INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE

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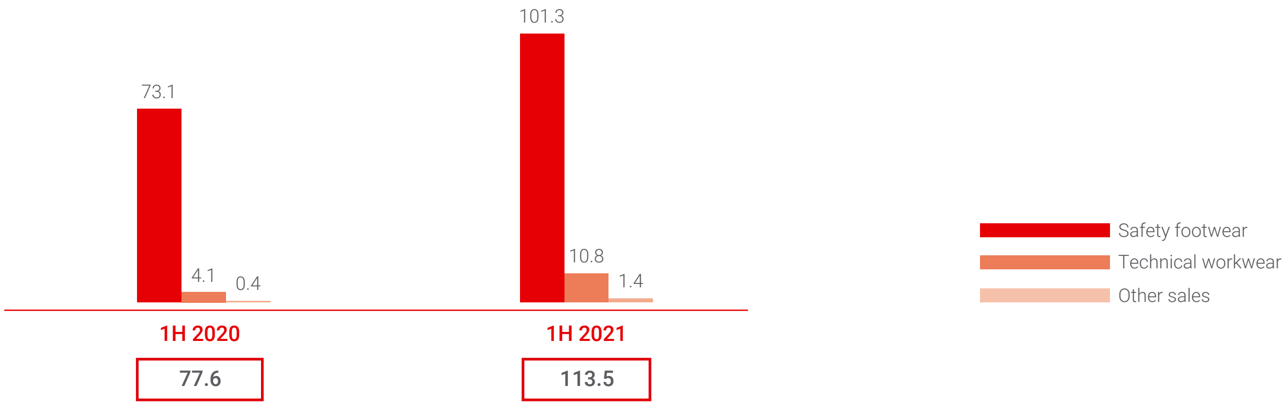
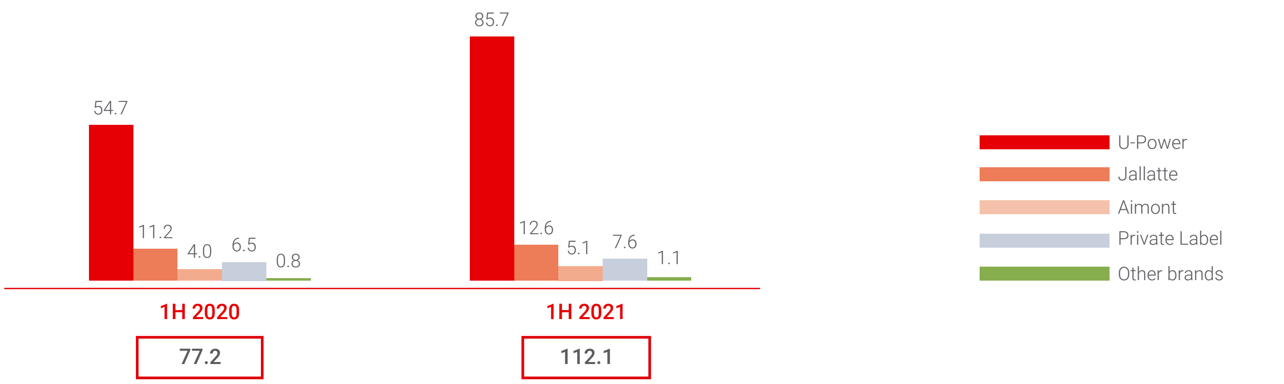
AS AT 30 JUNE 2021

HIGHLIGHTS

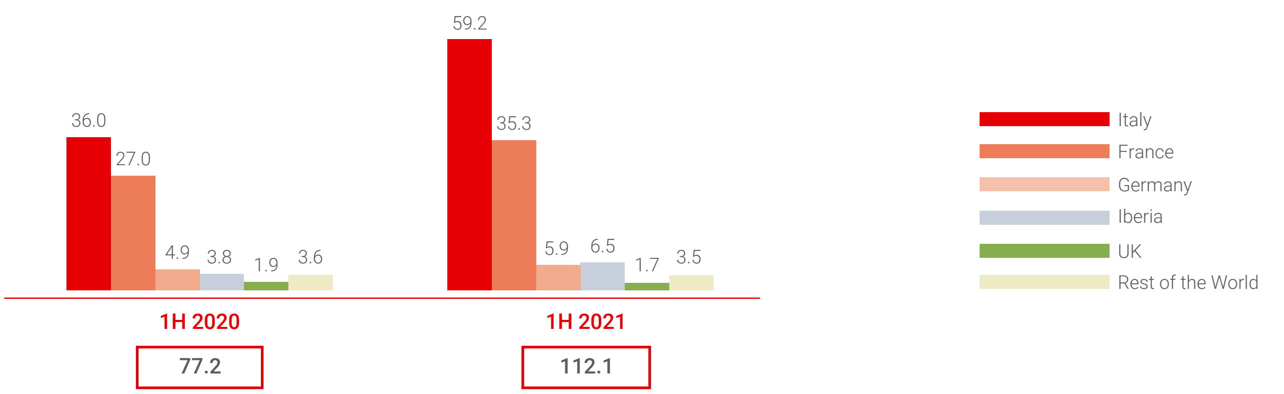
TOTAL REVENUES (€ million)



REVENUES FROM CONTRACTS WITH CUSTOMERS - PER BRAND (€ million)



REVENUES FROM CONTRACTS WITH CUSTOMERS - PER GEOGRAPHICAL AREA (€ million)



HIGHLIGHTS

EBITDA
€30.0 m
+82.7% VS 1H 2020

NET PROFIT
€18.3 m
+114.3% VS 1H 2020

EBIT
€26.8 m
+102.8% VS 1H 2020

NET FINANCIAL DEBT
€14.3 m
€19 m in FY 2020

CASH FLOW FROM OPERATING ACTIVITIES
€18 m
€22 m in FY 2020

LETTER TO STAKEHOLDERS

FRANCO UZZENI
CHAIRMAN

Dear Shareholder,

The first half of 2021 showed the first signs of recovery at macroeconomic level, though in a context marked by continuing concerns over the trend in the health emergency and its impacts on economic activities.

In this scenario, the U-Power Group grew further on all economic and financial indicators. Turnover reported +45.2%, exceeding Euro 112 million; our operating margin (EBIT) came to around Euro 30 million, with an incidence on turnover of 26.7% (21.3% in the first half of 2020), while net profit came to over Euro 18 million, up by over 110% compared to the same period of 2020. Operating cash flow generated came to Euro 18 million, further decreasing out financial exposure, which is now Euro 14.3 million (Euro 19 million at the end of 2020).

"The first half of 2021 the U-Power Group grew further on all economic and financial indicators.

We present you the Condensed Consolidated Interim Financial Statements as at 30/06/2021, consisting of the Consolidated Statement of Financial Position, the Consolidated Statement of Profit/(Loss) for the year, the Consolidated Statement of Other Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the Explanatory Notes to the Consolidated Financial Statements.

The Half-Year Condensed Consolidated Financial Statements for the period ended as at 30 June 2021 were drawn up based on IAS34 Interim Financial reporting, and do not include all the disclosures required in drawing up the annual consolidated financial statements. For that reason, the Half-Year Condensed Consolidated Financial Statements should be read along with the Consolidated Financial Statements as at 31 December 2020.

Information regarding the preparation of the aforementioned financial statements is provided in the Explanatory Notes; in this document, information is provided regarding the income, equity, financial and management situation of the U-Power group. This report has been drawn up with amounts expressed in thousands of Euro.

Franco Uzzeni

>€112 m

+45.2% VS 1H 2020

REVENUES

€30 m

EBITDA

€18 m

NET PROFIT

INDICE

REPORT ON OPERATIONS

VALUES AND PURPOSE

U-POWER GROUP S.P.A. is an ever evolving company projected towards reinvention and continuous development, while remaining true to itself.

We like to think that every day can be the beginning of something wonderful. A new challenge, a new opportunity, an unforeseen situation that tests us and allows us to show all our value.

We are convinced that positive thinking is not an illusion, but a concrete way to face life with a smile, with confidence in ourselves while trusting our abilities.

So here is our philosophy of life:
don't worry, be happy!

PURSUING EXCELLENCE

We always strive to do better, as individuals and as a company. We never tire of learning and redefining the rules.

LEVERAGE CREATIVITY

We are unique and unconventional.
We give space to our inner genius.

BELIEVE IN TOMORROW

We always look to the future-oriented challenges, continuing to seek sustainable solutions where they have not yet been found.

INVOLVING PEOPLE

Bringing empathy, building trust to create long-term relationships.

EXPERIENCE DIVERSITY

We are always open to welcoming different voices. We live with multiplicity and communicate with all generations.

PURSUING SUSTAINABLE SUCCESS

We seek excellence with the responsibility of preserving the environment and resources for future generations.

THE COMPANY

The Group structure as at 30 June 2021 is shown below:

U-Power Group S.p.A.

Italy

Parent Company that provides centrally managed services such as marketing, management control, treasury and IT and that holds the equity investments of:

100%
Jalatte S.a.s.
France
French company that produces and sells finished products (only footwear) using the logistics services provided by U-Logistics.

100%
U-Logistics S.r.l.
Italy
Company that manages all logistics activities related to order fulfilment and product deliveries.

100%
U-Group S.r.l.
Italy
Main company of the Group that sells finished products using the logistics services provided by U-Logistics. The company also handles all the procurement of raw materials and Research and Development for the manufacture of footwear.

100%
Lupos Gmbh
Germany
Company no longer operating, placed in liquidation.

100%
Martek S.a.r.l.
Tunisia
Tunisian production site that manufactures footwear with raw material purchased from Group associates.

100%
Granbis S.a.r.l.
Tunisia
Company no longer operating, undergoing merger into Martek S.a.r.l. effective retroactively at 01/01/2021.

100%
Belbis S.a.r.l.
Tunisia
Company no longer operating, undergoing merger into Martek S.a.r.l. effective retroactively at 01/01/2021.

Legend

Holding
Manufacturing
Sales
Research and Development
Procurement of raw materials
Logistics

Registered office in Paruzzaro (NO) - Via Borgomanero 50
Share capital: Euro 10,000,000 fully paid up
Tax Code and Company Register of Novara 08482990150
Novara Chamber of Commerce n. 163970 R.E.A.

Note that, during the period, the merger of the subsidiary Altek Europe s.r.l. into U-Group s.r.l. was finalised, which had no effect on the consolidated financial statements, effective retroactively at 1/01/2021.

SIGNIFICANT EVENTS

From the closing date of fiscal year 2020 to the date of this Report on Operations, neither the Group's business nor its performance of operations were negatively impacted by the Covid-19 pandemic.

Moreover, in relation to the recent Tunisian political crisis, as in the previous crises, the Group did not suffer any blocks or decreases in the volume of production in the Tunisian plant and, also following in-depth analysis by the management, it is deemed that the political instability will not have significant future impacts.

Likewise, the previously-defined strategies and future trends were not impaired.

OPERATING PERFORMANCE

The first six months of 2021 were marked, also due to the growing vaccination campaigns, by the gradual reduction in the negative effects of the global Covid-19 pandemic, without this meaning that the pandemic has been fully overcome.

Therefore, particularly starting in the second quarter, production activities and services gradually intensified, with a significant recovery in the rate of economic growth.

During the first six months of 2021, the growth in turnover, margins, geographical diversification and widespread distribution throughout Italy by the U-Power Group continued.

The amount of revenues from contracts with customers as at 30 June 2021 came to Euro 112.1 million, of which around Euro 11 million relating to work clothing (around 10% of the Group's total revenues).

In particular, as at 30 June 2021, the Group's sales recorded an increase of 45.2% compared to the same period of 2020

Production Plants in Tunisia.

(with growth in sales of Safety Footwear of 38.6% e and of Technical Clothing of 164.6%).

The Technical Clothing division increasingly represents an important strategic growth market for the Group, confirming the synergistic complementarity of the project with respect to the structural distribution of U-Power branded safety footwear.

In the first six months of 2021, the Group generated a result that was still clearly improved compared to the already excellent performances achieved in 2020, not only in terms of overall turnover, but also and above all in terms of profitability (EBITDA).

Total production costs amounted to Euro 83.5 million; the differential between gross operating costs and revenues (EBITDA) was therefore positive for approximately Euro 30 million, equal to 26.7% of total turnover.

In the first six months of 2021, amortisation, depreciation and write-downs were accounted for in the amount of Euro 3.1 million; the item relating to financial costs amounted to Euro 0.4 million and basically refers to interest on payables to banks and factoring that financed the normal course of business.

Taxes for the period amounted to approximately Euro 8.1 million.

The period ended with a net profit of approximately Euro 18.3 million.

During the period, the group confirmed its focus on the strategic strengthening of owned brands, and this allowed it to increase sales especially of medium-high range products with better margins.

In order to achieve these results, the marketing campaigns already undertaken in previous years were continued. In fact, also for the first half of 2021, significant advertising investments were made in Italy and in the other European countries where the Group operates; the sponsorship agreement for the Serie B football championship with AC Monza was renewed, both for the sponsor name on the jersey and the naming of the new AC Monza stadium (U-Power Stadium); all of this was done with the aim of achieving greater awareness of the U-Power brand.

The most significant results were obtained with the Red Lion line, which uses, among other materials, an insert in Infinergy with very high energy return and technologies protected by international patents.

The Safety Footwear, in addition to differing from those of competitors for an innovative and cutting-edge design, is characterised by the high quality of the raw materials and components used. The quality is guaranteed both by the processes and design solutions developed internally by the Group in the R&D centres, and by the use of high-performance materials and technical production systems, such as BASF's Infinergy, Boa Fit System and Goretex (as for Goretex, license-based), which guarantee greater safety, comfort and resistance (also thanks to the multi-density soles certified by international patents applied in anti-fatigue footwear).

In addition, the use of high quality materials allows a high standard of safety to be maintained while reducing the weight of the products and thus making the Safety Footwear lighter and more in line with market trends.

U-Power has become one of the best-selling brands in Europe, also due to the continuous growth seen in European markets such as Spain (around +74% compared to the same period of 2020).

Likewise, the other brands acquired by the Group at the end of 2013 have achieved important and fully satisfactory results.

Jallatte has once again become the absolute reference brand for the French market: the integrated commercial policies and new products have made it possible to significantly improve margins, now largely positive after the first few difficult years.

In this regard, it is important to emphasise that the French subsidiary Jallatte reached Euro 17 million in turnover as at 30 June 2021 (around Euro 15 million as at 30 June 2020), generating significant profits.

Aimont fits perfectly as a complement to the Jallatte and U-Power collections, guaranteeing a comprehensive product range; in particular, on the French market, sales grew by over 40%, consolidating market shares in medium-range products.

NEGAN RED 360 Line.

The service is an integral part in the creation of product value.

The integration of logistics services in the Group has allowed an improvement in the quality of customer service, and has contributed to guaranteeing better profit margins for the Group.

Compared to 31.12 2020, the Group did not apply for new loans or the disbursement of new credit lines.

On the contrary, in addition to the planned repayments, on 14 May 2021 the Group carried out early repayment of a loan contract with a residual amount of Euro 3.9 million (entered into on 18 February 2020 with BPER Banca S.p.A (former UBI Banca S.p.A) for an amount of Euro 5 million, with expiry set at 42 months. The residual value as at 31.12.2020 was Euro 4.5 million.)

It should be noted that the tax dispute of the subsidiary U-Group against the Italian Revenue Agency in relation to the notice of assessment issued for the year 2007 was settled pursuant to art. 6 of Law Decree no. 119 of 23 October 2018. Following the completion of the procedure for the settlement of the mentioned dispute, we are still waiting for the termination of the related proceedings in relation to the notices of assessment issued for the years 2011 and 2012, with which the Italian Revenue Agency had rejected the use of the adjusted tax losses with the notice of assessment for 2007.

ECONOMIC SITUATION

To better understand the Group's results of operations, a reclassification of the Income Statement is provided below.

INCOME STATEMENT

(Euro thousand)

Item	1st half of 2021	%	1st half of 2020	%
REVENUES FROM CONTRACTS WITH CUSTOMERS	**112,101**	**100.0%**	**77,198**	**100.0%**
+ Other revenues and income	1,410	1.3%	371	0.5%
- Consumption of raw materials	(38,546)	-34.4%	(28,047)	-36.3%
- Costs for services and the use of third-party assets	(26,782)	-23.9%	(18,497)	-24.0%
ADDED VALUE	**48,183**	**43.0%**	**31,025**	**40.2%**
- Personnel cost	(17,134)	-15.3%	(13,955)	-18.1%
- Other operating expenses	(1,075)	-1.0%	(664)	-0.9%
GROSS OPERATING MARGIN (EBITDA)	**29,974**	**26.7%**	**16,406**	**21.3%**
- Depreciation, amortisation and impairment	(3,145)	-2.8%	(3,178)	-4.1%
OPERATING PROFIT/LOSS (EBIT)	**26,829**	**23.9%**	**13,228**	**17.1%**
+ Financial income and revaluation of financial assets	11	0.0%	47	0.1%
+ Gains (losses) on exchange rates and derivatives	(51)	0.0%	9	0.0%
- Financial expenses and write-down of financial assets	(425)	-0.4%	(716)	-0.9%
PRE-TAX INCOME	**26,364**	**23.5%**	**12,568**	**16.3%**
- Income taxes for the year	(8,111)	-7.2%	(4,048)	-5.2%
NET INCOME	**18,253**	**16.3%**	**8,520**	**11.0%**

Total revenues increased by over 45% compared to the same period of the previous year, reaching Euro 112.1 million (Euro 77.2 million in H1 2020). This growth, thanks to a careful cost containment policy that particularly concerned fixed costs, led to an increase in EBITDA of Euro 13.6 million, i.e. an increase of around 83%, with a percentage value of 26.7% in terms of EBITDA Margin.

In relation to substantially stable depreciation, amortisation and write-downs (Euro 3.1 million), EBIT also showed a positive trend on the previous year, reaching Euro 26.8 million, with growth of 103%, equal to Euro 13.6 million on the first half of 2020.

The decrease in financial expenses is substantially due to the process of optimising the debt structure implemented in the second half of 2020, described in greater detail in the Explanatory Notes.

The increase in pre-tax profit is approximately Euro 14 million.

The tax rate for the year came to 30.8%, down slightly on the 32.2% of the same period of 2020.

In this way, the net profit reached Euro 18.3 million with an increase of 114.2% on the first half of 2020.

ALTERNATIVE ECONOMIC PERFORMANCE INDICATORS

In order to make the economic and financial performance of the Group easier to understand, the Directors have identified some alternative performance indicators ("Alternative Performance Indicators" or "APIs"). These indicators also help directors identify operating trends and make decisions about investments, resource allocation and other operating decisions.

For a correct interpretation of these APIs, the following should be noted:
(i) these indicators are constructed exclusively from historical data of the Group and are not indicative of the future performance of the Group;
(ii) the APIs are not required by IFRS and, although they are derived from consolidated financial statements, they are not subject to audit;
(iii) these APIs must be read together with the financial information of the Group taken from the consolidated financial statements;
(iv) the definitions of the indicators used by the Group, as they do not derive from the reference accounting standards, may not be homogeneous with those adopted by other Groups and therefore they may not be comparable with them;
(v) the APIs used by the Group are processed with continuity and uniformity in terms of definition and representation for all periods for which financial information is included.

The APIs shown below were selected because the Group believes that EBITDA, EBIT, ROE and ROI, together with other relative profitability indicators, make it possible to illustrate changes in operating performance and provide useful information regarding the Group's ability to incur debt; these indicators are also commonly used by analysts and investors to assess company performance.

The Group's alternative economic performance indicators for the periods of the Group ended 30 June 2021 and 2020 are presented below.

(Euro thousand)

	Notes	30.06.2021	30.06.2020
EBIT	1	26,829	13,228
EBIT Margin	1	23.9%	17.1%
EBITDA	1	29,974	16,406
EBITDA Margin	1	26.7%	21.3%
ROE	2	21%	11%
ROI	3	27%	14%

NOTE 1 - EBIT, EBIT MARGIN, EBITDA, EBITDA MARGIN

EBIT is defined as the sum of net profit for the year, plus income taxes, exchange rate gains (losses), financial income and expenses, and income (expenses) from investment activities.

The Group calculates the EBIT *margin* as the ratio between EBIT and Revenues from contracts with customers.

EBITDA is defined as the sum of net profit for the year, plus income taxes, exchange rate gains (losses), financial income and expenses, income (expenses) from investment activities, and amortisation/depreciation and write-downs.

The Group calculates the EBITDA *margin* as the ratio between EBITDA and Revenues from contracts with customers.

The reconciliation of profit for the year with EBITDA for the periods ended 30 June 2021 and 2020 is presented below:

(Euro thousand)

	30/06/2021	% total Revenues from contracts with customers	30/06/2020	% total Revenues from contracts with customers	2021 vs 2020	2021 vs 2020 %
Profit for the year	18,253	16.3%	8,520	11.0%	9,733	114.2%
+ income taxes	8,111	7.2%	4,048	5.2%	4,063	100.4%
+ Other income and expenses	51	0.0%	(9)	0.0%	60	(666.7%)
+ Financial expenses	425	0.4%	716	0.9%	(291)	(40.6%)
- Financial income	(11)	(0.0%)	(47)	-0.1%	36	(76.6%)
EBIT	**26,829**		**13,228**		**13,601**	**102.8%**
EBIT *margin*		**23.9%**		**17.1%**		
+ Depreciation, amortisation and write-downs	3,145	2.8%	3,178	4.1%	(33)	-1.0%
EBITDA	**29,974**		**16,406**		**13,568**	**82.7%**
EBITDA *margin*		**26.7%**		**21.3%**		

EBITDA for the period ended 30 June amounted to Euro 29,974 thousand, up compared to 30 June 2020 by Euro 13,568 thousand (+ 82.7%); in terms of percentage impact on revenues, EBITDA increased from 21.3% for the period ended 30 June 2020 to 26.7% for the period ended 30 June 2021.

The increase in EBITDA recorded during the year is mainly due to the growth in Group revenues consequently, on the one hand, to the expansion of the range of products offered that, by adapting specifically to the different needs of end users, allowed an expansion of the customer base, and, on the other hand, to the enhancement and strategic strengthening of owned brands, obtained through investments in advertising campaigns both in Italy and in the other countries in which the Group operates and sponsorship campaigns, as well as to a slight reduction in the incidence of the fixed cost structure with respect to revenues.

KINDLE RED LION Line.

NOTE 2 - ROE

ROE is the ratio between the net profit for the year and the shareholders' equity at the end of the reference year. The calculation of this ratio for the periods ended 30 June 2021 and 2020 is provided below.

(Euro thousand)

	30.06.2021	30.06.2020
Net profit for the period	18,253	8,520
Equity	86,527	78,154
ROE - Net profit for the period / Equity	**21%**	**11%**

The ROE increased from 11% in the half-year ended as at 30 June 2020 to 21% for the half-year ended 30 June 2021, due to a significant improvement in profit for the period, compared to the previous period, net of dividends distributed.

NOTE 3 - ROI

ROI is the ratio between the EBIT, as defined in Note 1, and the net invested capital at the end of the reference year. The calculation of this ratio for the periods ended 30 June 2021 and 2020 is provided below.

(Euro thousand)

	30.06.2021	30.06.2020
EBIT	26,829	13,228
Net Invested Capital	100,815	97,147
ROI - Ebit / Net Invested Capital	**27%**	**14%**

The ROI also benefited from the improved results during the half-year compared to the previous period, and came to 27%, an increase of 13 percentage points.

STATEMENT OF FINANCIAL POSITION

For a better understanding of the Group's financial position, a reclassification of the Balance Sheet is provided below.

BALANCE SHEET

(Euro thousand)

ASSETS	30.06.2021	%	30.06.2020	%
WORKING CAPITAL	**145,642**	**73.79%**	**146,256**	**73.54%**
Immediate liquidity	**24,997**	**12.66%**	**37,989**	**19.10%**
Cash and cash equivalents	24,997	12.66%	37,989	19.10%
Deferred liquidity	**71,217**	**36.08%**	**57,197**	**28.76%**
Short-term current receivables	71,217	36.08%	57,197	28.76%
Inventories	**49,428**	**25.04%**	**51,070**	**25.68%**
FIXED ASSETS	**51,742**	**26.21%**	**52,636**	**26.46%**
Intangible assets	3,468	1.76%	3,930	1.98%
Tangible assets	32,187	16.31%	28,065	14.11%
Rights of use assets	2,974	1.51%	6,005	3.02%
Other non-current assets	1,379	0.70%	1,355	0.68%
Deferred tax assets	11,734	5.94%	13,281	6.68%
TOTAL ASSETS	**197,384**	**100.00%**	**198,892**	**100.00%**

The reduction in cash and cash equivalents compared to the closing as at 31/12/2020 is the direct result of the payment for the logistics building purchased by U-Logistics, as described in the Explanatory Notes, in addition to the repayment of payables during the first half, including the full early repayment of the BIPER Banca loan, as described above.

The increase in "short-term current receivables" is strictly linked to the performance of sales, as that item is primarily composed of trade receivables (for Euro 58,656 thousand). There were also increases in the advances to suppliers for the purchase of clothing from Asian manufacturers and in tax receivables due prepaid IRES and IRAP tax paid by the companies with headquarters in Italy.

The value of inventories, shown net of provisions for obsolescence of Euro 9,042 thousand, decreased on the end of the previous year, due to the use of stocks to cover the increase in sales that was higher than forecast.

The item "Intangible assets" refers mainly to the value of the U-Power, Jallatte, Aimont, and other minor trademarks, relating to the products sold by the Group in the footwear and safety clothing sector.

The value of the Aimont, Almar, Lupos trademarks and other minor trademarks, including patents, totalling Euro 1.243 thousand, corresponds to the purchase value net of the amortisation already incurred.

The value of the U-Power and Jallatte trademarks reported in the financial statements amounts, respectively, to Euro 850 thousand and Euro 1,219 thousand, net of amortisation for the year.

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

The item “Tangible assets” is net of depreciation and write-downs and is composed of:

- Land and buildings of Euro 15,944 thousand: this item increased by around Euro 4.4 thousand, following the purchase by the subsidiary U-Logistics of the building used as a warehouse, which was previously leased. The remainder is mainly composed of buildings located in Tunisia;
- Plant, machinery and equipment for Euro 15,582 thousand, also located mostly in the Tunisian production plants;
- Other assets for Euro 661 thousand.

The value expressed in the financial statements, according to IFRS16, concerning rights of use and lease agreements on property and machinery/equipment is Euro 2,974 thousand, net of depreciation calculated for the year. The item decreased due to the purchase of the building described above.

(Euro thousand)

LIABILITIES	30.06.2021	%	30.06.2020	%
CURRENT LIABILITIES	**80,019**	**40.54%**	**78,893**	**39.67%**
Current financial liabilities	14,585	7.39%	21,203	10.66%
Other short-term payables	65,434	33.15%	57,690	29.01%
CONSOLIDATED LIABILITIES	**30,838**	**15.62%**	**41,845**	**21.04%**
Medium / long-term payables	24,700	12.51%	35,779	17.99%
Provisions for risks and charges	5,155	2.61%	5,052	2.54%
Post-employment benefits	983	0.50%	1,014	0.51%
EQUITY	**86,527**	**43.84%**	**78,154**	**39.29%**
Group Shareholders’ Equity	**86,527**	**43.84%**	**78,154**	**39.29%**
Capital	10,000	5.07%	10,000	5.03%
Reserves	12,975	6.57%	12,788	6.43%
Retained earnings (losses)	45,299	22.95%	22,359	11.24%
Profit (loss) for the year	18,253	9.25%	33,007	16.60%
TOTAL LIABILITIES	**197,384**	**100.00%**	**198,892**	**100.00%**

Current financial liabilities are composed of the portion due within the year of bonds for Euro 7.4 million (floating-rate bonds amounting to Euro 25 million, subscribed on 29 June 2020, with maturity on 29 June 2023), bank loans for Euro 6.4 million and payables due to lease companies and for rights of use for Euro 0.8 million.

The loans under consolidated liabilities are mainly composed of a bond of Euro 17.4 million, medium/long-term bank loans amounting to approximately Euro 4.8 million and payables on rights of use and leases of Euro 2.2 million.

Other payables due within one year include trade payables of Euro 42.1 million, payables due to the parent company of Euro 7.6 million, tax payables of approximately Euro 9.5 million and payables to employees and social security institutions of Euro 6.1 million.

The item "provisions for risks and charges" is mainly composed of a provision for a risk on employee contributions and tax risks of the Tunisian branch of approximately Euro 2.3 million, as well as a pension fund and indemnities due to employees of the French branch of approximately Euro 0.5 thousand and the compensation for termination of agent contracts of Euro 2.2 thousand of the subsidiary U-Group.

The item post-employment benefits refers to the Italian companies (the parent company U-Power Group, U-Group and U-Logistics) and to its valuation for IAS purposes follows the method of projection of the present value of the defined benefit obligation with the estimate of the benefits accrued by personnel.

The following table shows the change in Net Financial Indebtedness:

(Euro thousand)

Net Financial Indebtedness	30.06.2021	30.06.2020	Change
Current financial liabilities	(14,585)	(21,203)	6,618
Medium / long-term payables	(24,700)	(35,779)	11,079
Cash and cash equivalents	24,997	37,989	(12,992)
	(14,288)	**(18,993)**	**4,705**

The excellent economic results generated an improvement in net financial indebtedness, which, as can be seen, improved during the period by Euro 4.7 million, despite the payment of Euro 10 million in dividends, the purchase of the logistics building and the early repayment of loans, as described above.

ALTERNATIVE FINANCIAL PERFORMANCE INDICATORS

The APIs were developed in accordance with the ESMA/2015/1415 guidelines.

For a correct interpretation of these APIs, the following should be noted:
(i) these indicators are constructed exclusively from historical data of the Group and are not indicative of the future performance of the Group;
(ii) the APIs are not required by IFRS and, although they are derived from consolidated financial statements, they are not subject to audit;
(iii) these APIs must be read together with the economic information of the Group taken from the consolidated financial statements;
(iv) the definitions of the indicators used by the Group, as they do not derive from the reference accounting standards, may not be homogeneous with those adopted by other Groups and therefore they may not be comparable with them;
(v) the APIs used by the Group are processed with continuity and uniformity in terms of definition and representation for all periods.

The APIs listed below were selected and represented since the Group believes that:

- the net financial indebtedness, together with other balance sheet indicators for the composition of assets and liabilities and financial elasticity indicators, allow a better assessment of the overall level of capital strength of the Group and its ability to maintain a structural equilibrium over time;
- the net working capital, the operating working capital, the fixed assets and the net invested capital allow a better assessment of both the ability to meet short-term commercial commitments through current trade assets, and the consistency between the structure of loans and that of funding sources in terms of time.

The Alternative Balance Sheet and Financial Performance Indicators for the period ended 30 June 2021 and 31 December 2020 of the Group are presented below.

	Notes	30/06/2021	31/12/2020
Availability index	1	(2.09)	(1.95)
Net working capital	2	62,804	52,830
Net operating capital	2	57,649	47,778
Fixed assets	2	51,742	52,636
Net invested capital	2	100,815	97,147
Net invested capital / Equity ratio	2	1.17	1.24
Net financial indebtedness / EBITDA ratio	3	0.47	0.44
Fixed assets / Invested capital ratio	4	39.7%	40.5%
Own funds / Invested capital ratio	5	0.86	0.80
Financial expenses / EBITDA ratio	6	0.01	0.03
Trade receivables turnover ratio	7	3.6	3.3
Average days of collection of trade receivables	7	103	109
Trade payables turnover ratio	8	2.8	2.4
Average days of payment of trade payables	8	129	152
Inventory turnover ratio	9	4.1	3.5
Average days spent in the warehouse	9	90	104

NOTE 1 - AVAILABILITY INDEX

The availability index is defined as the ratio between: (i) the sum of trade receivables, other current assets and inventories, and (ii) short-term non-financial payables, calculated as the sum of trade payables and other current liabilities.

The calculation of this ratio for the periods ended 30 June 2021 and 31 December 2020 is provided below.

(Euro thousand)

	30/06/2021	31/12/2020
Trade receivables (A)	58,656	51,510
Other current assets (B)	12,546	5,675
Inventories (C)	49,428	51,070
Trade payables (E)	(42,119)	(41,815)
Other current liabilities (F)	(15,722)	(13,622)
Short-term non-financial payables (G) = (E) + (F)	(57,841)	(55,437)
Availability index (H) = (A+B+C) / G	**(2.09)**	**(1.95)**

The availability index as at 30 June 2021 was 2.09, compared to 1.95 as at 31 December 2020, substantially stable.

NOTE 2 - NET WORKING CAPITAL, NET OPERATING CAPITAL, FIXED ASSETS, NET INVESTED CAPITAL AND NET INVESTED CAPITAL / EQUITY RATIO

The ratio between net invested capital and equity, defined as debt ratio or Leverage, is the ratio between net invested capital and equity.

Details of the calculation of the Net Working Capital, Net Operating Capital, Fixed Assets and Net Invested Capital in the periods considered are shown below:

(Euro thousand)

	30/06/2021	31/12/2020	2021 vs 2020	2021 vs 2020 %
LOANS				
Net working capital	62,804	52,830	9,974	18.9%
Provisions for risks and charges	(5,155)	(5,052)	(103)	2.0%
Net operating capital	**57,649**	**47,778**	**9,871**	**20.7%**
Intangible assets	3,468	3,930	(462)	(11.8%)
Property, plant and equipment	35,161	34,070	1,091	3.2%
Other non-current assets	1,379	1,355	24	1.8%
Deferred tax assets	**11,734**	**13,281**	**(1,547)**	**(11.6%)**
Fixed assets	**51,742**	**52,636**	**(894)**	**(1.7%)**
Liabilities for employee benefits	(983)	(1,014)	31	(3.1%)
Payables to related parties	(7,593)	(2,253)	(5,340)	237.0%
Net invested capital	**100,815**	**97,147**	**3,668**	**3.8%**
SOURCES				
Equity	86,527	78,154	8,373	10.7%
Net financial indebtedness	14,288	18,993	(4,705)	(24.8%)
Total sources	**100,815**	**97,147**	**3,668**	**3.8%**

The Net Invested Capital / Equity ratio is calculated as follows:

(Euro thousand)

	30/06/2021	31/12/2020
Net invested capital (A)	100,815	97,147
Shareholders' equity (B)	86,527	78,154
Ratio - Net invested capital / Equity (C) = (A) / (B)	**1.17**	**1.24**

The ratio of net invested capital to equity was 1.17 as at 30 June 2021, compared to 1.24 as at 31 December 2020. This ratio shows a decrease of 0.07, due to an increase in net invested capital of Euro 3,668 thousand, less than proportional to the increase in equity of Euro 8,373 thousand.

NOTE 3 - NET FINANCIAL INDEBTEDNESS / EBITDA RATIO

The ratio between net financial indebtedness and EBITDA is given by the ratio between (i) net financial indebtedness and (ii) EBITDA.
The calculation of this ratio for the periods ended 30 June 2021 and 31 December 2020 is provided below:

(Euro thousand)

	30/06/2021	31/12/2020
Net financial indebtedness (A)	14,228	18,993
EBITDA (B)	29,974	42,792
Ratio - Net financial indebtedness (A) / EBITDA (C) = (A) / (B)	**0.47**	**0.44**

The ratio between net financial indebtedness and EBITDA was 0.47 as at 30 June 2021, substantially stable compared to 0.44 as at 31 December 2020.

NOTE 4 - FIXED ASSETS / NET INVESTED CAPITAL RATIO

The ratio of fixed assets to net invested capital is the ratio of (i) fixed assets, defined as the sum of tangible assets, intangible assets and goodwill and (ii) net invested capital.
The calculation of this ratio for the periods ended 30 June 2021 and 31 December 2020 is provided below:

(Euro thousand)

	30/06/2021	31/12/2020
Fixed assets (A)	40,008	39,355
Net invested capital (B)	100,815	97,147
Fixed assets / Net invested capital (A / B)	**39.7%**	**40.5%**

The ratio of fixed assets to net invested capital was 39.7% as at 30 June 2021, compared to 40.5% as at 31 December 2020. This ratio shows a decrease, mainly due to the increase in net invested capital of Euro 3,668 thousand, due to the profits achieved during the year.

NOTE 5 - OWN FUNDS / NET INVESTED CAPITAL RATIO

The ratio between own funds and invested capital, defined as an indicator of financial autonomy, is the ratio between (i) equity and (ii) invested capital and indicates the ability of the company to finance itself without resorting to external sources of financing.
The calculation of this ratio for the periods ended 30 June 2021 and 31 December 2020 is provided below:

(Euro thousand)

	30/06/2021	31/12/2020
Own funds (A)	86,527	78,154
Net invested capital (B)	100,815	97,147
Own funds / Net Invested Capital (A / B)	**0.86**	**0.80**

The ratio of own funds to net invested capital was 0.86 as at 30 June 2021, compared to 0.80 as at 31 December 2020. This ratio shows an increase of 0.06, due to (i) an increase in equity of Euro 8,373 thousand (by virtue of profits earned, net of dividends distributed), more than proportional to the (ii) increase in invested capital of Euro 3,668 thousand.

NOTE 6 - FINANCIAL EXPENSES / EBITDA RATIO

The ratio between financial expenses and EBITDA indicates the impact of the cost of financial indebtedness on EBITDA and is given by the ratio between (i) financial expenses and (ii) EBITDA.
The calculation of this ratio for the periods ended 30 June 2021 and 31 December 2020 is provided below:

(Euro thousand)

	30/06/2021	31/12/2020
Financial expenses (A)	425	1,208
EBITDA (B)	29,974	42,792
Financial expenses / EBITDA (A / B)	**0.01**	**0.03**

The ratio between net financial indebtedness and EBITDA was 0.01 as at 30 June 2021, compared to 0.03 as at 31 December 2020. That ratio improved further due to the reduction in financial charges and the improvement in EBITDA.

NOTE 7 - TRADE RECEIVABLES TURNOVER RATIO AND AVERAGE COLLECTION DAYS

The trade receivables turnover ratio is calculated as the ratio between revenues and trade receivables at the reference date. The average days of collection of trade receivables are calculated as the ratio of trade receivables at the reference date to revenues from contracts with customers relating to the period 30 June 2020 – 30 June 2021 multiplied by 365.

Details of the receivables turnover ratio and the evolution of the average collection times as at 30 June 2021 and 31 December 2020 are shown below:

(Euro thousand)

	30/06/2021	31/12/2020
Revenues from contracts with customers (A)	208,721	172,536
Trade receivables (B)	58,656	51,510
Trade receivables turnover ratio (A/B)	**3.6**	**3.3**
Average days of collection of trade receivables (B/A)*365	**103**	**109**

Note: the determination and trends of the ratios shown in the table are also influenced by the value added tax component which, given the global scale of the Group's commercial relations, is not homogeneously applied in all subsidiaries.

The trade receivables turnover ratio was 3.6 as at 30 June 2021, compared to 3.3 as at 31 December 2020.
The average days of collection of trade receivables were 103 as at 30 June 2021 and 109 as at 31 December 2020.
The ratios shown above represent an increase of 0.3 of a day and a decrease of 6 days, respectively. However, it must be considered that the year-end due dates are postponed to 10 January thus, are not perfectly homogeneous.

NOTE 8 - TRADE PAYABLES TURNOVER RATIO AND AVERAGE PAYMENT DAYS

The payables turnover ratio is calculated as the ratio between (i) the sum of costs for consumable raw materials and costs for services and (ii) trade payables at the reference date.
The average days of payment of trade payables are calculated as the ratio between (i) trade payables at the reference date and (ii) the sum of costs for consumable raw materials and costs for services relating to the period 30 June 2020 – 30 June 2021, multiplied by 365.
Details of the payables turnover ratio and the evolution of the average payment times as at 30 June 2021 and 31 December 2020 are shown below:

(Euro thousand)

	30/06/2021	31/12/2020
Consumption of raw materials and consumables	70,217	59,718
Cost of services	49,287	41,002
subtotal (A)	119,504	100,720
Trade payables (B)	42,119	41,815
Trade payables turnover ratio (A/B)	**2.8**	**2.4**
Average days of payment of trade payables (B/A)*365	**129**	**152**

Note: the determination and trends of the ratios shown in the table are also influenced by the value added tax component which, given the global scale of the Group's commercial relations, is not homogeneously applied in all subsidiaries.

The trade payables turnover ratio was 2.8 as at 30 June 2021, compared to 2.4 as at 31 December 2020.
The average days of payment of trade payables were 129 as at 30 June 2021 and 152 as at 31 December 2020.
Also in this case, it must be considered that the year-end due dates are postponed to 10 January, and thus, are not perfectly homogeneous.

NOTE 9 - INVENTORY TURNOVER RATIO AND AVERAGE DAYS SPENT IN THE WAREHOUSE

The inventory turnover ratio is calculated as the ratio of revenues from contracts with customers referring to the period 30 June 2020 – 30 June 2021 to inventories at the reference date.
The details of the calculation of the turnover ratio and of the average days of rotation of inventories for the periods ended 30 June 2021 and 31 December 2020 are shown below:

(Euro thousand)

	30/06/2021	31/12/2020
Revenues from contracts with customers (A)	207,439	172,536
Inventories as at 1 January (B1)	51,070	47,274
Inventories as at 31 December (B2)	50,860	51,070
Average inventories (B) = (B1+B2)/2	50,965	49,172
Inventory turnover ratio (A/B)	**4.1**	**3.5**
Average days spent in the warehouse (B/A)*365	**90**	**104**

Note: the determination and trends of the ratios shown in the table are also influenced by the value added tax component which, given the global scale of the Group's commercial relations, is not homogeneously applied in all subsidiaries.

The turnover ratio is calculated on average inventories at period-end and on total revenues from contracts with customers of the last 12 months for the first half of 2021 and as at 31 December 2020. That ratio was mainly influenced by the increase in revenues, as inventories were practically unchanged. The average number of days of rotation was 90 as at 30 June 2021 and 104 as at 31 December 2020.
The inventory turnover ratio rose from 3.5 as at 31 December 2020 to 4.1 as at 30 June 2021.
The ratios shown above reported an increase of 0.6 and an increase of 14 days respectively, mainly due to the increase in sales.

INFORMATION PURSUANT TO ART. 2428 OF THE ITALIAN CIVIL CODE

The information specifically required by the provisions of art. 2428 of the Italian Civil Code is analysed below.

RESEARCH AND DEVELOPMENT ACTIVITIES

In a highly competitive market context, the success of the Group depends on the ability to maintain and increase market shares through the launch of innovative products with high quality standards, which consequently guarantee higher levels of profitability.
The Group owns two research and development laboratories in Italy: one located in Paruzzaro (NO) and the other in Trani (BT), which develop new models and collections every year.
The R&D activities are oriented, on the one hand, to the constant search for and identification of raw materials, materials and production components and/or production techniques able to improve and increase the efficiency of the quality and technological standards of the products (in addition to determining the absence of defects), also depending on the evolution of customer needs and the reference regulatory parameters and, on the other hand, to the constant innovation of the models and style of the products offered on the market, depending on the reference target - geographical area and production sector (industry; agriculture; tertiary services, with respective sub-markets by nature and type of activity).
Much of the strategic development is based on R&D activities aimed at developing products, conceiving and defining new high-tech and high-quality models, also able to prevent the risks of musculoskeletal disorders, as well as guaranteeing the safety of end users while pursuing a development that is attentive to social, environmental and economic issues. Design and the study of trends are a priority in the development and implementation of new concepts and models. Moreover, given the importance of the ergonomic aspects necessary to provide answers to the problems of safety and well-being at work, the Group's R&D activity has recently also focused on an in-depth analysis of the workstations and ergonomic work processes, which these are the primary conditions for the well-being of workers during their professional activity.

The expenses incurred for research and development were considered as operating costs and charged entirely to the income statement, as they do not meet all the requirements for capitalisation under IAS38.

RELATIONS WITH PARENT COMPANIES AND RELATED PARTIES

Transactions with parent companies (also indirectly) and related parties at the end of the year were carried out at market value and are summarised below:

(Euro thousand)

	RECEIVABLES	PAYABLES	REVENUES	COSTS
FIN REPORTER S.r.l. (parent company)	9	7,593		85
PFU S.r.l. (related company)	6		2	
Grand total	**15**	**7,593**	**2**	**85**

Payables to the parent company are mainly due to the tax consolidation, which will be paid when taxes are paid.

INFORMATION ON THE ENVIRONMENT AND PERSONNEL

It should be noted that the company carries out its activities in compliance with the provisions on the environment and hygiene in the workplace and safety pursuant to Legislative Decree 81/2008.
At present, there is no significant information. This information will be provided every time there are concrete, tangible and significant environmental impacts that are such to generate potential financial and income consequences for the Company.

In relation to personnel, note that during the year:

- no serious accidents occurred in the workplace;
- there were no charges relating to occupational illnesses on employees or former employees and/or other cases for which the Group companies were declared liable.

With reference to the working environment, it is noted that during the first six months of 2021:

- there was no damage caused to the environment for which the group companies were found guilty;
- no penalties or sanctions were imposed on the group companies for environmental offences or damages.

MAIN RISK FACTORS TO WHICH THE COMPANY IS EXPOSED

Pursuant to and for the purposes of the first paragraph of art. 2428 of the Italian Civil Code, a description of the main risks and uncertainties to which the Group is exposed is provided below:

A) MARKET RISKS

Market risk refers to the performance of the personal protective equipment market, and in particular to safety footwear and technical work clothing in which the Group operates.
The Group has implemented policies aimed at increasing penetration of the reference markets and actions aimed at rationalising and strengthening the sales structure, managing to increase sales both at national and European level. It should be noted that the destination markets of company products and the conditions of uncertainty that characterise them are constantly monitored.

B) CREDIT RISKS

The Group is exposed to credit risk mainly deriving from business relations with its customers and, in particular, due to pos-

sible delays or non-performance of their payment obligations within the terms and according to the methods agreed. In this case, there are no particular risks, although it should be noted that delays remain in the collection of receivables, as already occurred historically, and are to be considered physiological.
Exposure to customers is in any case broken down into a high number of customers operating in different product sectors and markets.
The financial strength of the main customers is in any case monitored regularly through the use of information and customer assessment procedures and any risks are covered in the financial statements by appropriate provisions.

C) LIQUIDITY RISKS

The liquidity risk, understood as the failure to obtain the adequate financial resources needed for operations and for the repayment of payables, including financial ones, as well as for the development of industrial and commercial activities, is to be considered under control. The liquidity risk is limited thanks to the Group's credibility on the reference financial markets.
With regard to loans from the credit system, the Group now has an adequate amount of credit available to be used in case of need to finance the working capital; in any event, further actions are underway to increase and improve the credit lines.
Liquidity risk management is mainly based on the strategy of containing debt, self-financing and maintaining financial balance.

D) INTEREST RATE RISKS

The risk of fluctuations in interest rates is essentially linked to medium / long-term loans negotiated at floating rates. Any fluctuations in interest rates could consequently have negative effects on the Group's economic and financial situation.
The Group's approach to managing interest rate risk is to hedge the risk through interest rate swaps, recognised in the financial statements at fair value. The Group's approach to managing interest rate risk is therefore prudent.

E) RISKS ASSOCIATED WITH EXCHANGE RATE TRENDS

The Group is subject to exchange rate risk mainly deriving from transactions relating to operating costs denominated in currencies other than the Euro. Specifically, in particular, the Group incurs costs in USD and CNY for the purchase of raw materials, and in TND (Tunisian Dinar) for personnel costs of the Tunisian subsidiary.
The Group's policy does not envisage the assumption of speculative risks, but actions that may limit unwanted fluctuations are evaluated: the financial risks associated with exchange rate fluctuations are constantly monitored and the Group, if necessary, activates specific hedges by signing various forward currency contracts. During the year, it was not considered appropriate to hedge against exchange rate fluctuations.

F) RISKS CONNECTED TO THE EFFECTS OF THE COVID-19 PANDEMIC

The Group is exposed to the risks connected with the economic, social and financial consequences generated by COVID-19 pandemic, whose evolution is still uncertain. Following the uncontrolled spread of Covid-19 and the consequent health emergency, starting from mid-March 2020 repeated lock downs were imposed on the production activities in the various countries where the Group is present. In all countries, on repeated occasions, measures were taken to contain the pandemic, also by closing production activities and activating remote working (if applicable).
The Group is following developments related to the spread of Covid-19 closely and has, from the very outset, adopted all the necessary organisational, control and prevention measures recommended by the various government and health institutions.
The uncertainty regarding the development of the COVID-19 pandemic and, as a result, the scope of the measures that could be adopted by the competent authorities to handle the situation, makes it impossible to rule out, with reasonable certainty, the need to revise the Group's 2021-2023 Business Plan in the future, should the effects of the negative economic trend have a greater impact than estimated.
The Group did not report any delays in the delivery of products or any non-fulfilment of customer orders, thanks to the availability of sufficient stocks of products to cover the commitments undertaken.

BUSINESS OUTLOOK

From a corporate point of view, the Group planned to streamline its structure in 2021 to make it more efficient through the merger of the Italian company Altek Europe into U-Group Srl, carried out on 1 May 2021 (with tax and accounting effects from 1 January 2021) and the Tunisian companies Belbis and Granbis into Martek Sarl, which should occur in the upcoming months. Moreover, the liquidation of the German subsidiary Lupos GmbH was started, transferring the commercial activity to U-Group srl.

U-Logistics, which already purchased during 2021 a portion of the properties used as warehouses, also issued an irrevocable purchase offer, for the amount of Euro 1.4 million, for the remainder of the properties used for logistics, where the Group's finished products are stored. That purchase will be finalised by the end of the year.

During 2021 the Group intends to continue its growth on the market of Safety Footwear and Technical Work Clothing at a higher rate than the average of the reference market, and to strength its positioning through the following strategic actions:

- continuous product innovation, which will increase its market share and margins in segments with greater added value;
- additional growth in commercial presence on key markets (Italy and France) and expansion in Germany and the UK, based on hiring a new sales force for the purpose of implementing a network of small and medium-sized local distributors;
- increase in brand awareness through marketing initiatives;

The Group continues to closely monitor developments in the spread of the Coronavirus both for the health-related impact it can have on employees (all necessary organisational, control and prevention measures are adopted, informing employees about the behaviour and the interpersonal distances to be maintained, equipping them with the necessary healthcare devices) and in terms of the macroeconomic impact that Covid-19 can have on the reference markets.

With regard to real and potential impacts on revenues, costs, investments and expected cash flows deriving from the limitations imposed by the coronavirus emergency, to date, the Company has no findings that would forecast significant negative effects on the results for 2021.

The Group thus expects to confirm its leadership in the end markets for the current year, supported by the technological leadership and the Italian design of its collections, with a view to continuous enhancement of the brands marketed. Based on the results achieved at the end of the first half it can therefore be assumed that, for the end of the current year, the targets set out in the 2021 economic-financial budget may be exceeded.

In conducting its business, the Company intends to pursue purposes of the common good, operating in a responsible, sustainable and transparent manner in relation to people, the territory, the environment and other stakeholders, with the goal of generating measurable social value and building the foundations to maintain satisfactory income results that are sustainable over time.

OTHER INFORMATION

Pursuant to art. 2428, paragraphs 3 and 4 of the Italian Civil Code, it should be noted that the company does not hold, nor did it hold during the year, treasury shares or shares of parent companies.

The Italian subsidiary U-Group also has representative offices in France, Germany, Spain and the United Kingdom.

* * * * *

Paruzzaro, 10 September 2021

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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2021

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

ASSETS

(Euro thousand)

	NOTES	30.06.21	31.12.20
NON-CURRENT ASSETS			
Intangible assets	6	3,468	3,930
Property, plant and equipment	7	32,187	28,065
Rights of use	8	2,974	6,005
Deferred tax assets	9	11,734	13,281
Other non-current assets	10	1,379	1,355
Total Non-current assets		**51,742**	**52,636**
CURRENT ASSETS			
Inventories	11	49,428	51,070
Trade receivables	12	58,656	51,510
Receivables from related parties	13	15	12
Tax receivables	14	4,158	1,026
Other current assets	15	8,388	4,649
Cash and cash equivalents and short-term deposits	16	24,997	37,989
Total Current assets		**145,642**	**146,256**
TOTAL ASSETS		**197,384**	**198,892**

EQUITY AND LIABILITIES

(Euro thousand)

	NOTES	30.06.21	31.12.20
EQUITY	**17**		
Share capital		10,000	10,000
Other reserves		4,375	4,188
Capital contributions reserves		8,600	8,600
Retained earnings		45,299	22,359
Profit for the period		18,253	33,007
Total Group Equity		**86,527**	**78,154**
Minority interest		-	-
Total Equity		**86,527**	**78,154**
NON-CURRENT LIABILITIES			
Employee benefit obligations	18	983	1,014
Provisions	19	5,155	5,052
Non-current financial liabilities	20	24,700	35,779
Total Non-current liabilities		**30,838**	**41,845**
CURRENT LIABILITIES			
Current financial liabilities	20	14,585	21,203
Trade payables	21	42,119	41,815
Payables to related parties	37	7,593	2,253
Tax payables	22	9,450	8,903
Other current liabilities	23	6,272	4,719
Total Current liabilities		**80,019**	**78,893**
TOTAL LIABILITIES		**110,857**	**120,738**
TOTAL EQUITY AND LIABILITIES		**197,384**	**198,892**

INTERIM CONSOLIDATED STATEMENT OF PROFIT/(LOSS) AS AT 30 JUNE 2021

(Euro thousand)

	NOTES	01.01.21-30.06.21	01.01.20-30.06.20
Revenues from contracts with customers	24	112,101	77,198
Other income	25	1,410	371
Total revenues and other income		**113,511**	**77,569**
Purchases of raw materials and change in inventories	26	(38,546)	(28,047)
Personnel costs	27	(17,134)	(13,955)
Cost of services	28	(26,782)	(18,497)
Other costs and expenses	29	(1,075)	(664)
Depreciation and amortisation	30	(3,076)	(3,050)
Write-downs	31	(69)	(128)
Operating profit		**26,829**	**13,228**
Financial income	32	11	47
Financial expenses	33	(425)	(716)
Other financial income and expense	34	(51)	9
Profit before tax		**26,364**	**12,568**
Income tax	35	(8,111)	(4,048)
Group profit for the period		**18,253**	**8,520**
Profit for the period pertaining to minority interests		-	-
Total profit for the period		**18,253**	**8,520**

No. shares making up share capital		**100,000,000**	
Basic/diluted half-year earnings per share - €		**0.18**	**n.a.**

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME AS AT 30 JUNE 2021

(Euro thousand)

	NOTES	01.01.21-30.06.21	01.01.20-30.06.20
Profit for the period	**17**	**18,253**	**8,520**
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax) Net gain/(loss) on cash flow hedges	20	79	36
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods (net of tax)		**79**	**36**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods (net of tax) Remeasurement gain/(loss) on defined benefit plans		41	-
Total other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods, net of tax		**41**	**-**
Other comprehensive income/(loss) for the year, net of tax		**120**	**36**
Total Group comprehensive income/(loss) for the year, net of tax		**18,373**	**8,556**
Total comprehensive income/(loss) for the year, net of third-party tax		-	-
Total comprehensive income/(loss) for the year, net of tax		**18,373**	**8,556**

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2020, AS AT 31 DECEMBER 2020 AND AS AT 30 JUNE 2021

(Euro thousand)

	Share capital	Other reserves	Capital contributions reserves	Retained earnings	Profit for the year	Total Equity	Minority interest	Total Equity
NOTES	17	17	17	17	17	17	17	17
Balance as at 1 January 2020	**10,000**	**3,491**	**8,600**	**16,364**	**18,966**	**57,421**	**-**	**57,421**
Allocation of 2019 profit	-	721	-	18,245	(18,966)	-	-	-
Dividends 2020	-	-	-	(10,000)	-	(10,000)	-	(10,000)
Profit for the period	-	-	-	-	8,520	8,520	-	8,520
Other comprehensive income	-	36	-	-	-	36	-	36
Balance as at 30 June 2020	**10,000**	**4,248**	**8,600**	**24,609**	**8,520**	**55,977**	**-**	**55,977**
Dividends 2020	-	-	-	(2,250)	-	(2,250)	-	(2,250)
Profit for the period	-	-	-	-	24,487	24,487	-	24,487
Other comprehensive income	-	(60)	-	-	-	(60)	-	(60)
Balance as at 31 December 2020	**10,000**	**4,188**	**8,600**	**22,359**	**33,007**	**78,154**	**-**	**78,154**
Allocation of 2020 profit	-	67	-	32,940	(33,007)	-	-	-
Dividends 2021	-	-	-	(10,000)	-	(10,000)	-	(10,000)
Profit for the period	-	-	-	-	18,253	18,253	-	18,253
Other comprehensive income	-	120	-	-	-	120	-	120
Balance as at 30 June 2021	**10,000**	**4,375**	**8,600**	**45,299**	**18,253**	**86,527**	**-**	**86,527**

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS AS AT 30 JUNE 2021

(Euro thousand)

	NOTES	01.01.21-30.06.21	01.01.20-30.06.20
Operating Activities:			
PROFIT FOR THE YEAR		**18,253**	**8,520**
Adjustments to reconcile profit to net cash flows before taxes:			
Amortisation and impairment of intangible assets	6-30	520	513
Depreciation and impairment of property, plant and equipment	7-30	2,030	1,950
Depreciation and impairment of right-of-use assets	8-30	526	587
Financial income	32	(11)	(47)
Financial expenses	33	425	715
Other financial income and expense	34	51	(7)
Income tax	35	8,111	4,048
Write-down of current assets	31	69	127
Subtotal of operating activities		**29,974**	**16,406**
Net change in employee severance indemnity and pension funds	18	22	44
Net change in provisions for risks and charges	19	103	129
Interest paid		(672)	(479)
Income taxes paid		(3,582)	(2,073)
Net foreign exchange differences	34	(91)	101
Changes in working capital:			
Changes in inventories	11	1,642	3,357
(Increase)/decrease in trade receivables	12	(7,215)	2,982
(Increase)/decrease in other non-financial receivables		(4,043)	954
(Increase)/decrease in trade payables	21	304	(14,790)
(Increase)/decrease in other non-financial liabilities		1,604	(100)
NET CASH FLOWS FROM OPERATING ACTIVITIES		**18,046**	**6,531**
Investing activities:			
Investments in intangible assets	6	(58)	(85)
Investments in property, plant and equipment	7	(6,153)	(1,353)
Increase/(decrease) in financial assets		5	(307)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(6,206)**	**(1,745)**
Financing activities:			
Increase in non-current loans and financing	20	-	40,750
(Repayment) of non-current borrowings	20	(8,886)	(29,164)
(Repayment) of/ increase in current loans	20	(5,946)	1,512
Dividends paid to the shareholders of the Parent Company	17	(10,000)	(5,738)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(24,832)**	**7,360**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**(12,992)**	**12,146**
Cash and cash equivalents at the beginning of the year	16	37,989	21,372
Cash and cash equivalents at the end of the year		**24,997**	**33,518**


BREATHABLE

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

U-POWER GROUP S.P.A. is a company registered and domiciled in Italy.
The registered office is in Paruzzaro (NO), in via Borgomanero 50.

The U-POWER Group is active in the research, development and design ("R&D"), production and sale of certain personal protective equipment ("PPE"), intended for individual protection and safety in the work environments of operators in the different sectors of industry and trade, as well as agriculture, including therein highly regulated sectors (such as the chemical industry, construction, farming, construction in general and services).

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

The Group consolidated financial statements include:

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

The Tunisian companies have used the Euro as the functional currency.
During the period, the merger of the subsidiary Altek Europe s.r.l. into U-Group s.r.l. was finalised, effective retroactively at 1/01/2021.
The scope of consolidation remains unchanged with respect to the previous period.

Ultimate parent

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

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

2.1. DRAFTING PRINCIPLES

The condensed half-year consolidated financial statements for the period until 30 June 2021 were drafted on the basis of IAS34 Interim Financial Reporting.
The condensed half-year consolidated financial statements do not provide all the information required by the preparation of the annual consolidated financial statements. For said reason, the condensed half-year consolidated financial statements must be read together with the consolidated financial statements as at 31 December 2020.

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

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

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

- Amendments to IFRS4, IFRS7, IFRS9, IFRS16 and IAS39: Interest rate benchmark reform.

3. ASSUMPTIONS AND SIGNIFICANT ACCOUNTING ESTIMATES

In drafting the interim consolidated financial statements, also in light of the impacts of Covid-19, the company's management carried out evaluations, estimates and assumptions that impact the values of the revenues, costs, assets and liabilities and the disclosure relating to contingent assets and liabilities at the reporting date. It is noted that, as they are estimates, they could differ from actual future results. Certain evaluation processes, particularly the more complex ones, such as the determination of any impairment of non-current assets and/or calculation of taxes, are only carried out completely at the time of drafting of the year-end consolidated financial statements, when all the necessary information is available. The calculation of taxes as at 30 June 2021 was determined by considering the exact tax rate; the company did not make use of the possibility of using the weighted average of the annual expected tax rate according to the provisions of IAS34, paragraph 30.

4. BUSINESS SEASONALITY

The protective footwear market, which is the main market in which the Group operates, is not greatly affected by seasonality factors; in fact, sales are distributed substantially equally over the year; while the technical work clothing market which, in the first half accounted for roughly 10% of sales, is more subject to seasonality; the economic results in the second half are normally higher than those of the first half.
This disclosure is provided to allow readers to better understand the results, however, the management concluded that Group operations do not represent a "highly seasonal activity" as set forth in IAS34.
In carrying out these evaluations, estimates and assumptions, the company's management took into due consideration the effects, including potential, of the Covid-19 pandemic which involved the performance of specific analyses on certain financial statements items.

5. FAIR VALUE MEASUREMENT

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

	30 June 2021				
	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Financial assets at fair value reported in the Income Statement					
Unicredit securities	1,343	1,343	1,343		
Total	**1,343**	**1,343**	**1,343**	-	-
Financial liabilities at amortised cost					
Bonds	(24,812)	(24,812)		(24,812)	
Floating rate borrowings	(5,768)	(5,768)		(5,768)	
Fixed rate borrowings	(5,513)	(5,513)		(5,513)	
Total	**(36,093)**	**(36,093)**	-	**(36,093)**	-
Derivative financial instruments					
Effective hedging derivatives	(175)	(175)		(175)	
Derivatives not designated as hedges	(23)	(23)		(23)	
Total	**(198)**	**(198)**	-	**(198)**	-

	31 December 2020				
	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Financial assets at fair value reported in the Income Statement					
Unicredit securities	1,315	1,315	1,315		
Total	**1,315**	**1,315**	**1,315**	-	-
Financial liabilities at amortised cost					
Bonds	(24,751)	(24,751)		(24,751)	
Floating rate borrowings	(15,956)	(15,956)		(15,956)	
Fixed rate borrowings	(9,714)	(9,714)		(9,714)	
Total	**(50,421)**	**(50,421)**	-	**(50,421)**	-
Derivative financial instruments					
Effective hedging derivatives	(277)	(277)		(277)	
Derivatives not designated as hedges	(35)	(35)		(35)	
Total	**(312)**	**(312)**	-	**(312)**	-

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

6. INTANGIBLE ASSETS

Intangible assets, as detailed in the table below, amounted to Euro 3,468 thousand as at 30 June 2021.

	Concessions, licences and trademarks
Historical cost	
As at 1 January 2021	12,688
Increases	67
Disposals	(41)
As at 30 June 2021	12,714
Accumulated depreciation	
As at 1 January 2021	(8,758)
Depreciation in the period	(520)
Increases	-
Disposals	32
As at 30 June 2021	(9,246)
Net book value	
As at 1 January 2021	3,930
As at 30 June 2021	3,468

The comparative table for 2020 is provided below:

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

The item "Concessions, licences, trademarks and similar rights" refers mainly to the value of the U-Power, Jallatte, Aimont, and Lupos trademarks, relating to the products sold by the Group in the safety footwear and clothing sector.
The value of the Aimont, Lupos trademarks and other minor trademarks, totalling Euro 1,243 thousand, corresponds to the purchase value net of the amortisation already incurred. The value of the U-Power and Jallatte trademarks reported in the financial statements amounts, respectively, to Euro 850 thousand and Euro 1,219 thousand, net of amortisation for the period.
As regards trademarks, considered by management as assets with definite useful life and amortised over 10 years, no indicators of impairment or indicators that could identify a different useful life from the current one emerged during the period, based on future plans.

7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, as detailed in the table below, amounted to Euro 32,187 thousand as at 30 June 2021.

	Land and buildings	Plant and equipment & Industrial and commercial equipment	Other assets	Total
Historical cost				
As at 1 January 2021	16,419	38,180	2,449	57,049
Increases	4,385	1,623	144	6,152
Reclassifications	-	-	-	-
As at 30 June 2021	20,804	39,803	2,594	63,201
Accumulated depreciation				
As at 1 January 2021	(4,523)	(22,661)	(1,800)	(28,984)
Depreciation in the period	(337)	(1,560)	(132)	(2,029)
As at 30 June 2021	(4,860)	(24,222)	(1,932)	(31,013)
Net book value				
As at 1 January 2021	11,897	15,519	650	28,065
As at 30 June 2021	15,944	15,581	662	32,187

The comparative table for 2020 is provided below:

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

"Land and buildings" increased by around Euro 4.4 million following the purchase by the subsidiary U-Logistics of the building used as a warehouse, which was previously leased. The remainder is mainly composed of buildings located in Tunisia, whose value as at 30 June 2021 came to Euro 11,422 thousand, and to buildings of Jallatte.
The majority of plant, machinery and equipment is located in the Tunisian production facilities for a value of Euro 13,867 thousand, partly in the logistics plant of the subsidiary U-Logistics for Euro 642 thousand, partly for the modelling department located in Italy for Euro 720 thousand and, only to a marginal degree, in the production facility of the French subsidiary Jallatte for Euro 262 thousand. The increases in the period are due primarily to the acquisitions of plant and equipment for the facilities in Tunisia. Industrial and commercial equipment relate predominantly to moulds and production equipment in the Tunisian subsidiaries.
The item "Other tangible assets" mainly includes IT material, office furniture and vehicles.

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

8. RIGHTS OF USE ASSETS

With the application of IFRS16 concerning rights of use and lease agreements, the statement of financial position included a value of Euro 2,974 thousand, net of amortisation calculated for the period.

Details are provided in the table below:

	Right of use - Properties	Right of use - Industrial and commercial equipment	Right of use - Cars	Total
Historical cost				
As at 1 January 2021	5,990	2,686	735	9,411
Increases	-	-	281	281
Disposals	(3,091)	(126)	(250)	(3,467)
As at 30 June 2021	2,899	2,560	766	6,225
Accumulated depreciation				
As at 1 January 2021	(1,036)	(1,841)	(529)	(3,406)
Depreciation in the period	(323)	(145)	(58)	(526)
Disposals	426	81	174	681
As at 30 June 2021	(933)	(1,905)	(413)	(3,251)
Net book value				
As at 1 January 2021	4,954	846	207	6,005
As at 30 June 2021	1,966	655	353	2,974

The comparative table for 2020 is provided below:

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

The decrease in the item relating to the right of use for properties is the direct result of the purchase of the building described in Note 7. The remainder mainly refers to the portion of the logistics plant of the subsidiary U-Logistics, which is still leased, but subject to an irrevocable purchase offer, and to the offices used by the other European companies.

9. DEFERRED TAX ASSETS AND LIABILITIES

Details of deferred tax assets and liabilities are provided below:

	30-Jun-2021			31-Dec-2020		
	Amount of temporary differences	Rate	Tax effect	Amount of temporary differences	Rate	Tax effect
Derivatives	198	24.00%	48	312	24.00%	75
Inventory write-down	2,611	24.00%	627	2,825	24.00%	678
Provisions for losses on receivables	147	24.00%	35	147	24.00%	35
Tax losses - Jallatte	23,877	25.00%	5,969	25,830	25.00%	6,458
Temporary differences in services provided	73	24.00%	18	412	24.00%	99
Exchange losses from translation	49	24.00%	12	70	24.00%	17
IFRS adjustment of TFR (employee severance indemnity)	143	24.00%	34	198	24.00%	47
TAX AUTH.	457	27.90%	128	457	27.90%	128
Cancellation of property, plant and equipment and intangible assets	37	27.90%	9			
Revaluation of trademarks and patents	26,248	27.90%	7,323	27,998	27.90%	7,811
Consolidation entries	2,587	27.90%	722	3,113	27.90%	868
Subtotal Deferred tax assets			**14,925**			**16,216**
Amortisation of intangible assets	2,069	27.90%	577	2,635	27.90%	735
Gains from translation	33	24.00%	8	52	24.00%	12
Leasing	4	27.90%	1	7	27.90%	2
Taxation of retained earnings to be distributed by subsidiaries	11,484	17.00%	1,951	12,052	17.00%	2,049
Dividends resolved by subsidiaries and uncollected	2,722	12.00% 24.00%	654	1,137	12.00%	136
Subtotal deferred tax liabilities			**3,191**			**2,935**
Total net deferred tax assets			**11,734**			**13,281**

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

The item Jallatte tax losses decreased due to their use in consideration of the profits of Jallatte.
The amount relating to the consolidation entries refers mainly to the elimination of intercompany profits present in inventories at period-end.
The subtotal of the provision for deferred tax liabilities is composed primarily of provisions for withholdings at source of the Tunisian companies and taxes on dividends

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

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

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

10. NON-CURRENT FINANCIAL ASSETS

Non-current financial assets amounted to Euro 1.379 thousand. Non-significant equity investments in other companies are not consolidated and are valued at cost, considered similar to fair value. The item includes Bonds issued by Unicredit Spa for a total amount of Euro 1.343 thousand, in addition to the usual security deposits and minor equity investments. For all information on fair value, please refer to note 5. The bonds are subject to pledge in favour of Unicredit as part of the Mini-bond issued by the company in 2020.

11. INVENTORIES

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

Inventories	30 June 2021	31 December 2020	Change
Raw, ancillary and consumable materials	16,638	14,654	1,984
Work in progress and semi-finished products	9,918	8,500	1,418
Finished products and goods	22,872	27,916	(5,044)
Total	**49,428**	**51,070**	**(1,642)**

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

	Provision for inventory write-down
As at 1 January 2021	10,326
Reduction	(1,284)
As at 30 June 2021	9,042

The decrease in the value of inventories of finished products as at 30 June 2021 is strictly correlated to the increase in sales, even greater than expected, which thus made it necessary to use products in inventory. The Group reacted by increasing the levels of raw materials and semi-finished products in order to increase production in the second half of the year.

12. TRADE RECEIVABLES

Receivables due from customers as at 30 June 2021 totalled Euro 58,656 thousand, net of the associated bad debt provision of Euro 1,010 thousand. This item is composed entirely of receivables due within the next financial year.
The table below shows the breakdown of receivables due from customers by geographical area:

	30 June 2021	31 December 2020
Italian customers	41,408	38,702
EU customers	16,370	12,039
Non-EU customers	878	769
Total	**58,656**	**51,510**

The following table breaks down the concentration of trade receivables as at 30 June 2021 and 31 December 2020:

	30 June 2021	% inc.	31 December 2020	% inc.
First customer	1,885	3.2%	1,096	2.1%
Top five customers	5,538	9.5%	3,310	6.4%
Top ten customers	7,833	13.4%	5,343	10.4%
Total trade receivables	**58,656**	**100.0%**	**51,510**	**100.0%**

The breakdown of the Group's trade receivables as at 30 June 2021 and 31 December 2020 by maturity is shown below:

	30 June 2021	% inc.	31 December 2020	% inc.
Falling due	55,884	95.3%	49,959	97.0%
Past due within 30 days	1,781	3.0%	731	1.4%
Past due within 30 days and 60 days	705	1.2%	579	1.1%
Past due within 60 days and 90 days	237	0.4%	149	0.3%
Past due after 90 days	1,059	1.8%	1,034	2.0%
Bad debt provision	(1,010)	-1.7%	(941)	-1.8%
Total trade receivables	**58,656**		**51,510**	

The movement in the bad debt provision is reported below:

	Bad debt provision
As at 1 January 2020	836
Utilisation 2020	(199)
Provision 2020	303
As at 1 January 2021	941
Use in the period 2021	(13)
Allocation in the period 2021	82
As at 30 June 2021	1,010

13. RECEIVABLES FROM RELATED PARTIES

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

14. TAX RECEIVABLES

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

	30 June 2021	31 December 2020
VAT credits	379	493
Other tax credits	3,779	533
Total	**4,158**	**1,026**

Other tax credits mainly refer to IRES (Corporate Income Tax) and IRAP (Regional Business Tax) advances paid by companies located in Italy.

15. OTHER CURRENT ASSETS

	30 June 2021	31 December 2020
Security deposits	198	59
Advances to suppliers	5,333	2,554
Other receivables	2,857	2,036
Total	**8,388**	**4,649**

'Advances to suppliers' is mainly composed of advances for the purchase of workwear from Asian suppliers.
'Other Receivables' mainly refer to receivables due from the Tunisian National Social Security Fund. The increase in the period is primarily due to advances paid to employees of the Tunisian subsidiary.

16. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

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

	30 June 2021	31 December 2020
Bank deposits	24,990	37,981
Cash	7	8
Total	**24,997**	**37,989**

	30 June 2021	% Incidence	31 December 2020	% Incidence
EUR	24,571	98.3%	37,778	99.4%
TND	269	1.1%	35	0.1%
GBP	151	0.6%	175	0.5%
USD	6	0.0%	1	0.0%
Total cash and cash equivalents	**24,997**		**37,989**	

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

The decrease on the closing as at 31/12/2020 is the result of the payment for the logistics building purchased by U-Logistics, as described in note 7, in addition to repayments of payables during the first half and the payment of dividends to the parent company.
Please refer to the statement of cash flows for details of the movements that occurred.

17. SHAREHOLDERS' EQUITY

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

Shareholders' equity as at 30 June 2021 and 31 December 2020 is broken down below:

(Amounts in Euro thousands)

			Change	
	30.06.2021	**31.12.2020**	**2021 vs 2020**	**2021 vs 2020 %**
Share capital	10,000	10,000	0	0.0%
Other reserves	4,375	4,188	187	4.5%
Capital contributions reserves	8,600	8,600	0	0.0%
Retained earnings	45,299	22,359	22,940	102.6%
Profit for the period	18,253	33,007	(14,754)	-44.7%
Group Shareholders' Equity	86,527	78,154	8,373	10.7%
Minority interest	-	-	-	-
Total Equity	**86,527**	**78,154**	**8,373**	**10.7%**

Group equity as at 30 June 2021 amounted to Euro 86,527 thousand (Euro 78,154 thousand as at 31 December 2020), marking an increase of Euro 8,373 thousand, attributable to the combined effect of (i) the profit for the first half of 2021 amounting to Euro 18,253 thousand, (ii) the distribution of dividends of Euro 10,000 thousand and (iii) the change in cash flow hedge reserves for Euro 79 thousand relating to the hedging derivative contracts signed by the Group.

The item Other reserves as at 30 June 2021 and 31 December 2020, with the related changes during the period, is broken down below:

(Amounts in Euro thousands)

			Change	
	30.06.2021	**31.12.2020**	**2021 vs 2020**	**2021 vs 2020 %**
Legal reserve	2,000	1,933	67	3.5%
Premium reserve	3,517	3,517	-	0.0%
Retained earnings and actuarial losses	(59)	(100)	41	-41.2%
FTA reserve	(951)	(951)	(0)	0.0%
Hedging reserve	(132)	(211)	79	-37%
Total other reserves	**4,375**	**4,188**	**187**	**+4.5%**

The item other reserves recorded a balance of Euro 4,375 thousand and Euro 4,188 thousand, respectively, for the periods ended as at 30 June 2021 and 31 December 2020.

For the purposes of managing the Group's capital, it has been defined that this includes the issued share capital, the share premium reserve and all other capital reserves attributable to the shareholders of the parent company. The primary objective of capital management is to maximise shareholder value. The Group manages the capital structure and makes adjustments based on the economic conditions and the requirements of financial covenants. In order to maintain or adjust the capital structure, the Group could intervene on the dividends paid. The Group controls equity using a gearing ratio, consisting of the ratio of net financial indebtedness to shareholders' equity. The Group's policy is to keep this ratio below 0.7.

Capital management	**30.06.2021**	**31.12.2020**
Non-current financial liabilities	24,700	35,779
Current financial liabilities	14,585	21,203
(Cash and cash equivalents and short-term deposits)	(24,997)	(37,989)
Net financial indebtedness (A)	**14,288**	**18,993**
Shareholders' equity (B)	**86,527**	**78,154**
Gearing ratio (A/B)	**0.17**	**0.24**

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

There were no violations in the covenants linked to interest-bearing financing and loans.
During the periods ended 30 June 2021 and 31 December 2020, no changes were made to the objectives, policies and procedures for the capital management.

18. EMPLOYEE SEVERANCE INDEMNITY AND OTHER PROVISIONS RELATING TO PERSONNEL

The provisions refer to severance indemnity for the Italian companies of the Group, and the changes during the period were as follows:

As at 1 January 2020	923
Provisions	160
Utilisations	(89)
Interest	7
Actuarial gains and losses	13
As at 31 December 2020	1,014
Provisions	72
Utilisations	(50)
Interest	1
Actuarial gains and losses	(54)
As at 30 June 2021	983

The measurement of Employee severance indemnity for IAS purposes follows the method of projection of the present value of the defined benefit obligation with the estimate of the benefits accrued by personnel.
Following the amendments introduced by Law no. 296 of 27 December 2006 ("2007 Finance Bill") and subsequent decrees and implementing regulations, amounts of employee severance indemnity accrued up to 31 December 2006 will continue to remain with the company as they represent a defined benefit plan (obligation for benefits accrued subject to actuarial evaluation), while amounts accruing from 1 January 2007, due to the decisions made by the employees during the year, will be allocated to forms of complementary pension or transferred from the company to the treasury provision managed by INPS (Italian National Social Security Institution), as they represent, from the moment the decision is formalised by the employee, defined contribution plans (no longer subject to actuarial evaluation).

19. PROVISION FOR RISKS AND CHARGES

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

	30 June 2021	31 December 2020
Provision for pension and similar obligations	2,766	2,274
Other provisions for risks	2,389	2,778
Total non-current provisions for risks and charges	**5,155**	**5,052**

The employees severance benefit and similar obligations mainly refers to the compensation for the termination of agent contracts of the subsidiary U-Group for Euro 2,223 thousand, and the pension and indemnity provision for employees of the French branch amounting to about Euro 475 thousand.

Other provisions largely refer to risks on employee contributions of the Tunisian branch for around Euro 2.3 million. Note that the provisions for the pending lawsuit of the French company Jallatte was reversed, as the proceedings were concluded in favour of the company.

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

	Provision for pension and similar obligations	Other provisions for risks	Total
As at 1 January 2020	**1,718**	**2,919**	**4,637**
Utilisation 2020	(65)	-	(65)
Provision 2020	621	-	621
Exchange rate effect	-	(141)	(141)
As at 1 January 2021	**2,274**	**2,778**	**5,052**
Utilisation 2021	-	-	-
Allocation in the period 2021	492	(400)	92
Exchange rate effect	-	11	11
As at 30 June 2021	**2,766**	**2,389**	**5,155**

20. FINANCIAL LIABILITIES

Financial liabilities are detailed below:

	30 June 2021	31 December 2020
Bank bonds	7,387	3,627
Payables due to banks	6,441	16,432
Payables for rights of use	757	1,144
Total current financial liabilities	**14,585**	**21,203**
Bank bonds	17,425	21,125
Payables due to banks	4,840	9,237
Payables for rights of use	2,237	5,105
Derivative financial instruments	198	312
Total non-current financial liabilities	**24,700**	**35,779**
Total financial liabilities	*39,285*	*56,982*

	Payables due to banks and bonds	Payables for rights of use	Derivative financial instruments
As at 1 January 2021	50,421	6,249	312
Cash flows	(14,328)	(3,535)	
Change in fair value	-	-	(114)
New contracts for rights of use		280	
As at 30 June 2021	36,093	2,994	198
of which current	13,828	757	-
of which non-current	22,265	2,237	198

20.1. PAYABLES DUE TO BANKS AND BONDS

Bank payables are broken down by nature below:

Company	Institute	Description	Currency	Start date	Expiry date	Initial loan in Euro	Balance to be repaid in Euro	Interest rate	Instalment maturity
U-POWER GROUP S.P.A.	Banca Sella	Unsecured Loan	Euro	20/11/2019	20/11/2021	1,500	314	0.5% - fixed/ variable	Monthly
U-POWER GROUP S.P.A.	IBM	Unsecured Loan	Euro	01/03/2020	28/02/2022	52	15	n.a.	Quarterly
U-Group S.r.l	Banco Desio	Unsecured Loan	Euro	25/07/2019	10/08/2023	1,000	671	0.95% - fixed	Monthly
U-Group S.r.l	Banco BPM	Unsecured Loan	Euro	22/10/2019	30/12/2022	1,000	503	0.9% - fixed	Quarterly
U-Group S.r.l.	Bnl	Mini mortgage production cycle	Euro	16/05/2019	17/05/2021	3,000	833	0.85% - fixed	Monthly
U-Group S.r.l.	Banca Sella	Unsecured Loan	Euro	17/04/2020	17/09/2021	250	63	0.35% - fixed	Monthly
U-Group S.r.l.	Intesa San Paolo	Unsecured Loan	Euro	05/06/2020	05/12/2021	3,500	1,753	0.75% - fixed	Monthly
U-Group S.r.l.	BNL Mediocredito	Medium/long-term Loan	Euro	12/09/2020	09/09/2026	5,000	5,000	Euribor 3M + 90 bps – variable - hedging derivative	Quarterly
U-Group S.r.l.	Banco BPM	Unsecured Loan	Euro	22/04/2020	30/06/2022	2,000	1,602	1.05% - fixed	Quarterly
Medium/long-term bank loan							**10,754**		
U-Group S.r.l.	Banco Desio	Advances subject to collection	Euro	27/09/2018	By revocation	1,200	-	n.a.	n.a..
U-Group S.r.l.	Credem	Advances subject to collection	Euro	24/10/2019	By revocation	2,500	500	n.a.	n.a..
Other	Other	Advance Lines	Euro				27	n.a.	n.a..
Current bank loan							**527**		
Bank Loan							**11,281**		

The balance of payables due to banks and bonds as at 30 June 2021 totalled Euro 36,093 thousand, a reduction of Euro 14,327 thousand compared to the close as at 31 December 2020, also due to the early repayment of mortgages, and represents the actual payable in principal, interest and additional charges accrued and due to banks.
It should be noted that the debt securities are guaranteed by a pledge contract on financial assets (securities and amounts deposited on current accounts) owned by the Company for a total value of at least Euro 5,000 thousand. More specifically:

- Pledge on securities recorded as financial assets for Euro 1,343 thousand.
- Pledge on amounts deposited in a current account with Unicredit Spa with a balance as at 30 June 2021 of Euro 3,951 thousand.

The debt security was recorded under "Bonds - expiring within and after 12 months".
The book value was determined on the basis of the amortised cost criterion.
It should also be noted that the aforementioned contracts are subject to economic/financial parameters; a check is performed annually following approval of the financial statements to ensure the financial covenants are met, and it is confirmed that no violation of these covenants occurred.
It should be noted that there are unused credit lines for approximately Euro 28 million.

20.2 PAYABLES FOR RIGHTS OF USE

The item refers to payables relating to rights of use and leasing recognised in the financial statements, as required by IFRS16.

20.3 DERIVATIVE FINANCIAL INSTRUMENTS

In order to hedge the loans in place, the company stipulated hedging derivatives in the form of Interest Rate Swaps. These transactions are cash flow hedges of the loans in place, falling within the scope of hedge accounting.
For more details relating to derivative financial instruments, please refer to note 5.

21. TRADE PAYABLES

Payables due to suppliers are recorded net of trade discounts; cash discounts are instead recognised at the moment of payment. The nominal value of these payables has been adjusted, at the time of returns or rebates, to the extent corresponding to the amount defined with the counterparty.
This item is composed entirely of payables expiring within the next financial year.

The table below shows the breakdown by geographical area:

	30 June 2021	31 December 2020
Italian Suppliers	28,512	30,552
EU Suppliers	5,368	3,415
Non-EU Suppliers	8,239	7,848
Total	**42,119**	**41,815**

The breakdown of the Group's trade payables as at 30 June 2021 and 31 December 2020 by maturity is shown below:

	30 June 2021	inc %	31 December 2020	inc %
Falling due	39,352	93.4%	38,581	92.3%
Past due from 0 to 3 months	1,845	4.4%	1,570	3.8%
Past due from 3 to 9 months	9	0.0%	60	0.1%
Past due from 9 to 12 months	1	0.0%	562	1.3%
Past due after 12 months	912	2.17%	1,042	2.5%
Total trade payables	**42,119**		**41,815**	

22. TAX PAYABLES

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

	30 June 2021	31 December 2020
VAT	1,204	312
Taxes and duties	6,559	5,931
Tax withholdings	1,687	2,660
Total	**9,450**	**8,903**

The increase in the item Taxes and duties is mostly related to the recognition of tax payables for the period and the adjustment of the provision for tax disputes of the Tunisian subsidiaries, treated in compliance with the provisions of IFRIC23.

23. OTHER CURRENT LIABILITIES

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

	30 June 2021	31 December 2020
Payables due to social security and welfare institutions	1,813	2,087
Payables due to employees	4,254	2,537
Other payables	205	95
Total	**6,272**	**4,719**

24. REVENUES FROM CONTRACTS WITH CUSTOMERS

The item refers to the typical revenues of the Group, recognised at point in time, referring entirely to the sale of Safety Footwear and Workwear and is detailed as follows:

	1st half of 2021	% Incidence	1st half of 2020	% Incidence	2021 vs 2020	2021 vs 2020 %
Safety footwear	*101,336*	*90.4%*	*73,129*	*94.7%*	*28,207*	*38.6%*
of which U-Power trademark	74,977	66.9%	50,631	65.6%	24,346	48.1%
of which Jallatte trademark	12,557	11.2%	11,186	14.5%	1,371	12.3%
of which Aimont trademark	5,109	4.6%	4,011	5.2%	1,098	27.4%
of which *private label*	7,601	6.8%	6,473	8.4%	1,128	17.4%
of which other sales/other trademarks	1,092	1.0%	828	1.1%	264	31.9%
Safety workwear	*10,765*	*9.6%*	*4,069*	*5.3%*	*6,696*	*164.6%*
of which U-Power trademark	10,765	9.6%	4,069	5.3%	6,696	164.6%
Total revenues from contracts with customers	**112,101**	**100.0%**	**77,198**	**100.0%**	**34,903**	**45.2%**
Total U-Power trademark	85,742	76.5%	54,700	70.86%	31,042	56.8%
Total Jallatte trademark	12,557	11.2%	11,186	14.49%	1,371	12.3%
Total Aimont trademark	5,109	4.6%	4,011	5.20%	1,098	27.4%
Total private label	7,601	6.8%	6,473	8.38%	1,128	17.4%
Total other sales/other trademarks	1,092	1.0%	828	1.07%	264	31.9%
Total revenues from contracts with customers	**112,101**	**100.0%**	**77,198**	**100.0%**	**34,903**	**45.2%**

Safety Footwear revenues in the first half increased from Euro 73,129 thousand as at 30 June 2020 to Euro 101,337 thousand as at 30 June 2021, marking an increase of Euro 28,207 thousand (+38.6%). Note that the first half of 2020 was harshly impacted by the lockdowns due to the Covid-19 pandemic, despite which we believe that the improvements are also due to the rise in sales of products with cutting-edge technologies adopted by the Group, such as the Infinergy insert with very high energy return used for example in the Red Lion line. More specifically:

- Revenues from the U-Power trademark, for the Safety Footwear product category, amounted to Euro 74,977 thousand for the period ended 30 June 2021, compared to Euro 50,631 thousand in the period closed 30 June 2020, marking an increase of Euro 24,346 thousand (+48.1%), primarily due to the continuous and constant shifting of sales to medium to high-end models and collections, with contemporary design and equipped with highly innovative and high-performing technical systems;
- Revenues of the Jallatte brand, for the Safety Footwear product category, amounted to Euro 12,557 thousand for the period ended as at 30 June 2021, compared to Euro 11,186 thousand for the period ended as at 30 June 2020, showing an increase of Euro 1,371 thousand (+12.3%);
- Revenues of the Aimont brand, for the Safety Footwear product category, amounted to Euro 5,109 thousand for the period ended 30 June 2021, compared to Euro 4,011 thousand for the period ended 30 June 2020, showing an improvement of Euro 1,098 thousand (+27.4%) on the previous period;
- Private label revenues, for the Safety Footwear product category, amounted to Euro 7,601 thousand for the period ended as at 30 June 2021, compared to Euro 6,473 thousand for the period ended as at 30 June 2020, showing an increase of Euro 1,128 thousand (+17.4%);
- Revenues from other sales and other trademarks, for the Safety Footwear product category, mainly include reve-

nues related to minor trademarks, including Auda and Lupos and amounted to Euro 1,092 thousand for the period ended 30 June 2021, compared to Euro 828 thousand for the period ended 30 June 2020, marking an increase of Euro 264 thousand.

Revenues of the U-Power trademark, for the Technical Clothing product category, amounted to Euro 10,765 thousand for the period ended 30 June 2021, compared to Euro 4,069 thousand for the period ended 30 June 2020, showing an increase of Euro 6,696 thousand (+164.6%), confirming, and actually improving the growth trend recorded in the previous year, mainly due to the combined effect of the introduction of new items with an attractive design and the strengthening of the trademark as described above.

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

	1st half of 2021	% Incidence	1st half of 2020	% Incidence	2021 vs 2020	2021 vs 2020 %
Italy	59,172	52.8%	36,025	46.7%	23,147	64.3%
France	35,333	31.5%	26,928	34.9%	8,405	31.2%
Germany	5,848	5.2%	4,939	6.4%	909	18.4%
Spain	6,536	5.8%	3,812	4.9%	2,724	71.4%
United Kingdom	1,678	1.5%	1,875	2.4%	(197)	-10.5%
Rest of the world	3,534	3.2%	3,619	4.7%	(85)	-2.3%
Total revenues from contracts with customers	**112,101**	**100.0%**	**77,198**	**100.0%**	**34,903**	**45.2%**

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

- Italy continued to be the Group's main market, recording revenues of Euro 59,172 thousand in the period ended 30 June 2021 (52.8% of the total) compared to Euro 36,025 thousand in the period ended 30 June 2020 (46.7% of the total), marking an increase of Euro 23,147 thousand (+64.3%), due to the certain effect of the post-Covid recovery, but also to rising sales of the U-Power brand that, as described above, is the result of the consolidation of the sale of medium-high-end models and collections and the strategic strengthening of the trademark through advertising investments and sponsorships;
- France steadily represents the Group's second-largest market, recording revenues of Euro 35,333 thousand in the period ended 30 June 2021 (31.5% of the total) compared to Euro 26,928 thousand obtained in the period ended 30 June 2020, an increase of Euro 8,405 thousand (+31.2%);
- Germany represents the Group's fourth-largest market, recording revenues of Euro 5,848 thousand in the period ended 30 June 2021 (5.2% of the total), compared to Euro 4,939 thousand in the period ended 30 June 2020, marking an increase of Euro 909 thousand (+18.4%), also due to the effect of the lockdowns in the first half of 2020. Nonetheless, targeted initiatives are planned like those implemented in Italy and Spain, in order to improve the trend from the second half of the current year;
- Spain has greatly improved and is now the Group's third-largest market, recording revenues of Euro 6,536 thousand in the period ended 30 June 2021 (5.8% of the total) compared to Euro 3,812 thousand in the period ended 30 June 2020 (4.9% of the total), marking an increase of Euro 2,724 thousand (+71.4%), proof that the Group's strategy is producing excellent results and that, for Italy, the strengthening of sales of the U-Power brand through medium-high-end models and collections and through advertising investments, is enabling the Group to record highly significant increases.

25. OTHER REVENUES AND INCOME

Other income came to Euro 1,410 thousand, and is broken down as follows:

	1st half of 2021	1st half of 2020
Transport reimbursements	201	144
Other revenues	1,209	227
Total	**1,410**	**371**

Other revenues and income amounted to Euro 1,410 thousand for the period ended 30 June 2021, compared to Euro 371 thousand in the period ended 30 June 2020. The item other revenues mainly includes the reversal provisions for risks of the subsidiary Jallatte, as described in Note 19, of Euro 400 thousand, an indemnity of Euro 350 thousand received for the transfer of the customer portfolio to a new sales agent, capital gains from disposals, lease income and contingent assets due to the cancellation of liabilities relating to previous years.

26. PURCHASES OF RAW MATERIALS AND CHANGE IN INVENTORIES

The item ‘ Raw materials, consumables and supplies’ is detailed as follows:

	1st half of 2021	1st half of 2020
Purchase of raw materials	28,604	19,133
Purchase of finished products	6,128	4,220
Other purchases	2,172	1,338
Change in inventory of raw materials	(1,984)	682
Change in inventory of finished products	3,626	2,674
Total	**38,546**	**28,047**

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

The table below shows purchases and changes in inventories broken down by reference currency, for the periods ended 30 June 2021 and 30 June 2020.

	1st half of 2021	% of the total	1st half of 2020	% of the total
EUR	31,597	82.0%	23,294	83.1%
TND	1,021	2.6%	802	2.9%
USD	5,089	13.2%	3,951	14.1%
CNY	776	2.0%	0	0.0%
GBP	63	0.2%	0	0.0%
Total purchases of raw materials and change in inventories	**38,546**	**100.00%**	**28,047**	**100.00%**

Since the incidence of purchase costs, expressed in currencies other than the Euro, on the total purchase costs is less than 20%, the costs of the Group were not significantly affected by the exchange rate trend.

27. PERSONNEL COSTS

The item ‘Personnel costs’ is detailed as follows

	1st half of 2021	1st half of 2020
Wages and salaries	14,287	11,601
Social security costs	2,775	2,288
Employee severance indemnity	72	66
Total	**17,134**	**13,955**

The following table shows the amounts of personnel costs broken down by reference currency, compared to the total amount of these costs for the periods ended 30 June 2021 and 30 June 2020.

	1st half of 2021	% on total personnel costs	1st half of 2020	% on total personnel costs
EUR	6,350	37.1%	5,194	37.2%
TND	10,602	61.9%	8,642	61.9%
GBP	182	1.1%	119	0.9%
Total personnel expenses	**17,134**	**100.0%**	**13,955**	**100.0%**

Personnel costs are mainly related to the costs of the production affiliates in Tunisia.
New staff were hired in Tunisia and in the European companies during the period, which led to an increase in the associated costs, together with contractual increases for the employees of the Tunisian plants.

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

	30.06.2021	31.12.2020
Executives	18	15
White-collar employees and Middle Managers	157	128
Blue-collar workers	4,364	4,208
Total	**4,539**	**4,351**

28. COSTS FOR SERVICES

Cost of services is detailed as follows:

	1st half of 2021	1st half of 2020
Marketing	7,315	5,805
Agent commissions	5,968	3,642
Transport	5,259	3,207
Other expenses	1,680	961
Logistics	1,743	1,270
Utilities	1,162	1,093
Advisory services	1,796	844
Technical advisory services	807	774
Bank charges	271	260
Travel and transfer expenses	220	137
Maintenance	320	275
Insurance	241	229
Total	**26,782**	**18,497**

Cost of services increased by roughly Euro 8,285 thousand compared to the same period of the previous year.
The most significant increases were recognised in agent commissions, logistics and transport and are directly related to increased sales to customers.
Agent commissions increased due to both the increase in sales and the changed bonus policy, which, in 2021 were granted also based on six-month targets.
The trend in sales, and the improvement in the service offered to customers, also with shipments split into more batches, also influenced the trend in logistics and transport costs.

The item marketing also increased, but is still less than the budget. It is believed that the advertising budget envisaged for the year will be fully supported in 2021 (if marketing costs were distributed constantly throughout the year, there would be additional costs of around Euro 0.5 million in the first half).

29. OTHER COSTS AND EXPENSES

Other operating expenses are detailed below:

	1st half of 2021	1st half of 2020
Other expenses	406	171
Indirect taxes and duties	321	434
Losses on receivables	13	-
Cost for use of third-party assets	335	59
Total	**1,075**	**664**

The item other expenses is mainly composed of contingent liabilities and costs for gifts and samples.

30. DEPRECIATION AND AMORTISATION

The table below shows the details of the Group's depreciation, amortisation and write-downs in the periods ended 30 June 2021 and 30 June 2020.

	1st half of 2021	1st half of 2020
Depreciation of property, plant and equipment	2,030	1,950
Amortisation of intangible assets	520	513
Depreciation of right-of-use	526	587
Total depreciation and amortisation	**3,076**	**3,050**

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

31. WRITE-DOWNS

	1st half of 2021	1st half of 2020
Write-down on receivables	69	128
Total write-downs	**69**	**128**

32. FINANCIAL INCOME

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

33. FINANCIAL EXPENSES

Financial expenses are detailed below:

	1st half of 2021	1st half of 2020
Interest and other financial expenses from other companies: interest expense	319	589
Interest on leasing	106	127
Total	**425**	**716**

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

34. OTHER FINANCIAL INCOME AND EXPENSE

Other financial income and expenses are detailed below:

	1st half of 2021	1st half of 2020
Net gains/losses on exchange	91	(103)
Revaluation of financial assets	(40)	(1)
Write-down of financial assets	-	95
Total	**51**	**(9)**

The exchange differences relate to both actual gains/losses realised during the half-year and gains/losses recorded at the exchange rate in force at the date of close of the financial statements still not realised.
Assets and liabilities in currency mainly concern the Tunisian affiliates, plus the transactions in GBP relating to the UK market and transactions in USD and CNY relating to the importing from Asian markets of basic safety footwear and workwear.
The item also includes write-downs and revaluations of financial assets relating to derivative instruments not recognised under hedge accounting.

35. INCOME TAX

	1st half of 2021	1st half of 2020
Current taxes	6,601	3,652
Deferred tax liabilities and deferred tax assets	1,510	396
Total	**8,111**	**4,048**

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

The table below shows the reconciliation of the effective tax burden of the Group in the periods ended 30 June 2021 and 30 June 2020.

	1st half of 2021		1st half of 2020	
Profit before taxes	**26,364**		**12,568**	
Theoretical tax burden	6,090	23.10%	3,520	28.01%
Losses of French subsidiaries (net DTAs)	(210)	-0.80%	(519)	-4.13%
Dividends and non-distributable profits	323	1.23%	372	2.96%
Trademark revaluation	489	1.85%		-
Tax risks	461	1.75%	65	0.52%
Other permanent differences	189	0.72%	120	0.95%
IRAP	769	2.92%	490	3.90%
Actual tax burden	**8,111**	**30.77%**	**4,048**	**32.21%**

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

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

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

CREDIT RISK

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

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

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

LIQUIDITY RISK

Liquidity risk is defined as the risk that an entity may have difficulty in meeting the obligations associated with financial and commercial liabilities within the pre-set terms and due dates. The prudent management of the liquidity risk originating from the usual operating activities of the Group that allows an adequate level of cash and cash equivalents to be maintained enables it to assess the liquidity risk as low.

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

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

INTEREST RATE RISK

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

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

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

A sensitivity analysis is presented below, which shows the effects on the consolidated net result deriving from an increase/decrease in interest rates of 50 basis points compared to the specific interest rates as at 30 June 2021 and 31 December 2020 and of a constant situation of other variables, excluding the effects of hedging derivatives:

	30.06.2021		31.12.2020	
Change	**-0.50%**	**0.50%**	**-0.50%**	**0.50%**
Euro (Euribor)	*0*	*152*	*0*	*181*
Total	**0**	**152**	**0**	**181**

The sensitivity analysis as at 30 June 2021 and 31 December 2020 for the financial indebtedness of U-POWER GROUP S.P.A. is shown below, which illustrates the potential effects deriving from changes in the interest rate on an annual basis, including the effects of hedging derivatives:

	30.06.2021		31.12.2020	
Change	**-0.50%**	**0.50%**	**-0.50%**	**0.50%**
Euro (Euribor)	*0*	*3*	*0*	*33*
Total	**0**	**3**	**0**	**33**

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

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

EXCHANGE RATE RISK

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

The following table shows the amounts and percentage incidences of revenues in foreign currency, broken down by reference currency, compared to the total amount of revenues for the years ended 30 June 2021 and 30 June 2020.

	1st half of 2021	% inc.	1st half of 2020	% inc.
EUR	112,119	98.8%	76,027	98.0%
GBP	1,384	1.2%	1,541	2.0%
USD	8	0.0%	1	0.0%
Total revenues and income	**113,511**	**100%**	**77,569**	**100%**

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

The following table shows the amounts of the total purchases of raw materials and changes in inventories broken down by reference currency, compared to the amount of revenues from contracts with customers for the periods ended 30 June 2021 and 30 June 2020.

	1st half of 2021	% of revenues from contracts with customers	1st half of 2020	% of revenues from contracts with customers
EUR	31,597	28.2%	23,294	30.2%
TND	1,021	0.9%	802	1.0%
USD	5,089	4.5%	3,951	5.1%
CNY	776	0.7%		
GBP	63	0.1%	0	0.0%
Total purchases of raw materials and change in inventories	**38,546**	**34.4%**	**28,047**	**36.3%**

Since the incidence of purchase costs, expressed in currencies other than the Euro, on the total purchase costs is insignificant, the costs of the Group were not significantly affected by the exchange rate trend.
The following table shows the amounts of personnel costs broken down by reference currency, compared to the total amount of these costs for the periods ended 30 June 2021 and 30 June 2020.

	1st half of 2021	% of revenues from contracts with customers	1st half of 2020	% of revenues from contracts with customers
EUR	6,350	5.7%	5,194	6.7%
TND	10,602	9.5%	8,642	11.2%
GBP	182	0.2%	119	0.2%
Total personnel expenses	**17,134**	**15.3%**	**13,955**	**18.1%**

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

In detail, the main exchange rates that affect the Group concern:
- Euro / British Pound Sterling: in relation to commercial transactions carried out by companies operating in the Eurozone on the British market and vice versa;
- Euro / Tunisian Dinar: in relation to commercial transactions carried out by companies operating in the Eurozone on the Tunisian market and vice versa;
- Euro / US Dollar: in relation to commercial transactions carried out by companies operating in the Eurozone on the Asian market and vice versa.

The following table shows, with reference to the main monetary assets and liabilities, the amounts, as at 30 June 2021 and 31 December 2020, of the exposures in currencies other than the reporting currency of each of the Group companies, with their impact on the total of the respective items:

(amounts in thousands of Euro)

	As at 30 June 2021										
	EUR	% incidence on the total	TND	% incidence on the total	USD	% incidence on the total	GBP	% incidence on the total	CNY	% incidence on the total	Total
Trade receivables	58,070	99.0%	0	0.0%	0	0.00%	586	1.0%	0	0.00%	58,656
Trade payables	37,014	87.9%	2,337	5.5%	2,063	4.9%	52	0.1%	653	1.5%	42,118

(amounts in thousands of Euro)

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

A sensitivity analysis is presented below, which shows the effects on the net result, and consequently also on the consolidated shareholders' equity, deriving from an increase/decrease in the exchange rates of foreign currencies compared to the effective exchange rates as at 30 June 2021 and 31 December 2020.
As part of the sensitivity analyses illustrated below, the effect was determined without taking into account the tax effect.

(amounts in thousands of Euro)

	As at 30 June 2021					
	-5.00%	5.00%	-10.00%	10.00%	-15.00%	15.00%
TND	648	(586)	1,368	(1,119)	2,172	(1,605)
USD	(14)	12	(29)	24	(47)	34
GBP	(33)	30	(70)	57	(111)	82
CNY	(24)	23	(52)	43	(83)	62
Total	**577**	**(521)**	**1,217**	**(995)**	**1,931**	**(1,427)**

(amounts in thousands of Euro)

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

Investment commitments

There are no investment commitments.

Guarantees

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

Contingent liabilities

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

37. DISCLOSURE ON RELATED PARTIES

Note 1 reports information relating to the Group structure, including details on the subsidiaries and the parent company. All transactions are regulated at arm's length, taking into account the characteristics of the goods and services provided. The following table provides the total amount of the transactions with related parties during the period:

(amounts in thousands of Euro)

	Receivables	Payables	Revenues	Costs
Fin Reporter S.r.l. (parent company)	9	7,593	-	85
PFU S.r.l. (related company)	6	-	2	
Total	**15**	**7,593**	**2**	**85**

Payables due to the parent company Fin Reporter mainly refer to the tax consolidation.

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

38. SEGMENT REPORTING

IFRS8 - Operating segments requires operating segments to be identified on the basis of the internal reporting system that the company's top management uses to allocate resources and assess performance. The products distributed by the Company do not present, with regard to their economic and financial characteristics, elements that are significantly different from each other in terms of the nature of the product, the nature of the production process, distribution channels, geographical distribution or type of customer. Therefore, the subdivision required by the accounting standard is, in light of the requirements of paragraph 12 of the standard, not necessary because it is considered to be of limited disclosure for the reader of the financial statements.

39. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

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

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

* * * * *

Paruzzaro, 10 September 2021

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

U-Power Group S.p.A.

Review report on the interim condensed consolidated financial statements at 30 June 2021

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Building a better working world

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

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

Introduction

We have reviewed the interim condensed consolidated financial statements, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows and the related explanatory notes of U-Power Group S.p.A. and its subsidiaries (the "U-Power Group") at 30 June 2021. The Directors of U-Power Group S.p.A. are responsible for the preparation of the interim condensed consolidated financial statements in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements of U-Power Group at 30 June 2021 are not prepared, in all material respects, in conformity with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Other matters

The interim condensed consolidated financial statements of U-Power Group for the six-months period ended 30 June 2020 have not been audited or reviewed.

Milan, 13 September 2021

EY S.p.A.
Signed by: Gabriele Grignaffini, Auditor

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

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Creative concept,
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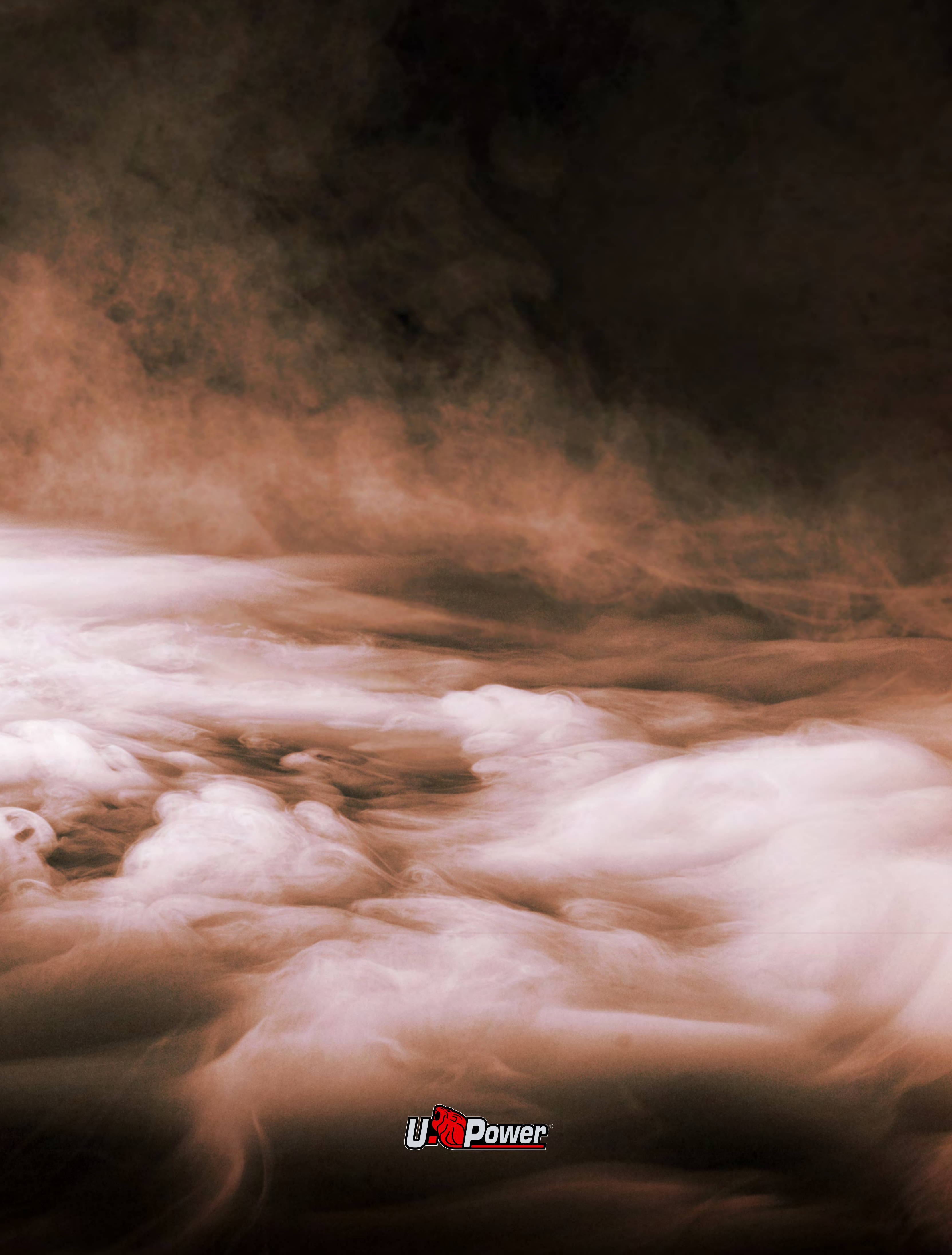
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