistent with the facts and information that have come to our attention as a result of our participation in meetings of the corporate bodies, which have enabled us to acquire information about the most significant economic, financial, and equity transactions carried out by the Company.
- Pursuant to CONSOB Resolution no. 15519/2006, the effects of related party transactions are expressly disclosed in the financial statements.
- Pursuant to the European Commission Delegated Regulation 2019/815 (ESEF Regulation), which from January 1, 2021 requires listed Issuers to prepare their annual financial reports in the single electronic reporting format, the Company has prepared its financial statements in XHTML format by



marking certain information of the consolidated financial statements IFRS and also the "notes" thereof with the Inline XBRL specification.

- To the best of the Board of Statutory Auditors' knowledge, in their report of the financial statements the Directors have not departed from the provisions of the law pursuant to Article 2423, paragraph 5, of the Italian Civil Code.
- The financial statements were prepared by the Board of Directors on a going concern basis.
- The Chief Executive Officer and the Financial Reporting Officer have issued the certification referred to in Article 81-ter of CONSOB Regulation no. 11971/1999 as amended and supplemented and Article 154-bis of the TUF.
- In accordance with the provisions of Article 123-ter of the TUF, the Remuneration Report is presented to the Shareholders' Meeting, for which the Board of Statutory Auditors examined and agreed with the layout followed in its preparation, when attending the meetings of the Appointments and Remuneration Committee.
- Development costs were properly recorded as assets in the balance sheet with our express consent pursuant to Article 2426, paragraph 1, no. 5, of the Italian Civil Code.
- The merger deficit generated in 2022 as a result of the cross-border merger with WPG hold Co was allocated to some of the equity investments already held by the merged company.
- Impairment procedures carried out by the Company on the goodwill pertaining to the three CGUs "Agricultural Sector," "Industrial Sector," and "e-comer" in the consolidated financial statements in accordance with IAS 36, as well as the Purchase Price Allocation arising from the acquisition of the subsidiary e-comer in conformity with IFRS 3, were subject to approval by the Board of Directors on February 7, 2024, thus before the Board of Directors approved the draft separate and consolidated financial statements as of December 31, 2023.
- With regard to the preparation of the Consolidated Non-Financial Statement, in accordance with the provisions of Italian Legislative Decree no. 254 of December 30, 2016 the Board of Statutory Auditors supervised compliance with the provisions set forth in such decree and in CONSOB Resolution no. 20267 of January 18, 2018, also acquiring the certification issued by the Auditing Firm dated March 20, 2023. There were no facts worthy of note in this report.

The Board of Statutory Auditors ascertained that:

- The management report complies with applicable laws and is consistent with the resolutions adopted by the Board of Directors and the information available to the Board of Statutory Auditors.
- The information illustrated in the aforementioned document complies with the relevant provisions and contains an overall analysis of the Company's situation, performance, and results of operations, as well as an indication of the main risks the Company is exposed to, and expressly shows the elements that may affect the development of operations.

With regard to the Financial Statements for the year ended December 31, 2023, the Board of Statutory Auditors has no further comments to make.

The supervision and control carried out during the year, as outlined in this report, did not reveal any additional facts worthy of note to the Shareholders' Meeting.

Conclusions

As a result of the supervision carried out during fiscal year 2023, taking into account the findings of the party tasked with the statutory audit contained in the relevant report accompanying the financial statements, the Board of Statutory Auditors:

- a) Acknowledges the adequacy of the organizational, administrative, and accounting structure adopted by the enterprise and its actual operation as well as the efficiency and effectiveness of the system of internal controls and risk management.
- b) Has no objections to their approval and the Board of Directors' proposal to allocate the profit of 40,701,615.86 euros for FY 2023 as follows:
 - Shareholder dividend of 35,847,612.50 euros, equal to 1.25 euros for each of the 28,678,090 shares outstanding.
 - To the extraordinary reserve 4,854,003.36 euros.

Reggiolo, March 21, 2024

The Board of Statutory Auditors

Luigi Gesaldi - Chair

Francesca Folloni

Massimiliano Fontani

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REPORT OF THE AUDIT FIRM

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014**

To the Shareholders of
Comer Industries S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Comer Industries S.p.A. (the "Company"), which comprise the statement of financial position as at December 31, 2023 and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

There are no key audit matters of audit to be communicated in this auditor's report.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken, on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Comer Industries S.p.A. has appointed us on May 31, 2023 as auditors of financial statements and consolidated financial statements of the Company for the years until December 31, 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Comer Industries S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at December 31, 2023, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B, in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at December 31, 2023 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Comer Industries S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Comer Industries S.p.A. as at December 31, 2023, including their consistency with the related financial statements and its their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Comer Industries S.p.A. as at December 31, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Comer Industries S.p.A. as at December 31, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Montanari
Partner

Bologna, Italy
March 20, 2024

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.