U-Power

2022

INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE

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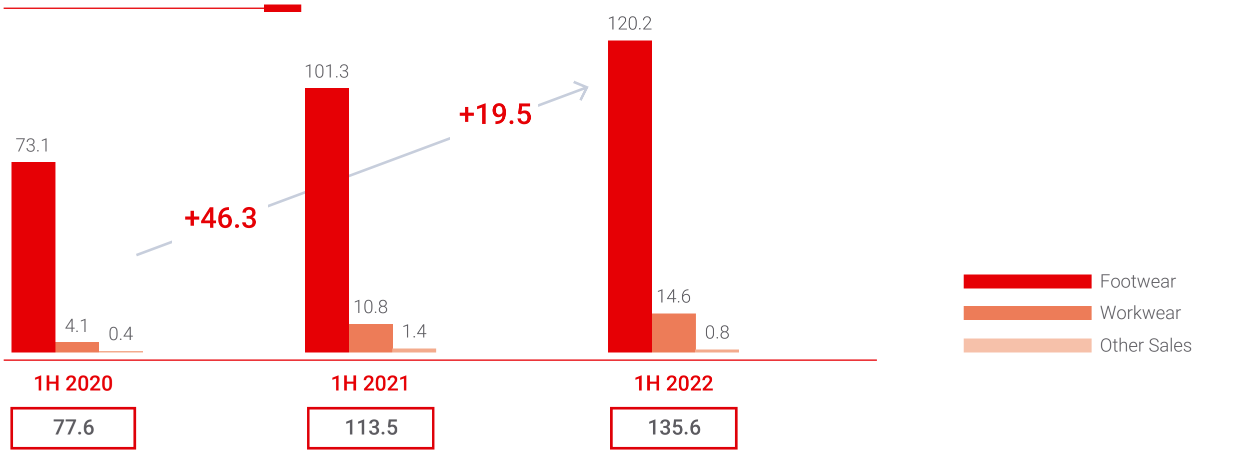
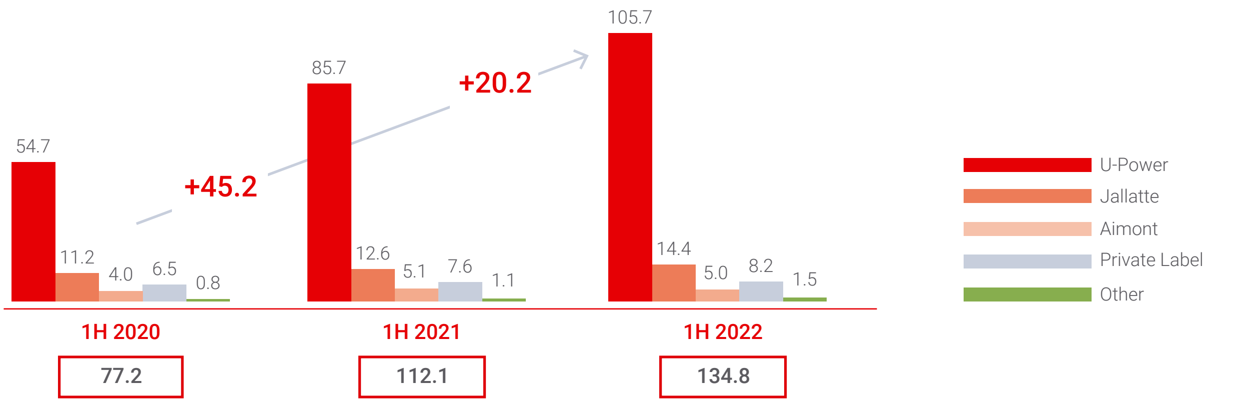
AS AT 30 JUNE 2022

HIGHLIGHTS

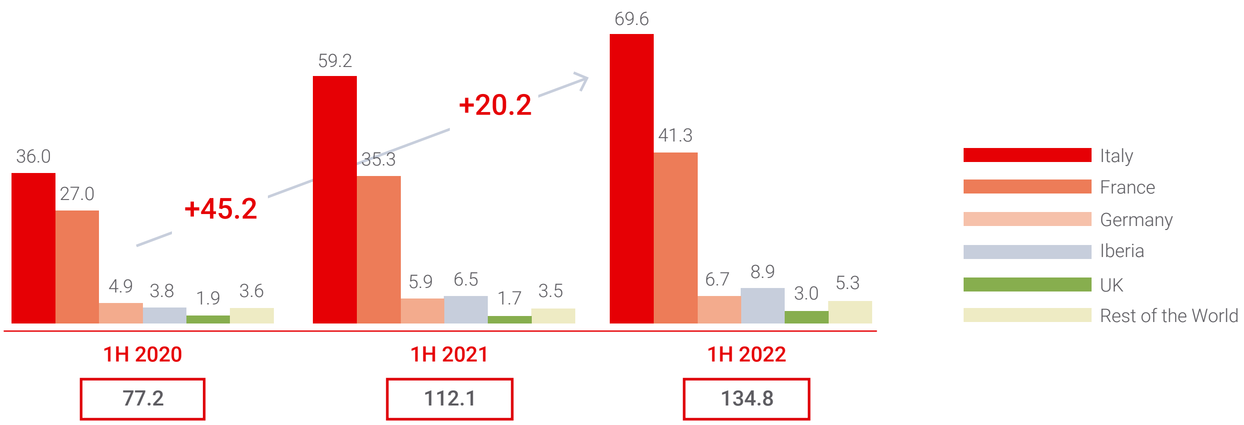
TOTAL REVENUES (€ million)

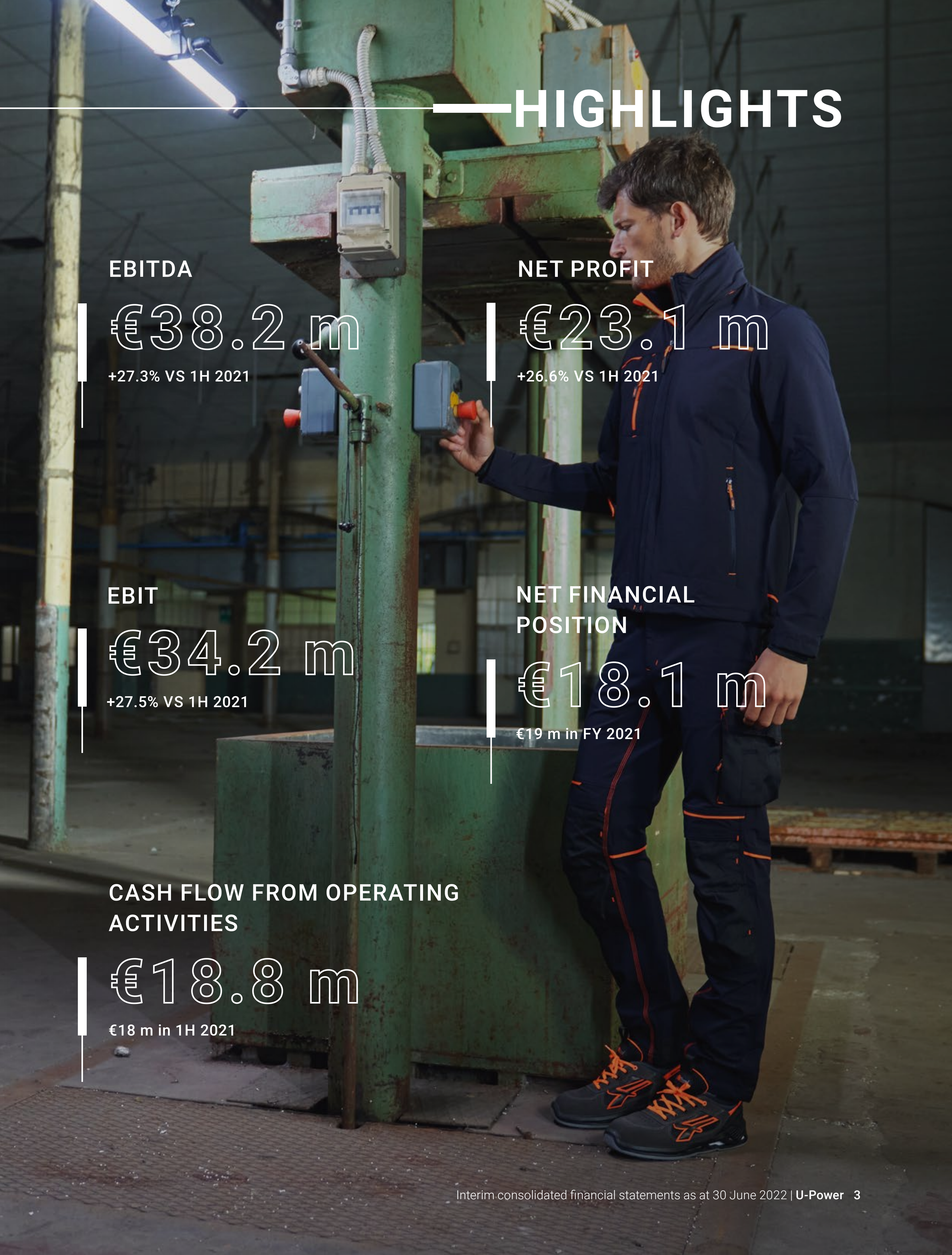


CUSTOMER CONTRACT REVENUES - BY BRAND (€ million)



CUSTOMER CONTRACT REVENUES - BY GEOGRAPHICAL AREA (€ million)





HIGHLIGHTS

EBITDA

€38.2 m

+27.3% VS 1H 2021

NET PROFIT

€23.1 m

+26.6% VS 1H 2021

EBIT

€34.2 m

+27.5% VS 1H 2021

NET FINANCIAL POSITION

€18.1 m

€19 m in FY 2021

CASH FLOW FROM OPERATING ACTIVITIES

€18.8 m

€18 m in 1H 2021

LETTER TO STAKEHOLDERS

FRANCO UZZENI
CHAIRMAN

Dear Shareholder,

The first half of 2022 showed the first signs of recovery at the macroeconomic level, albeit against a backdrop characterised by the outbreak of war in Ukraine, rising prices of raw materials and energy sources and the resulting constraints on economic activities, not to mention the continuing concerns about the development of the health emergency.

> The first half of 2022 the U-Power Group grew further on all economic and financial indicators.

Against this backdrop, the U-Power Group grew further on all economic and balance sheet indicators. Turnover increased by +20% to about EUR 135 million, our operating margin was about EUR 38 million with a margin of 28.3% (26.7% in H1 2021), and net profit was over EUR 23 million, up by more than 26% compared to the same period in 2021. Operating cash generation amounted to EUR 18.8 million, further reducing our financial exposure to EUR 7.5 million (EUR 18 million at the end of 2021).

We present the condensed interim consolidated financial statements for the year ended 30/06/2022 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 statement of cash flows and the notes to the consolidated financial statements.

The condensed interim consolidated financial statements for the period to 30 June 2022 have been prepared under IAS 34 Interim Financial Reporting and do not present all of the disclosures required in the preparation of the annual consolidated financial statements; therefore, these condensed interim consolidated financial statements must be read together with the consolidated financial statements as at 31 December 2021.

In the Notes to the Financial Statements, news concerning the preparation of the aforementioned financial statements is provided; in this document, news concerning the U-Power Group's income, equity, financial and operational situation is provided. This report is drawn up with values expressed in thousands of Euros.

Franco Uzzeni

>€135 m

+20% VS 1H 2021

REVENUES

€38 m

EBITDA

€23 m

+26% VS 1H 2021

NET PROFIT

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REPORT ON OPERATIONS

VALUES AND PURPOSE

U-POWER GROUP S.P.A. is a company that is always evolving. A company focused on continuous reinvention and development while always 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 unexpected situation that puts us to the test and allows us to show our full value.

We are convinced that positive thinking is not an illusion, but a concrete way to face life with a smile, self-confident and strong in one's abilities.

Thus explains our philosophy of life: don't worry, be happy!

STRIVING FOR EXCELLENCE

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

LEVERAGING CREATIVITY

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

BELIEVING IN TOMORROW

We look at challenges always with an eye to the future, continuing to search for sustainable solutions where they have not yet been found.

INVOLVING PEOPLE

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

EXPERIENCING DIVERSITY

We are always open to accommodating different voices. We live from multiplicity and dialogue with all generations.

PURSUING SUSTAINABLE SUCCESS

We strive for excellence with a responsibility to preserve the environment and resources for future generations.

THE COMPANY

The structure of the Group as at 30/06/2022 is shown below:

U-Power Group S.p.A.

Italy

Parent company providing centrally managed services such as marketing, management control, treasury and IT and holding the stakes of:

100%
U-Group S.r.l.

Italy

Branch FR
Branch DE
Branch E
Branch UK

The Group's main company markets finished products using the logistics services provided by U-Logistics; the company also handles all raw material procurement and R&D for the manufacture of footwear; U Group also operates through branches in France, Spain, Germany and the UK.

100%
Martek S.a.r.l.

Tunisia

Tunisian production site producing footwear with raw material purchased from Group subsidiaries.

100%
U-Logistics S.r.l.

Italy

Company managing all logistical activities related to order processing and product deliveries.

100%
Jalatte S.a.s.

France

French company involved in the production and marketing of finished products (footwear only) using the logistics services provided by U-Logistics.

100%
Lupos Gmbh

Germany

Company no longer active, put into liquidation.

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
Tax Code and Business Register of Novara 08482990150
Novara Chamber of Commerce No. 163970 R.E.A.

BUSINESS MODEL

Integrated management of the entire value chain, from R&D to production and marketing, ensures flexibility and rapid response to market needs.

The Group is active in the research and development, production and marketing of a wide range of safety footwear, intended for the protection and individual safety in the working environments of operators belonging mainly, but not exclusively, to various sectors of industry, agriculture and commerce that are highly regulated in terms of safety standards (such as the chemical industry, building, construction in general, services), as well as the marketing of workwear.

In Safety Footwear - except for the production of Basic Safety Footwear, which accounts for a small portion of total revenues and is commissioned by the Group to third-party manufacturers located exclusively in China - the Group controls the entire value chain, according to a vertically integrated business model, with a workforce of more than 5,500 employees.

R&D activities are conducted globally at the Group's two R&D centres in Italy (Trani and Paruzzaro).

R&D activities are oriented toward the constant search for and identification of raw materials, materials and production components and/or production techniques that can improve and increase product quality and technological standards.

Product development encompasses several stages, including model conception and design, prototyping, model creation, control activities and testing of compliance with product reference standards, through to final approval of the new model.

The ability to innovate and develop safe and technologically advanced products is the strong point of U-Power's strategy, which then directly manages production in its factories in Tunisia and France. For lower-end footwear and workwear, the company decides to use directly selected, coordinated and periodically audited Asian manufacturers.

The main production plant is a 100,000-square-metre state-of-the-art facility in Tunisia with a local workforce of about 5,400 employees. The Group produces medium/high-end products (88% of the pairs produced). The group also has a sales and production structure in France (~6% of production). For basic products, production is outsourced to selected Asian producers (~6% of total output).

In Technical Clothing, on the other hand, the Group is responsible for R&D, industrialisation and marketing of Technical Clothing garments, outsourcing their production to third-party manufacturers located in APAC countries.

The Group markets its brand products and, to a lesser extent, third-party ('Private Label') products through Business to Business ('B2B') sales.

The Group's customers are (i) large-scale retail operators ('Distributors') and (ii) small and medium-sized retailers, such as hardware shops and workshops ('Retailers'), through which products are sold to end-users (such as craftsmen, small entrepreneurs, workers in medium-sized and large companies), operating mainly in the European market.

Sales take place mainly through sales agents who deal with thousands of dealers and distributors.

The brands owned by the group are mainly the following:

U-Power® Jallatte® créateur de bien-être AiMONT STYLE & STORY

These brands cover almost all product ranges, from top-of-the-range to basic products, but not the low-cost ones, as they are not considered profitable.

High quality, constant technological innovation and product design, strong distinctiveness and recognisability of its brands and models, timeliness and quality of customer service, including a capillary distribution system in the markets in which it operates, are characteristics that are believed to represent some of the keys to the Group's European expansion.

Gilet Climb Rm – Polo Gap Bc – Trouser Pit BC

THE HISTORY OF THE GROUP

A long success story

1950 1987

Almar, the early years

- Pier Franco Uzzeni takes over the company founded in 1950 by his father in Soriso (NO), Italy: Almar. The production focuses on safety shoes, but in parallel, sports shoes are also produced by brands such as Puma and Adidas.

1988 2000

The focus on safety footwear

- Almar registered the Aimont brand, specialising in safety shoes. It is in these years that production is moved to Tunisia, and there is a significant increase in the number of pairs produced per year. The product is now differentiated by characteristics, price and geographical area.

2000 2005

Consolidation

Jal Group

- Pier Franco Uzzeni sells majority stake in Almar to investment fund CVC. Almar thus consolidates with leading European competitors Jallatte and Lupos to create the JAL Group. Uzzeni becomes Group CEO.

2006 2013

U-Invest Group

Creation of U-Groups

- In 2005, Pier Franco Uzzeni left the JAL Group and founded U-Power to produce and distribute safety shoes with its brand, immediately gaining a leading position in the European market.

2013 2017

Acquisition and relaunch of JAL Group

- In 2013, industry leader U-Power, acquired the main assets and brands of JAL Group, which include Jallatte, Aimont and Lupos: U-Power Group was thus founded.
- 2017 the Group's financial figures recorded sustained growth, mainly due to the introduction of the Red Lion line, and the first results of the recovery of the acquired brands are began to be seen.

2017 2022

U-Power Group

créateur de bien-être

The new technological era

These are the years of the Group's greatest growth:

- U-Power launches revolutionary new lines with BASF's Infinergy® technology.
- The Group's financial figures show growth for all brands.
- Sales of clothing are also growing exponentially.
- Turnover in 2021 will be 230 million, and in the first 6 months of 2022, it will grow further by about 20 per cent compared to 1H 2021

THE STRATEGY

LThe Group's strategic directions for continued business growth include:

- Consolidation of leadership position in key markets
- Development in markets with high growth potential (Germany, UK and other European areas)
- Expansion of products into complementary market niches

These goals are achievable through products with consistently innovative content and marketing and communication strategies to develop brand awareness and strengthen customer loyalty.

SUSTAINABILITY

For U-Power, the value of a company is also determined by how it conducts its business, its contribution to society as a whole and the fulfilment of its commitments.
The company believes that the quality of its products must go beyond technical aspects: a quality product must be made responsibly and respects human and workers' rights and the environment. The increasing integration of economic decisions and assessing their social and environmental impacts underpin U-POWER's ability to create long-term value for all stakeholders.
In 2020, the Company began a process that led to preparing a Sustainability Report following GRI standards.

CSF - CRITICAL SUCCESS FACTORS OF U-POWER GROUP

The key elements of U-Power's strategy underlying its competitive success can be summarised as follows:

- Integrated value chain with a flexible logistics platform.
- Brand recognition.
- Perception of value by the consumer towards the purchased product, concerning the origin of production/provenance of the product.
- Content technological and design of safety footwear in relation to different 'occasions of use', differentiated in relation to target markets/countries.
- Quality of service to the customer/distributor: the ability to guarantee very short delivery/order fulfilment times and to 'refill' the customer's assortment (in terms of breadth and depth of range).
- A well-diversified portfolio of complementary brands with a wide range of products.
- Highly diversified customer portfolio..

CONTEXTUAL CONDITIONS AND BUSINESS DEVELOPMENT

The Group's target market is personal protective equipment (PPE), particularly the safety footwear and workwear segments.
In the past, the growth was largely driven by the introduction of uniform occupational safety standards across Europe and the observance of strict regulations requiring wearing safety shoes in the working environment.

The demand for safety shoes is expected to grow due to increased awareness of competent authorities and safety officers in industries including manufacturing, pharmaceuticals, oil and gas, construction, transport and chemicals.
Furthermore, with the growth of a highly skilled and more specialised industrial and manufacturing workforce in Europe, the do-it-yourself trend for manual labour and artisans/self-employed workers are pushing for more investment in research and development for high-performance, price-competitive, functional and fashionable safety footwear, in turn stimulating a larger segment of end consumers beyond employers.

Similar to what has been observed for safety footwear, stricter European occupational safety regulations and innovation in fit and user comfort have contributed to the demand for Technical Workwear products.

Europe is the Group's main geographic area of operation, where it realised about 96% of its revenues in 2022.

Thanks to products with consistently innovative content and also through marketing and communication strategies aimed at developing brand awareness and strengthening customer loyalty, the Group believes it can consolidate its leadership position in key markets and strengthen its position in geographic areas characterised by a significant level of demand but currently underserved, as well as consolidate the entry initiated in adjacent markets (i.e. clothing).

It should be emphasised that the Group pays constant attention to reducing its climate impact, as witnessed by the launch of the new 'Red-Industry-Green' collection of carbon-neutral certified work shoes.

SIGNIFICANT EVENTS

From the 2021 fiscal year's closing date to this Management Report, the Group's business and operating performance has not been significantly impacted, nor have the previously defined strategies and future trends been affected.

REPORT ON OPERATIONS

The first half of 2022 was characterised by the war in Ukraine, affecting the EU economy: energy prices have soared again, and there has been an increase in the cost of many commodities, bringing inflation to record levels. Nevertheless, the Group's business was not affected, as exports to the countries involved in the war were unaffected. Furthermore, the strategies implemented allowed for the recovery of any material price increases.
Concerning Covid-19, too, thanks to the increasing vaccination campaigns, there has been a gradual reduction in the pandemic's negative effects without completely overcoming it.
Therefore, the first six months of 2022 also saw growth in turnover, margins, geographical diversification and widespread distribution of the U Power Group.
Revenues from contracts with customers as at 30 June 2022 amounted to Euro 134.8 million, about Euro 14.6 million related to workwear (about 11% of total group revenues). Specifically, as at 30 June 2022, Group sales increased by 20.2% over the same period in 2021 (with sales of Safety Footwear up 18.6% and Technical Apparel up 35.6%).
The Technical Clothing division increasingly represents an important strategic growth market for the Group, confirming the project's synergetic complementarity with the structural distribution of U-Power branded safety footwear.

In the first half of 2022, the Group generated a significantly improved result compared to the already excellent performance achieved in the same period of 2021, not only at the level of total turnover but also and above all, at the level of margins generated (EBITDA).

Total production costs amounted to Euro 97.4 million; the differential between costs and gross operating revenues (EBITDA) was positive by about Euro 38.2 million or 28.3% of total sales.

In the first half of 2022, depreciation, amortisation and write-downs of EUR 4 million were recognised; financial expenses amounted to EUR 0.3 million and refer to interest on bank and factoring debts that financed the normal course of business.
Taxes for the period amounted to approximately Euro 10.6 million.
The period ended with a net profit of about Euro 23.1 million.

During the period, the group confirmed its focus on strategically strengthening its proprietary brands, enabling it to increase sales, especially of medium-high-end products with better margins.
To achieve these results, the marketing campaigns already undertaken in past years have been continued and increased, and, for the first half of 2022, heavy advertising investments have been made in Italy and in the other European countries where the Group operates; in addition, the sponsorship contract for the Serie A football championship with AC Monza has been renewed, both for the jersey sponsor and for the naming of the new AC Monza stadium (U-Power Stadium); all this to obtain ever greater awareness of the U-Power brand. Overall, marketing costs amounted to Euro 8 million or 5.9% of revenues from customer contracts (it is assumed that the advertising budget planned for the period will be fully incurred in 2022 and will reach 7% of revenues; if marketing costs had been spread evenly over the year, there would have been additional costs of approximately Euro 1.5 million in the first half-year).

The most significant results have been achieved with the Red Lion line, which uses, among other materials, an ultra-high energy return Infinergy insert with technologies protected by registered international patents.
In addition to differentiating themselves from their competitors through innovative, cutting-edge design, their safety footwear is characterised by the high quality of the raw materials and components used. Quality is ensured both by processes and design solutions developed in-house by the

Group in its 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, under licence), which guarantee greater safety, comfort and resistance (thanks also to multi-density soles certified by international patents applied in footwear with fatigue).
The RED LEVE line was also launched in the first half of 2022: the lightest safety footwear ever produced by U-Power.
In addition, using high-quality materials makes it possible to maintain a high safety standard while reducing the weight of the products, thus making safety footwear lighter and more in line with market trends.

U-Power has become one of the best-selling brands in Europe also thanks to the continuous growth shown in the main European markets: Spain +36.3% compared to H1 2021, Italy +17.7%, France 17% and Germany +14.9% again compared to last year.
Similarly, the other brands acquired by the group at the end of 2013 achieved important and fully satisfactory results.

Jallatte has returned to being the absolute reference brand for the French market: integrated commercial policies and new products have significantly improved margins, now largely positive after the first few difficult years.

Aimont is a perfect complement to the Jallatte and U-Power collections and complements their product range, particularly in the French market.

Service is an integral part in the creation of product value.
The integration of logistics services into the Group has led to an improvement in the quality of customer service and has contributed to better margins. To be even more efficient in the distribution of products and to be able to cope with the expected growth in volumes over the next few years, the Group has undertaken a new investment in a state-of-the-art logistics facility.

It should be noted that the tax dispute of the subsidiary U Group against the Internal Revenue Service relating to the notice of assessment issued for 2007 was settled under Article 6 of Decree-Law No. 119 of 23 October 2018. Following the completion of the settlement procedure of the dispute mentioned above, the related lawsuits filed concerning the notice of assessment issued for the year 2011, with which the Inland Revenue Office had disallowed the use of the tax losses adjusted in the notice of assessment relating to 2007, were extinguished.

Shoes Kora Red Over Line

ECONOMIC STANDING

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 2022	%	1st half 2021	%
REVENUE FROM CONTRACTS WITH CUSTOMERS	**134,785**	**100.0%**	**112,101**	**100.0%**
+ Other revenues and income	790	0.6%	1,410	1.3%
- Consumption of raw materials	(44,226)	-32.8%	(38,546)	-34.4%
- Costs for services and use of third-party assets	(32,227)	-23.9%	(26,782)	-23.9%
ADDED VALUE	**59,122**	**43.9%**	**48,183**	**43.0%**
- Personnel costs	(19,992)	-14.8%	(17,134)	-15.3%
- Other operating expenses	(962)	-0.7%	(1,075)	-1.0%
GROSS OPERATING MARGIN (EBITDA)	**38,168**	**28.3%**	**29,974**	**26.7%**
Amortisation, depreciation and write-downs	(3,967)	-2.9%	(3,145)	-2.8%
OPERATING PROFIT (EBIT)	**34,201**	**25.4%**	**26,829**	**23.9%**
+ Financial income and revaluation of financial assets	123	0.1%	11	0.0%
+ Gains and (losses) on foreign exchange and derivatives	(340)	-0.3%	(51)	0.0%
- Financial Charges and Impairment of Financial Assets	(302)	-0.2%	(425)	-0.4%
PRE-TAX INCOME	**33,682**	**25.0%**	**26,364**	**23.5%**
- Taxes on Income for the financial year	(10,578)	-7.8%	(8,111)	-7.2%
NET OPERATING INCOME	**23,104**	**17.1%**	**18,253**	**16.3%**

Total revenue increased by more than 20% compared to the same period of the previous year to EUR 134.8 million (EUR 112.1 million in 1H 2021). This growth, thanks also to a careful cost containment policy, especially fixed overheads, resulted in an EBITDA of Euro 38.2 million, i.e. an increase of about 27% compared to the previous year, with a 28.3% ratio to turnover.
While depreciation and amortisation (EUR 4 million) increased slightly as a result of new investments, EBIT also showed a positive trend compared to last year, reaching EUR 34.2 million, an increase of 27.5% or EUR 7.3 million compared to 1H 2021.
Financial expenses remain substantially stable, thanks to the optimisation of the debt structure and the reduction of interest rates.
Pre-tax profit was approximately Euro 33.7 million.
The tax rate for the period was 31.4%.
This brings the net profit to EUR 23.1 million, an increase of 26.6% compared to 1H 2021.

ALTERNATIVE ECONOMIC PERFORMANCE INDICATORS

To understand the Group's economic and financial performance, the Directors have identified several alternative performance indicators ('Alternative Performance Indicators' or 'APIs'). These indicators are also the tools that facilitate the directors in identifying operational trends and making decisions about investments, resource allocation and other operational decisions.

For a correct interpretation of these IAPs, the following should be noted:

(i) these indicators are constructed solely from historical Group data and are not indicative of the Group's future performance;

(ii) APIs are not required by IFRS and, although derived from consolidated financial statements, are not audited;

(iii) These APIs must be read in conjunction with the Group's financial information from the consolidated financial statements;

(iv) the definitions of the indicators used by the Group, insofar as they are not derived from the reference accounting standards, may not be homogeneous with those adopted by other Groups and therefore comparable with them;

(v) The APIs used by the Group are prepared with continuity and uniformity of definition and representation for all periods for which financial information is included.

The following APIs have been selected because the Group believes that EBITDA, EBIT, ROE and ROI, together with other relative profitability indicators, illustrate changes in operating performance and provide useful information about the Group's ability to sustain debt; these indicators are also commonly used by analysts and investors in assessing business performance.

The Group's Alternative Economic Performance Indicators for the periods ended 30 June 2022 and 2021 are presented below.

(Euro thousand)

	Notes	30/06/2022	30/06/2021
EBIT	1	34,201	26,829
EBIT Margin	1	25.4%	23.9%
EBITDA	1	38,168	29,974
EBITDA Margin	1	28.3%	26.7%
ROE	2	24.1%	21%
ROI	3	33.1%	27%

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

EBIT is the sum of the year's net profit, plus income tax, foreign exchange gains (losses), financial income and expenses, and income (expenses) from investing activities.

The Group calculates EBIT *margin* as the ratio of EBIT to Revenue from contracts with customers.

EBITDA is the sum of the net profit for the year, plus income taxes, foreign exchange gains (losses), financial income and expenses, investment income (expenses) and depreciation and amortisation.

The Group calculates EBITDA *margin* as the ratio of EBITDA to Revenue from contracts with customers.

A reconciliation of the profit for the year to EBITDA for the periods ended 30 June 2022 and 2021 is presented below:

(Euro thousand)

	30/06/2022	% of total Revenue from contracts with customers	30/06/2021	% of total Revenue from contracts with customers	2022 vs 2021	2022 vs 2021 %
Operating profit	23,104	17.1%	18,253	16.3%	4,851	26.6%
+ income tax	10,578	7.8%	8,111	7.2%	2,467	30.4%
+ Other income and charges	340	0.3%	51	0.0%	289	566.7%
+ Financial charges	302	0.2%	425	0.4%	(123)	(28.9%)
- Financial income	(123)	(0.1%)	(11)	(0.0%)	(112)	1,018.2%
EBIT	**34,201**		**26,829**		**7,372**	**27.5%**
EBIT *margin*		**25.4%**		**23.9%**		
+ Depreciation and Amortisation	3,967	2.9%	3,145	2.8%	822	26.1%
EBITDA	**38,168**		**29,974**		**8,194**	**27.3%**
EBITDA *margin*		**28.3%**		**26.7%**		

EBITDA for the period ended 30 June 2022 amounted to €38,168 thousand, an increase of €8,194 thousand (+27.3%) compared to 30 June 2021; in terms of percentage of revenue, EBITDA increased from 26.7% in 1H 2021 to 28.3% in 1H 2022.

The increase in EBITDA recorded during the year is mainly due to the growth in Group revenues. This is because as a result, on the one hand, of the expansion of the range of products offered, which, by specifically adapting to the different needs of end users, has allowed an expansion of the customer base, and, on the other hand, as a result of the valorisation and strategic strengthening of proprietary 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 a slight reduction in the incidence of the fixed cost structure concerning revenues.

Shoes Sven – Red 360 Line

NOTE 2 - ROE

ROE is the net profit ratio for the year to equity at the end of the reporting year. Details of the calculation of this ratio for the periods ended June 30, 2022 and December 31, 2021 are shown below.

(Euro thousand)

	30/06/2022	30/06/2021
Net profit	23,104	18,253
Equity	95,878	86,527
ROE - Net profit for the period / Equity	**24%**	**21%**

ROE increased from 21% for the period ended 30 June 2021 to 24% for the period ended 30 June 2022, due to the effect of the improvement in profit for the year, compared to the previous period, net of dividends distributed.

NOTE 3 - ROI

ROI is the ratio of EBIT, as defined in Note 1, to net invested capital at the end of the reporting year. The calculation of this ratio for the periods ended 30 June 2022 and 2021 is detailed below.

(Euro thousand)

	30/06/2022	30/06/2021
EBIT	34,201	26,829
Net invested capital	103,409	100,815
ROI - Ebit / Net Invested Capital	**33%**	**27%**

ROI also benefited from the improved results compared to the previous year, and was 33%, an increase of 6 percentage points.

STATEMENT OF ASSETS AND FINANCIAL POSITION

For a better understanding of the Group's balance sheet and financial situation, a reclassification of the balance sheet is provided below.

BALANCE SHEET

(Euro thousand)

ASSETS	30/06/2022	%	31/12/2021	%
CURRENT ASSETS	**192,708**	**76.6%**	**169,871**	**75.4%**
Immediate liquidity	**38,130**	**15.2%**	**29,420**	**13.1%**
Cash and cash equivalents	38,130	15.2%	29,420	13.1%
Deferred cash and cash equivalents	**78,944**	**31.4%**	**78,682**	**34.9%**
Short-term current receivables	78,944	31.4%	78,682	34.9%
Inventories	**75,634**	**30.1%**	**61,769**	**27.4%**
FIXED ASSETS	**58,852**	**23.4%**	**55,517**	**24.6%**
Intangible assets	2,698	1.1%	2,998	1.3%
Property, plant and equipment	40,092	15.9%	34,853	15.5%
Usage rights	3,905	1.6%	4,278	1.9%
Other non-current assets	1,566	0.6%	1,368	0.6%
Deferred tax assets	10,591	4.2%	12,020	5.3%
TOTAL ASSETS	**251,560**	**100.0%**	**225,388**	**100.0%**

The excellent performance of the period resulted in a significant increase in cash and cash equivalents.

The item 'receivables in current assets' mainly consists of trade receivables (for EUR 67.6 million) and advances to suppliers to purchase clothing from Asian manufacturers.

The value of inventories, shown net of an obsolescence provision of Euro 75.6 million, increased compared to the end of last year and is closely related to the increase in sales.

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

The value of the Aimont, Almar, Lupos and other minor trademarks, including patents, totalling Euro 1.1 million, corresponds to the purchase value net of amortisation already incurred.

The carrying value of the U-Power and Jallatte brands is Euro 0.5 million and 0.7 million, respectively, net of amortisation for the year.

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

The item 'Tangible fixed assets' is net of depreciation and impairment and consists of:

- Land and Buildings of Euro 17.4 million: mainly consisting of buildings located in Tunisia, warehouse buildings located in Italy, and buildings in Jallatte.
- Plant, machinery and equipment amounting to €16.5 million, also located mostly in Tunisian production facilities;
- Other assets for Euro 0.9 million.

The value expressed in the financial statements, under IFRS16, concerning rights of use and leases on property and machinery/equipment is Euro 3.9 million. It is net of depreciation calculated during the year.

(Euro thousand)

LIABILITIES	30/06/2022	%	31/12/2021	%
CURRENT LIABILITIES	**134,979**	**53.7%**	**95,056**	**42.2%**
Current financial liabilities	31,649	12.6%	21,141	9.4%
Other short-term debt	103,330	41.1%	73,915	32.8%
CONSOLIDATED LIABILITIES	**20,703**	**8.2%**	**34,038**	**15.1%**
Long term debt	14,012	5.6%	26,356	11.7%
Non-current tax liabilities	-	0.0%	1,211	0.5%
Provisions for risks and charges	5,731	2.3%	5,368	2.4%
Severance Indemnity	960	0.4%	1,103	0.5%
EQUITY	**95,878**	**38.1%**	**96,294**	**42.7%**
Group equity	**95,878**	**38.1%**	**96,294**	**42.7%**
Share Capital	10,000	4.0%	10,000	4.4%
Reserves	13,462	5.4%	12,982	5.8%
Retained earnings (losses)	49,312	19.6%	38,199	16.9%
Profit (loss) for the year	23,104	9.2%	35,113	15.6%
TOTAL LIABILITIES	**251,560**	**100.0%**	**225,388**	**100.0%**

Current financial liabilities consist of the portion of bonds due within one year for Euro 17.4 million (Bond worth Euro 25 million at a variable rate subscribed on 29 June 2020 and maturing on 29 June 2023), bank loans for Euro 13.3 million, and payables to leasing companies and for usage rights for Euro 0.9 million.

Concerning the loans included in consolidated liabilities, it should be noted that they are mainly composed of medium-/long-term bank loans amounting to approximately Euro 11.1 million and payables on rights of use and leasing amounting to Euro 2.9 million.

Other payables due within the next financial year include trade payables of €54.9 million, payables to the parent company of €24.8 million (mainly for dividends), tax payables of €13.3 million, other tax payables of approximately €3.3 million, and payables to employees and social security institutions of €6.7 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 subsidiary for about €2.4 million, as well as a provision for a pension and indemnity to employees of the French subsidiary for about €0.4 million and the indemnity for termination of agent relations for €2.7 million of the subsidiary U Group.

The TFR refers to the Italian companies (the parent company U-Power Group, U Group and U-Logistics). Its valuation for IAS purposes follows the method of projecting the present value of the defined benefit obligation with the estimated benefits accrued by employees.

The table below shows the change in Net Financial Debt:

(Euro thousand)

Net Financial Debt	30/06/2022	31/12/2021	Change
Current financial liabilities	(31,649)	(21,141)	(10,508)
Long term debt	(14,012)	(26,356)	12,344
Cash and cash equivalents	38,130	29,420	8,710
	(7,531)	**(18,077)**	**10,546**

The excellent economic results generated an improvement in net financial debt, which, as can be seen, improved during the year by EUR 10.5 million.

The following table shows the reconciliation of equity and profit for the year of the parent company and the consolidated financial statements:

(amounts in Euro thousands)

	Equity at 30 June 2022	Operating profit 1H 2022
As per the balance sheet and profit and loss statement of U-Power Group s.p.a.	103,809	38,140
Surpluses of net assets, including results for the year, over the carrying values of participation	7,071	23,372
Consolidation Adjustments	(15,003)	1,230
Dividend elimination	-	(39,638)
As per the consolidated financial statements	95,877	23,104

Gilet Universe Bc – T-Shirt Fluo Yf – Trouser World Bc Shoes Sven Red360 Line

ALTERNATIVE FINANCIAL PERFORMANCE INDICATORS

The IAPs were developed under the ESMA/2015/1415 guidelines.

For a correct interpretation of these IAPs, the following should be noted:
(i) these indicators are constructed solely from historical Group data and are not indicative of the Group's future performance;
IFRS does not require
(ii) IAPs and, although derived from consolidated financial statements, are not audited;
(iii) the reading of these IAPs must be made in conjunction with the Group's economic information from the consolidated financial statements;
(iv) the definitions of the indicators used by the Group, insofar as they are not derived from the reference accounting standards, may not be homogeneous with those adopted by other Groups and therefore comparable with them;
(v) The IAPs used by the Group are prepared with continuity and uniformity of definition and representation for all periods.

The IAPs below have been selected and represented because the Group believes that:

- Net financial debt, together with other balance sheet indicators of asset and liability composition and financial elasticity indicators, allow for a better assessment of the overall level of the Group's capital strength and its ability to maintain a structurally balanced situation over time;
- net working capital, operating working capital, fixed assets, and net capital employed allow for a better assessment of both the ability to meet short-term commercial commitments through current commercial assets and the consistency of the structure of uses and sources of financing in terms of time.

The Group's Equity and Financial Alternative Performance Indicators for the periods ended 30 June 2022 and 31 December 2021 are presented below.

(Euro thousand)

	Notes	30/06/2022	31/12/2021
Availability ratio	1	(1.97)	(1.93)
Net working capital	2	76,058	67,566
Net working capital	2	70,327	62,198
Net fixed capital	2	58,852	55,517
Net invested capital	2	103,409	114,371
Ratio - Net Invested Capital / Equity	2	1.08	1.19
Ratio - Net Financial Debt / EBITDA	3	0.20	0.31
Ratio - Fixed Assets / Invested Capital	4	46.7%	38.0%
Ratio - Equity / Invested Capital	5	0.93	0.84
Ratio - Financial expenses / EBITDA	6	0.01	0.01
Trade receivables turnover rate	7	3.7	3.4
Average collection days for trade receivables	7	98	107
Trade payables turnover rate	8	3.0	2.6
Average payment days for trade payables	8	124	143
Inventory turnover rate	9	3.7	4.1
Average days in stock	9	99	90

Giacca Venus Bo – Scaldacollo Yf – Road DG

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.

Details of the calculation of this ratio for the periods ended June 30, 2022 and December 31, 2021 are shown below.

(Euro thousand)

	30/06/2022	31/12/2021
Trade receivables (A)	67,580	67,339
Other current assets (B)	11,361	11,331
Inventories (C)	75,634	61,769
Trade payables (E)	(54,933)	(58,044)
Other current liabilities (F)	(23,587)	(14,841)
Non-financial short-term liabilities (G) = (E) + (F)	(78,520)	(72,885)
Availability index (H) = (A+B+C) / G	**(1.97)**	**(1.93)**

The availability ratio as at 30 June 2022 was 1.97 compared to 1.93 as at 31 December 2021, showing substantial stability.

NOTE 2 -NET WORKING CAPITAL, NET WORKING CAPITAL, NET CAPITAL EMPLOYED AND NET CAPITAL EMPLOYED / EQUITY RATIO

The ratio of net invested capital to equity, referred to as the debt or leverage ratio, is given by the ratio of net invested capital to equity.

Details of the calculation of Net Working Capital, Net Capital Employed, Fixed Assets and Net Capital Employed for the periods considered are shown below:

(Euro thousand)

	30/06/2022	31/12/2021	2022 vs 2021	2022 vs 2021 %
LOANS				
Net working capital	**76,058**	**67,566**	**8,492**	**12.6%**
Provisions for risks and charges	(5,731)	(5,368)	(363)	6.8%
Net working capital	**70,327**	**62,198**	**8,129**	**13.1%**
Intangible assets	2,698	2,998	(300)	-10.0%
Property, plant and equipment	43,997	39,131	4,866	12.4%
Other non-current assets	1,566	1,368	198	14.5%
Deferred tax assets	10,591	12,020	(1,429)	-11.9%
Net fixed capital	**58,852**	**55,517**	**3,335**	**6.0%**
Employee benefit liabilities	(960)	(1,103)	143	-13.0%
Payables to related parties	(24,810)	(1,030)	(23,780)	2308.7%
Non-current tax liabilities	-	(1,211)	1,211	
Net invested capital	**103,409**	**114,371**	**(10,962)**	**-9.6%**
RESOURCES			-	
Equity	95,878	96,294	(416)	-0.4%
Net financial debt	7,531	18,077	(10,546)	-58.3%
Total sources	**103,409**	**114,371**	**(10,962)**	**-9.6%**

The calculation of the Net Capital Employed / Equity Ratio is detailed below:

(Euro thousand)

	30/06/2022	31/12/2021
Net invested capital (A)	103,409	114,371
Equity (B)	95,878	96,294
Ratio - Net invested capital / Equity (C)=(A) / (B)	**1.08**	**1.19**

The ratio of net invested capital to equity was 1.08 as of 30 June 2022, compared to 1.19 as of 31 December 2021. This ratio decreased by 0.11 due to a net invested capital of EUR 11 million decrease, while equity remained stable.

NOTE 3 - NET FINANCIAL DEBT/EBITDA RATIO

The ratio of net financial debt to EBITDA is given by the ratio of (i) net financial debt to (ii) EBITDA.
Details of the calculation of this ratio for the periods ended June 30, 2022 and December 31, 2021 are shown below:

(Euro thousand)

	30/06/2022	31/12/2021
Net financial debt (A)	7,531	18,077
EBITDA (B)	38,168	58,789
Ratio - Net Financial Debt (A) / EBITDA (C)=(A) / (B)	**0.20**	**0.31**

The ratio of net financial debt to EBITDA was 0.20 as of 30 June 2022, an improvement from 0.31 as of 31 December 2021.

NOTE 4 - FIXED ASSETS/NET INVESTED CAPITAL RATIO

The ratio of fixed assets to net invested capital is given by the ratio of (i) fixed assets, defined as the sum of tangible assets, intangible assets and goodwill and (ii) net invested capital.
Details of the calculation of this ratio for the periods ended June 30, 2022 and December 31, 2021 are shown below:

(Euro thousand)

	30/06/2022	31/12/2021
Fixed assets (A)	48,261	43,497
Net invested capital (B)	103,409	114,371
Fixed Assets / Net Invested Capital (A / B)	**46.7%**	**38.0%**

The ratio of fixed assets to net invested capital was 46.7% as at 30 June 2022, compared to 38% as at 31 December 2021.

NOTE 5 - EQUITY/NET CAPITAL EMPLOYED RATIO

The ratio of equity to invested capital, defined as the ratio of financial autonomy, is given by the ratio of (i) equity to (ii) invested capital and indicates the company's ability to self-finance itself without resorting to external financing sources.
Details of the calculation of this ratio for the periods ended June 30, 2022 and December 31, 2021 are shown below:

(Euro thousand)

	30/06/2022	31/12/2021
Own means (A)	95,878	96,294
Net invested capital (B)	103,409	114,371
Equity / Net Invested Capital (A / B)	**0.93**	**0.84**

The ratio of equity to net invested capital was 0.93 as at 30 June 2022, compared to 0.84 as at 31 December 2021. This ratio shows an increase of 0.09 due to (i) a slight decrease in equity (under the profits earned, net of dividends distributed), which is less than proportional to the (ii) reduction in invested capital of Euro 11 million.

NOTE 6 - FINANCIAL CHARGES/EBITDA RATIO

The ratio of financial expenses to EBITDA indicates the impact of the cost of financial debt on EBITDA and is given by the ratio of (i) financial expenses, and (ii) EBITDA

Details of the calculation of this ratio for the periods ended June 30, 2022 and December 31, 2021 are shown below:

(Euro thousand)

	30/06/2022	31/12/2021
Financial charges (A)	302	761
EBITDA (B)	38,168	58,789
Financial expenses / EBITDA (A / B)	**0.01**	**0.01**

The ratio of net financial debt to EBITDA is stable at 0.01.

NOTE 7 - TRADE RECEIVABLES TURNOVER RATE AND AVERAGE DAYS TO COLLECTION

The trade receivables turnover ratio is calculated as the ratio of revenues to trade receivables at the reference date.
Average collection days for trade receivables are calculated as the ratio of trade receivables at the reporting date to revenues from contracts with customers for the period 30 June 2021 - 30 June 2022 multiplied by 365.

Details of the receivables turnover ratio and the trend in average collection times as at 30 June 2022 and 31 December 2021 are shown below:

(Euro thousand)

	30/06/2022	31/12/2021
Revenues from contracts with customers (A)	252,751	230,067
Trade receivables (B)	67,580	67,339
Trade receivables turnover ratio (A/B)	**3.7**	**3.4**
Average days to collect trade receivables (B/A)*365	**98**	**107**

Note: the determination and the dynamics 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 business relations, is not applied homogeneously in all subsidiaries.

The turnover ratio of trade receivables was 3.7 as at 30 June 2022, compared to 3.4 as at 31 December 2021.
The average collection days for trade receivables were 98 as at 30 June 2022 and 107 as at 31 December 2021.
The above indices show an increase of 0.3 and a decrease of 9 days. However, it must be considered that the year-end deadlines are postponed to 10 January, so the two figures are not perfectly homogeneous.

NOTE 8 - TRADE PAYABLES TURNOVER RATIO AND AVERAGE DAYS TO PAYMENT

The debt turnover ratio is calculated as the ratio of (i) the sum of costs for raw materials, consumables and services and (ii) trade payables at the reference date.
Average days to pay trade payables are calculated as the ratio of (i) trade payables at the reporting date and (ii) the sum of costs for raw materials consumables and costs for services for the period 30 June 2021 - 30 June 2022, multiplied by 365.
Details of the debt turnover ratio and the development of average payment times as at 30 June 2022 and 31 December 2021 are shown below:

(Euro thousand)

	30/06/2022	31/12/2021
Consumption of raw materials and consumables	96,997	88,151
Costs for services	65,312	59,867
subtotal (A)	162,309	148,018
Trade payables (B)	54,933	58,044
Trade payables turnover ratio (A/B)	**3.0**	**2.6**
Average days for payment of trade payables (B/A)*365	**124**	**143**

Note: The determination and dynamics 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 business relations, is not applied homogeneously in all subsidiaries.

The turnover ratio of trade payables was 3.0 as at 30 June 2022, compared to 2.6 as at 31 December 2021.
The average number of days for payment of trade payables is 124 as at 30 June 2022 and 143 as at 31 December 2021. However, it must be considered that the year-end due dates are postponed to 10 January, so the two figures are not perfectly homogeneous.

NOTE 9 - INVENTORY TURNOVER RATE AND AVERAGE DAYS IN STOCK

The inventory turnover ratio is calculated as the ratio of revenues from contracts with customers for the period 30 June 2021 - 30 June 2022 to inventories at the reference date.
The calculation of the turnover ratio and average days of inventory turnover for the periods ended 30 June 2022 and 31 December 2021 are detailed below:

(Euro thousand)

	30/06/2022	31/12/2021
Revenues from contracts with customers (A)	252,751	230,067
Opening inventories (B1)	61,769	51,070
End-of-period inventories (B2)	75,634	61,769
Average inventories (B) = (B1+B2)/2)	68,702	56,420
Inventory turnover rate (A/B)	**3.7**	**4.1**
Average days for inventories (B/A) * 365	**99**	**90**

Note: The determination and dynamics 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 business relations, is not applied homogeneously in all subsidiaries.

Jacket Jupiter Db – T-Shirt Fluo Of – Trouser Atom DB

The increase mainly influences this index in revenues and inventories. The average days of rotation were 90 as at 31 December 2021 and 99 as at 30 June 2022.
The inventory turnover ratio decreased from 4.1 at 31 December 2021 to 3.7 at 30 June 2022.
The above indices show a decrease of 0.4 and an increase of 9 days, respectively, which can be mainly attributed to the increase in stocks.

DISCLOSURES UNDER ART. 2428 OF THE ITALIAN CIVIL CODE

The following is a more detailed analysis of the information as specifically required by Art. 2428 of the Italian Civil Code is analysed in detail below.

RESEARCH AND DEVELOPMENT

In a highly competitive market environment, the Group's success depends on its ability to maintain and increase market shares by launching innovative products with high-quality standards, consequently guaranteeing ever higher levels of profitability.
The Group has two research and development laboratories in Italy: one located in Paruzzaro (NO) and the other in Trani (BT) that develop new models and collections every year.
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 capable of improving and enhancing the quality and technological standards of the products (as well as determining the absence of defects), also concerning the evolving needs of customers and reference regulatory parameters and, on the other hand, to the constant innovation of models and style of the products offered on the market, depending on the target - geographical area and production sector (industry agriculture; tertiary services, with respective sub-markets by nature and type of activity) of reference.
A large part of the strategic development is based on R&D activities aimed at product development, the conception and definition of new models with a high technological and qualitative level, also capable of preventing the risks of musculoskeletal disorders, as well as guaranteeing the safety of end users by pursuing a development that is attentive to social, environmental, as well as economic issues. Design and the study of trends are priorities in developing and realising new concepts and models. Furthermore, given the importance of the ergonomic aspects needed 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 ergonomic workstations and work processes, which are the primary conditions for the well-being of workers during their professional activity.

Expenditure incurred for research and development has been treated as an operating expense and charged in full to the income statement as it does not meet all capitalisation requirements of IAS 38.

TRANSACTIONS WITH PARENT COMPANIES AND RELATED PARTIES

Transactions with parent companies (including indirectly) and related parties at year-end were conducted at market value and are summarised below:

	RECEIVABLES	PAYABLES	REVENUES	COSTS
FIN REPORTER S.r.l. (controlling)	3	24,810	-	83
PFU S.r.l. (related company)	-	-	-	-
Overall total	**3**	**24,810**	**-**	**83**

Payables to the parent company are mainly due to dividend payables.

ENVIRONMENTAL AND PERSONNEL INFORMATION

It should be noted that the company conducts its business in compliance with environmental and occupational hygiene and safety regulations under Leg. 81/2008.
It is noted that no significant information is present at present. This information will be disclosed whenever there are concrete, tangible and significant environmental impacts, such as to generate potential financial and income consequences for the Company.
Concerning personnel, it should be noted that during the year:

- there were no accidents of a certain severity at work;
- there have been no allegations of occupational diseases on employees or former employees and/or other causes for which group companies have been held liable.

Regarding the working environment, it should be noted that during the financial year 2022:

- there has been no damage caused to the environment for which group companies have been found guilty;
- no sanctions or penalties have been imposed on group companies for environmental crimes or damage.

Scarpe Niagara – Linea Red Industry Green

MAIN RISK FACTORS TO WHICH THE COMPANY IS EXPOSED

Under the first paragraph of Article 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 trends in the market for personal protective equipment, particularly safety shoes and technical workwear in which the Group operates.
The Group has implemented policies to increase penetration in its target markets and actions to rationalise and strengthen its sales structure, resulting in increased sales at national and European levels. It should be noted that the outlet markets for the company's products and the uncertain conditions in these markets are constantly monitored.

B) CREDIT RISKS:

The Group is exposed to credit risk arising, primarily, from its business relations with its customers and, in particular, due to any delay or failure to fulfil its payment obligations on the agreed terms and in the agreed manner. There are no particular risks in this case. However, it should be noted that there are still delays in collecting receivables, as has been the case historically, and should be considered physiological.
However, customer exposure is divided among customers operating in different product sectors and geographically diverse markets.
The financial strength of major customers is regularly monitored through information and customer assessment procedures, and any risks are covered in the balance sheet by appropriate provisions.

C) LIQUIDITY RISKS

Liquidity risk understood as the failure to obtain adequate financial resources necessary for operations and the repayment of debts, including financial debts, as well as for the development of industrial and commercial activities, is deemed to be under control. Liquidity risk is limited thanks to the Group's credibility in the relevant financial markets.
As far as financing from the credit system is concerned, the Group currently has an adequate amount of credit availability to be used in the event of the need to finance working

capital; however, further actions are underway to increase and improve financing lines.
Liquidity risk management is mainly based on the strategy of debt containment, self-financing and maintaining financial balance.

D) INTEREST RATE RISKS

The risk of interest rate fluctuations is mainly related to medium-/long-term loans negotiated at variable rates. Consequently, any fluctuations in rates could harm the Group's economic and financial situation.
The Group's approach to managing interest rate risk is to hedge the risk through interest rate swap contracts, which are recognised in the balance sheet at fair value. The Group's approach to interest rate risk management is therefore prudent.

E) RISKS ASSOCIATED WITH EXCHANGE RATE MOVEMENTS

The Group is subject to exchange rate risk mainly arising from transactions related to operating costs denominated in currencies other than the Euro. In particular, the Group incurs costs in USD and CNY for purchasing raw materials and in TND (Tunisian Dinars) for personnel costs of the Tunisian subsidiary.
The Group's policy does not envisage taking speculative risks. Still, actions are nevertheless considered that may limit undesirable fluctuations: financial risks related to exchange rate fluctuations are constantly monitored, and the Group, if necessary, activates specific hedges by signing various forward currency purchase and sale contracts. During the year, it was not deemed appropriate to hedge against exchange rate fluctuations.

F) RISKS RELATED TO THE CONSEQUENCES OF THE COVID-19 PANDEMIC EFFECTS

The Group is exposed to risks related to the economic, social and financial consequences of the COVID-19 pandemic, the evolution of which is still uncertain. The current market environment in which the Group operates shows signs of consolidation of the ongoing economic recovery, also as a result of the gradual easing of restrictive measures, at the time adopted at the national and international level to deal with the COVID-19 emergency. However, it cannot be ruled out that the overall economic picture may experience future further phases of deterioration regarding a possible resurgence of the pandemic.
The Group closely follows developments related to the spread of Covid-19 and has immediately taken all the necessary organisational, control and preventive measures recommended by the various governmental and health institutions.
However, the Group did not report any delays in the delivery of products or failures to fulfil customer orders, thanks to the availability of sufficient stocks of products to cover commitments.

BUSINESS OUTLOOK

The continuing war in Ukraine and the spread of the Coronavirus, together with rising inflation, rising energy, transport and raw material costs, make the European economy, the U-Power Group's main market, uncertain.

Notwithstanding this, concerning the impacts, including potential impacts, on revenues, costs, investments and expected cash flows resulting not only from the geopolitical situation and possible cost increases (primarily transport costs), the Group, to date, does not see any evidence that would foresee significant negative effects on its 2022 results.

Also, in the second half of 2022, the Group will focus on strategically strengthening its proprietary brands, increasing its marketing campaigns and benefiting from the services of an international testimonial: the actor Gerard Butler has been engaged for the next years' advertising campaigns.
We believe this will further increase the international recognition of the Group's brands and increase sales, especially of medium-high-end products with better margins.

Therefore, the Group expects the current year to confirm its leadership in its target markets, supported by the technological prominence and Italian design of its collections, to enhance the value of the brands continually it markets.

In carrying out its activities, the Company intends to pursue aims of common benefit, operating in a responsible, sustainable and transparent manner towards people, the territory, the environment and other stakeholders, to generate measurable social value and create the conditions for maintaining satisfactory and sustainable economic results over time.

These forecasts on future trends are, however, by their very nature, subject to great uncertainty related to the evolution of the pandemic and also the developments of the conflict in Ukraine. However, both the geo-political and pandemic aspects will be closely monitored.

OTHER INFORMATION

Under Article 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, any treasury shares and shares or quotas of parent companies.

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

* * * * *

Paruzzaro, 12 September 2022

The President of the Board
of Administration
(Pier Franco Uzzeni)


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INTERIM CONSOLIDATED FINANCIAL STATEMENTS

AS AT 30 JUNE 2022

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

BALANCE SHEET ASSETS

(amounts in Euro thousands)

	NOTES	30/06/2022	31/12/2021
NON-CURRENT ASSETS			
Intangible assets	6	2,698	2,998
Property, plant and equipment	7	40,092	34,853
Rights of Use	8	3,905	4,278
Pre-paid tax assets	9	10,591	12,020
Other non-current assets	10	1,566	1,368
Total non-current assets		**58,852**	**55,517**
CURRENT ASSETS			
Inventories	11	75,634	61,769
Trade receivables	12	67,580	67,339
Receivables from related parties	13	3	12
Tax credits	14	673	189
Other current assets	15	10,688	11,142
Cash and cash equivalents and short-term deposits	16	38,130	29,420
Total current assets		**192,708**	**169,871**
TOTAL ASSETS		**251,560**	**225,388**

BALANCE SHEET LIABILITIES

(amounts in Euro thousands)

	NOTE	30/06/2022	31/12/2021
EQUITY	**17**		
Share capital		10,000	10,000
Other reserves		4,862	4,382
Shareholders' capital contribution reserve		8,600	8,600
Retained earnings		49,312	38,199
Profit for the period		23,104	35,113
Total equity of the Group		**95,878**	**96,294**
Equity of Third Parties		-	-
Total equity		**95,878**	**96,294**
NON-CURRENT LIABILITIES			
Severance pay and other personnel-related provisions	18	960	1,103
Provisions for liabilities and charges	19	5,731	5,368
Non-current tax liabilities		-	1,211
Non-current financial liabilities	20	14,012	26,356
Total non-current liabilities		**20,703**	**34,038**
CURRENT LIABILITIES			
Current financial liabilities	20	31,649	21,141
Trade payables	21	54,933	58,044
Payables to related parties	37	24,810	1,030
Current tax liabilities	22	13,298	6,672
Other current liabilities	23	10,289	8,169
Total current liabilities		**134,979**	**95,056**
TOTAL LIABILITIES		**155,682**	**129,094**
TOTAL EQUITY AND LIABILITIES		**251,560**	**225,388**

CONSOLIDATED STATEMENT OF PROFIT/(LOSS) FOR THE INTERIM PERIOD AS AT 30 JUNE 2022

(amounts in Euro thousands)

	NOTES	01/01/22-30/06/22	01/01/21-30/06/21
Revenues from contracts with customers	24	134,785	112,101
Other revenues and income	25	790	1,410
Total revenue and income		**135,575**	**113,511**
Purchases of raw materials and changes in inventories	26	(44,226)	(38,546)
Staff expenses	27	(19,992)	(17,134)
Costs for services	28	(32,227)	(26,782)
Other costs and charges	29	(962)	(1,075)
Depreciation	30	(3,394)	(3,076)
Write-downs	31	(573)	(69)
Operating profit		**34,201**	**26,829**
Financial income	32	123	11
Financial expenses	33	(302)	(425)
Other financial income/(expenses), net	34	(340)	(51)
Profit before tax		**33,682**	**26,364**
Income Tax	35	(10,578)	(8,111)
Group profit for the period		**23,104**	**18,253**
Profit for the period of third parties		-	-
Total Profit for the Period		**23,104**	**18,253**
No. of shares making up the share capital		**100,000,000**	**100,000,000**
Basic/diluted earnings per share - €		**0.23**	**0.18**

INTERIM CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME AS AT 30 JUNE 2022

(amounts in Euro thousands)

	NOTES	01/01/22-30/06/22	01/01/21-30/06/21
Profit for the period	**17**	**23,104**	**18,253**
Other Components of the Comprehensive Income Statement			
Other comprehensive income components that will later be reclassified to profit/loss for the period: (After tax) Change in fair value of cash flow hedge derivatives	20	313	79
Total other comprehensive income that will be subsequently reclassified to profit/(loss) for the period after tax		**313**	**79**
Other comprehensive income components that will not be subsequently reclassified to profit/(loss) for the period after tax Revaluation (loss)/gain on defined benefit plans		167	41
Total other comprehensive income that will not be subsequently reclassified to profit/(loss) for the period after tax		**167**	**41**
Total other income statement items after tax		**480**	**120**
Total comprehensive profit/(loss) after tax for the Group		**23,584**	**18,373**
Total comprehensive profit/(loss) after taxes of third parties		-	-
Total comprehensive profit/(loss) after tax		**23,584**	**18,373**

STATEMENT OF INTERIM CHANGES IN CONSOLIDATED EQUITY 30 JUNE 2021, 31 DECEMBER 2021 AND 30 JUNE 2022

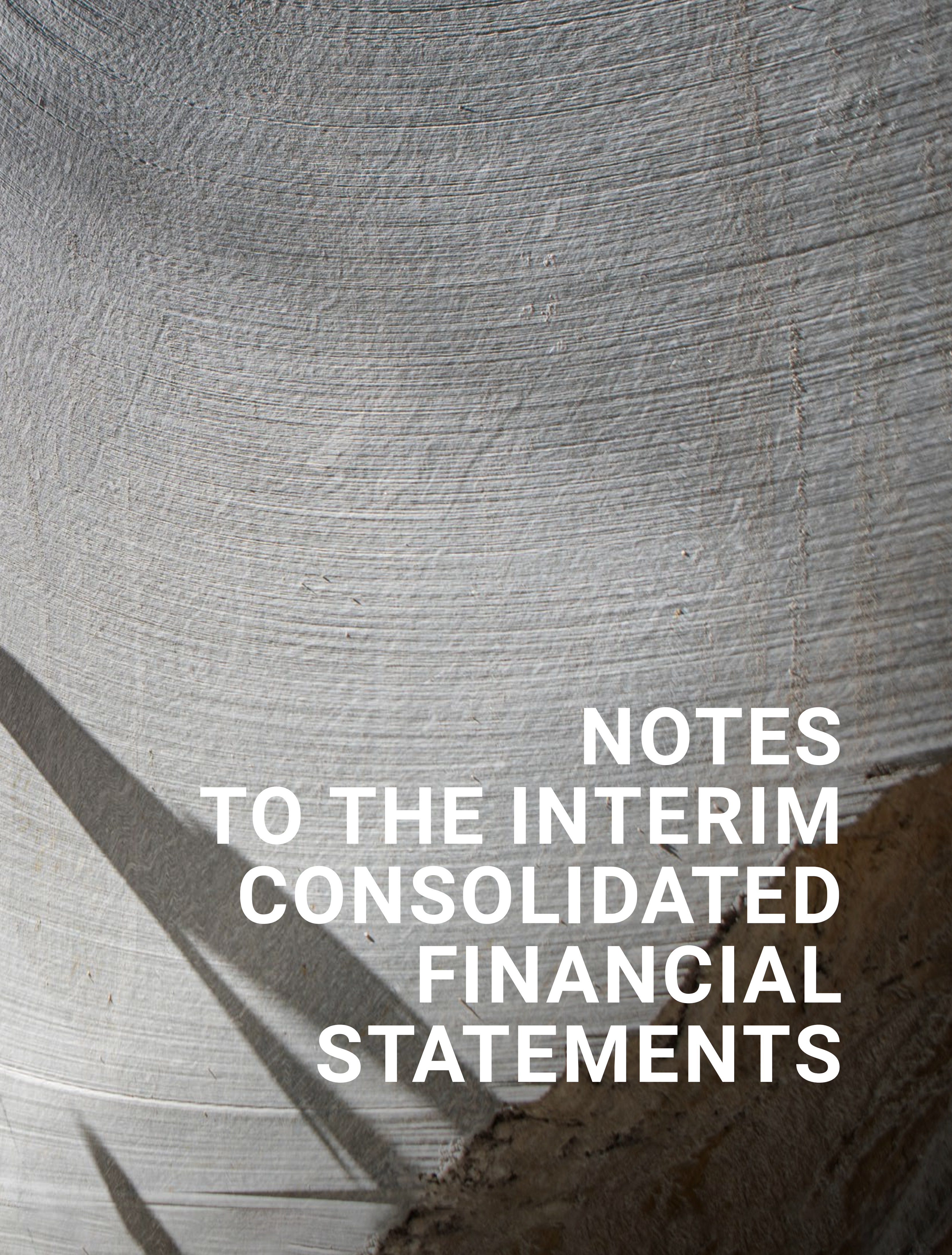
(amounts in Euro thousands)

	Share capital	Other reserves	Shareholders' capital contribution reserve	Retained earnings	Profit for the period	Total Group Equity	Equity of Third Parties	Total Equity
NOTES	17	17	17	17	17	17	17	17
Balance as at 01 January 2021	**10,000**	**4,188**	**8,600**	**22,359**	**33,007**	**78,154**	**-**	**78,154**
Useful destination 2020	-	67	-	32,940	(33,007)	-	-	-
Dividend 2021	-	-	-	(10,000)	-	(10,000)	-	(10,000)
Profit for the period	-	-	-	-	18,253	18,253	-	18,253
Other income statement components	-	120	-	-	-	120	-	120
Balance as at 30 June 2021	**10,000**	**4,375**	**8,600**	**45,299**	**18,253**	**86,527**	**-**	**86,527**
Dividend 2021	-	-		(7,100)	-	(7,100)	-	(7,100)
Profit for the period	-	-		-	16,860	16,860	-	16,860
Other income statement components	-	7		-	-	7	-	7
Balance as at 31 December 2021	**10,000**	**4,382**	**8,600**	**38,199**	**35,113**	**96,294**	**-**	**96,294**
Profit allocation 2021	-	-	-	35,113	(35,113)	-	-	-
Dividends 2022	-	-	-	(24,000)	-	(24,000)	-	(24,000)
Profit for the period	-	-	-	-	23,104	23,104	-	23,104
Other income statement components	-	480	-	-	-	480	-	480
Balance as at 30 June 2022	**10,000**	**4,862**	**8,600**	**49,312**	**23,104**	**95,878**	**-**	**95,878**

INTERIM CONSOLIDATED CASH FLOW STATEMENT AS AT 30 JUNE 2022

(amounts in Euro thousands)

	NOTES	01/01/22-30/06/22	01/01/21-30/06/21
Operational Activities:			
PROFIT FROM OPERATING ACTIVITIES AFTER TAX		**23,104**	**18,253**
Adjustments to reconcile pre-tax profit with net cash flows:			
Amortisation and Impairment of Intangible Assets	*6-30*	*553*	*520*
Depreciation and Impairment of Property, Plant and Equipment	*7-30*	*2,379*	*2,030*
Amortisation and impairment of rights of use	*8-30*	*462*	*526*
Financial income	*32*	*(123)*	*(11)*
Financial expenses	*33*	*302*	*425*
Other financial income/expense, net	*34*	*340*	*51*
Income Tax	*35*	*10,578*	*8,111*
Write-down of current assets	*31*	*573*	*69*
Subtotal operational activities		**38,168**	**29,974**
Net change in severance pay and pension funds	*18*	*72*	*22*
Net change in provisions for risks and charges	*19*	*363*	*103*
Interest paid		*(123)*	*(672)*
Income taxes paid		*(4,364)*	*(3,582)*
Impact of exchange rate changes	*34*	*(219)*	*(91)*
Changes in working capital:			
(Increase)/decrease in inventories	*11*	*(13,865)*	*1,642*
(Increase)/decrease in trade receivables	*12*	*(805)*	*(7,215)*
(Increase)/decrease in other non-financial assets		*463*	*(4,043)*
Increase/(decrease) in trade payables	*21*	*(3,120)*	*304*
Increase/(decrease) in other non-financial liabilities		*2,195*	*1,604*
NET CASH FLOWS FROM OPERATING ACTIVITIES		**18,765**	**18,046**
Investment activities:			
Net investments in intangible fixed assets	*6*	*(253)*	*(58)*
Net investments in tangible fixed assets	*7*	*(7,618)*	*(6,153)*
(Increase)/decrease Financial assets		*-*	*5*
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(7,871)**	**(6,206)**
Financing activities:			
Increase in non-current financing	*20*	*8,000*	*-*
(Repayment) of non-current loans	*20*	*(8,464)*	*(8,886)*
(Repayment)/increase in current financing	*20*	*(1,420)*	*(5,946)*
Dividends paid to shareholders of the parent company	*17*	*(300)*	*(10,000)*
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(2,184)**	**(24,832)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**8,710**	**(12,992)**
Net cash and cash equivalents at the beginning of the period	16	29,420	37,989
Net cash and cash equivalents at end of period		**38,130**	**24,997**



NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

The U-POWER Group is active in the research, development and design ('R&D'), manufacture and marketing of certain personal protective equipment ('PPE'), intended for the individual protection and safety in the workplaces of operators belonging to different sectors of industry and commerce as well as agriculture, including highly regulated sectors (such as chemical industry, construction, agriculture, general construction, services).

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

The Group's consolidated financial statements include:

					% of participation	
Name	Registered office	Type of control	Currency	Functional currency	2022	2021
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%
Martek Suarl	Tunisia	Direct	TND	EUR	100%	100%
Jallatte SAS	France	Direct	EUR	EUR	100%	100%

Tunisian companies used the Euro as their functional currency.
The subsidiary U Group S.r.l. has branches in France, Spain, Germany and England.
It should be noted that the subsidiary Lupos G.mb.H. is no longer active and has been liquidated.

The scope of consolidation remains unchanged from the previous period.

The ultimate parent company

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

2. PRINCIPLES OF EDITING AND CHANGES IN GROUP ACCOUNTING STANDARDS

2.1. BASIS OF PREPARATION

The interim consolidated financial statements for 30 June 2022 have been prepared under IAS 34 Interim Financial Reporting.
The condensed interim consolidated financial statements do not present all the information required to prepare the annual consolidated financial statements. For this reason, it is necessary to read the condensed interim consolidated financial statements together with the consolidated financial statements as at 31 December 2021.
The condensed consolidated half-yearly financial statements are presented in euros, and all values are rounded to the nearest thousand unless otherwise indicated.

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

The accounting standards adopted for preparing the condensed consolidated half-year financial statements are consistent with those used for preparing the consolidated financial statements as at 31 December 2021, except for adopting new standards and amendments effective 1 January 2022. The Group has not early adopted any new standards, interpretations or amendments issued but are not yet in force.

The following changes take effect as of 1 January 2022, which did not have an impact on the Group's condensed consolidated half-year financial statements:

- Amendments to IFRS 1, IFRS 3, IFRS 9, IAS 16, IAS 37 and IAS 41

3. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND ESTIMATES

As part of the preparation of the interim consolidated financial statements, including in light of the Covid-19 impacts, the Company's management has made assessments, estimates and assumptions that affect the values of revenues, expenses, assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date. It should be noted that since these are estimates, they may differ from the results that may be obtained in the future. Certain valuation processes, particularly the more complex ones, such as determining any impairment of fixed assets and/or the calculation of taxation, are only fully carried out when preparing the year-end consolidated financial statements when all the necessary information is available. For the calculation of taxes as at 30 June 2022, the company used the weighted average of the expected annual tax rate following IAS 34 paragraph 30.

Coronavirus spread

The current market environment in which the Group operates shows signs of consolidation of the ongoing economic recovery, also as a result of the gradual easing of restrictive measures, at the time adopted at the national and international level to deal with the COVID-19 emergency. However, it cannot be ruled out that the overall economic picture may experience future further phases of deterioration regarding a possible resurgence of the pandemic. The Group did not, however, report any delays in the delivery of raw materials and finished products, any delays in production, or any consequent failure to fulfil customer orders.

Climate change

Partly as a result of recent comments by the European Securities and Markets Authority (ESMA) on the importance of climate change aspects, as well as the evolving regulatory environment at the EU level, the U-Power Group has under-

taken initial qualitative assessments of the potential risks, both physical and transitional, arising from climate change. In this context, initial assessments lead us to believe that the Group is not particularly exposed, in the short term, to the physical risks associated with climate change, given the nature of its business and the geographical location of its production sites. As far as transitional risks are concerned, the preliminary analysis carried out by the Group focused in particular on certain aspects, such as changing consumer preferences (an aspect managed with the creation of the U-Green 'offset emissions' models).
Although the IAS/IFRS standards do not explicitly refer to climate-related issues, these impacts are taken into account by the Group in the application of international accounting standards when significant, assessing their effects, both in the application of the individual accounting standards and on the Group's ability to continue as a going concern. In this context, it should be noted that for the Group, there were no significant impacts from the application of the individual standards, and no doubts or uncertainties emerged concerning events or conditions that might call into question the ability to operate as a going concern.

Conflict Russia Ukraine

Finally, the war between the nation-states of Ukraine and Russia has generated a situation of uncertainty that still does not make it possible to delineate the effects it may have in the near future. In this context, it should be noted that there was no significant impact on the Group as the Group is not present in Russia and Ukraine with its production plants, research centres or representative offices.

Concerning the indirect impacts of the conflict on revenues, costs, investments and expected cash flows, and possible cost increases (primarily transport costs), the Group has not revealed any significant impacts to date. In particular, the Group was not impacted by the increase in the cost of energy, as most of its production takes place in Tunisia, where the cost of energy has remained constant to date.

4. SEASONALITY OF THE ACTIVITY

The Protective Footwear market, which is the main market in which the Group operates, is not particularly affected by seasonality phenomena. This is because sales are distributed substantially uniformly throughout the year. In contrast, the Technical Workwear market, which accounts for about 11% of sales in the first half of 2022, is more subject to seasonality. This is because the economic results of the year's second half are normally higher than those of the first half.
This disclosure is provided to allow a better understanding of the results. However, management has concluded that the Group's operations do not represent a 'highly seasonal activity' as required by IAS 34.
In making these assessments, estimates and assumptions, the Company's Management considered the effects, including potential effects, arising from the Covid-19 pandemic, which entailed performing specific analyses on certain balance sheet items.

5. FAIR VALUE VALUATION

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 fair value, with an indication of the relative hierarchical scale required by the standard:

	30 June 2022				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss					
Unicredit Securities	1,204	1,204	1,204		
Total	**1,204**	**1,204**	**1,204**	**-**	**-**
Financial liabilities at amortized cost					
Bond	(17,426)	(17,426)		(17,426)	
Floating rate loans	(8,823)	(8,823)		(8,823)	
Fixed rate loans	(15,599)	(15,599)		(15,599)	
Total	**(41,848)**	**(41,848)**	**-**	**(41,848)**	**-**
Financial derivatives					
Effective hedging derivatives	333	333		333	
Derivatives not designated as hedges	4	4		4	
Total	**337**	**337**	**-**	**337**	**-**

	31 December 2021				
	Carrying value	Fair value	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss					
Unicredit Securities	1,343	1,343	1,343		
Total	**1,343**	**1,343**	**1,343**	**-**	**-**
Financial liabilities at amortized cost					
Bond	(21,124)	(21,124)		(21,124)	
Floating rate loans	(12,392)	(12,392)		(12,392)	
Fixed rate loans	(10,689)	(10,689)		(10,689)	
Total	**(44,205)**	**(44,205)**	**-**	**(44,205)**	**-**
Financial derivatives					
Effective hedging derivatives	(78)	(78)		(78)	
Derivatives not designated as hedges	(14)	(14)		(14)	
Total	**(92)**	**(92)**	**-**	**(92)**	**-**

Management has verified that the fair value of cash and short-term deposits, trade receivables and payables, bank overdrafts and other current liabilities approximates the carrying 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 2,698 thousand at 30 June 2022.

	Concessions, licences and trade marks
Historical cost	
As at 01 January 2022	12,783
Increases	253
Divestments	(1,480)
As at 30 June 2022	11,556
Accumulated depreciation	
As at 01 January 2022	(9,785)
Depreciation for the period	(553)
Divestments	1,480
As at 30 June 2022	(8,858)
Net book value	
As at 01 January 2022	2,998
As at 30 June 2022	2,698

Below is the comparative table for 2021:

	Concessions, licences and trade marks
Historical cost	
As at 01 January 2021	12,688
Increases	140
Divestments	(47)
As at 31 December 2021	12,783
Accumulated depreciation	
As at 01 January 2021	(8,758)
Depreciation for the period	(1,063)
Increases	-
Divestments	36
As at 31 December 2021	(9,785)
Net book value	
As at 01 January 2021	3,930
As at 31 December 2021	2,998

The item "Concessions, licences, trademarks and similar rights" mainly refers to the value of the U Power, Jallatte, Aimont, and Lupos trademarks, relating to products marketed by the Group in the footwear and safety apparel sector.
The value of the Aimont, Lupos and other minor trademarks, totalling Euro 1,149 thousand, corresponds to the purchase and/or registration value net of amortisation already incurred.

The carrying value of the U-Power and Jallatte brands is Euro 510 thousand and Euro 731 thousand, respectively, net of amortisation for the period.
As for trademarks, considered by management as assets with a definite useful life and amortised over 10 years, no impairment indicators or indicators that would lead to a useful life different 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 40,092 thousand as of 30 June 2022.

	Land and buildings	Industrial and commercial plant and machinery & equipment	Fixed assets In progress and advances	Other assets	Total
Historical cost					
As at 01 January 2022	22,241	42,486	271	2,816	67,814
Increases	522	3,779	2,947	341	7,589
Divestments	-	(403)	-	(13)	(416)
As at 30 June 2022	22,763	45,862	3,218	3,144	74,987
Accumulated depreciation					
As at 01 January 2022	(5,046)	(26,009)		(1,906)	(32,961)
Depreciation for the period	(382)	(1,832)		(165)	(2,379)
Divestments	36	401		8	445
As at 30 June 2022	(5,392)	(27,440)		(2,063)	(34,895)
Net book value					
As at 01 January 2022	17,195	16,477	271	910	34,853
As at 30 June 2022	17,371	18,422	3,218	1,081	40,092

Below is the comparative table for 2021:

	Land and buildings	Industrial and commercial plant and machinery & equipment	Fixed assets In progress and advances	Other assets	Total
Historical cost					
As at 01 January 2021	16,419	37,944	237	2,449	57,049
Increases	5,822	4,337	284	641	11,084
Divestments	-	205	(250)	(274)	(319)
As at 31 December 2021	22,241	42,486	271	2,816	67,814
Accumulated depreciation					
As at 01 January 2021	(4,523)	(22,661)		(1,800)	(28,984)
Depreciation for the period	(524)	(3,349)		(274)	(4,147)
Divestments	1	1		168	170
As at 31 December 2021	(5,046)	(26,009)		(1,906)	(32,961)
Net book value					
As at 01 January 2021	11,896	15,283	237	649	28,065
As at 31 December 2021	17,195	16,477	271	910	34,853

The item "Land and buildings" mainly consists of buildings located in Tunisia whose value as at 30 June 2022 is Euro 11,120 thousand, the buildings used for warehousing located in Italy for Euro 5,682 thousand and the buildings in Jallatte.
Fixed assets under construction and advances mainly relate to the expansion of the U-Logistics warehouse and its automation.
Most of the plant, machinery and equipment are located in the Tunisian production facilities for a value of Euro 17,134 thousand; partly in the pattern-making plant located in Italy for Euro 541 thousand; partly in the logistics plant of the subsidiary U-Logistics for Euro 488 thousand; and only marginally in the production plant of the French subsidiary Jallatte for Euro 260 thousand. The increases for the period are mainly due to the acquisition of plants and machinery for the factories located in Tunisia. Industrial and commercial equipment mostly consists of moulds and production equipment located in Tunisian subsidiaries.
The item 'Other assets' mainly comprises computer equipment, office furniture and means of transport.

No impairment indicators or indicators that would lead to the identification of a useful life different from the current one emerged during the period, based on future plans.

8. USAGE RIGHTS

Application of IFRS16 concerning rights of use and leases expresses a value of Euro 3,905 thousand in the balance sheet and is net of depreciation calculated in the period.

Details in the table below:

	Right of use - Real estate	Right of use - Industrial and commercial equipment	Right of Use - Car	Total
Historical cost				
As at 01 January 2022	3,519	2,978	1,049	7,546
Increases	-	64	37	101
Decreases	-	(120)	(262)	(382)
As at 30 June 2022	3,519	2,922	824	7,265
Accumulated depreciation				
As at 01 January 2022	(655)	(2,094)	(519)	(3,268)
Depreciation for the period	(168)	(190)	(104)	(462)
Divestments	1	121	248	370
As at 30 June 2022	(822)	(2,163)	(375)	(3,360)
Net book value				
As at 01 January 2022	2,864	884	530	4,278
As at 30 June 2022	2,697	759	449	3,905

Below is the comparative table for 2021:

	Right of use - Real estate	Right of use - Industrial and commercial equipment	Right of Use - Car	Total
Historical cost				
As at 01 January 2021	5,990	2,686	735	9,411
Increases	2,464	418	564	3,070
Decreases	(4,559)	(126)	(250)	(4,935)
As at 31 December 2021	3,519	2,978	1,049	7,546
Accumulated depreciation				
As at 01 January 2021	(1,036)	(1,841)	(529)	(3,406)
Depreciation for the period	(574)	(335)	(164)	(1,073)
Divestments	955	82	174	1,211
As at 31 December 2021	(655)	(2,094)	(519)	(3,268)
Net book value				
As at 01 January 2021	4,954	845	206	6,005
As at 31 December 2021	2,864	884	530	4,278

9. PREPAID TAX ASSETS AND DEFERRED TAX LIABILITIES

Details of deferred tax assets and deferred tax liabilities are provided:

	30-June-2022			31-December-2021		
	Amount of temporary differences	Rate	Tax effects	Amount of temporary differences	Rate	Tax effects
Derivatives	0	24.00%	0	92	24.00%	22
Inventory write-downs	3,406	24.00%	817	3,565	24.00%	856
Provision for credit losses	147	24.00%	35	147	24.00%	35
Jallatte tax losses	20,091	25.00%	5,023	22,013	25.00%	5,503
Temporary differences in services	21	24.00%	5	94	24.00%	23
Foreign Exchange Translation Losses	416	24.00%	100	167	24.00%	40
Adjustment ifrs severance pay	0	24.00%	0	218	24.00%	52
FISC	457	27.90%	128	456	27.90%	127
Trade mark and patent revaluation	23,866	27.98%	6,677	25,245	27.95%	7,056
Consolidation entries	1,774	27.90%	495	1,501	27.90%	419
Subtotal deferred tax assets			**13,280**			**14,133**
Depreciation rate of intangible assets	1,240	27.90%	346	1,654	27.90%	461
Conversion Profits	335	24.00%	80	138	24.00%	33
Derivatives	337	24.00%	81	-	24.00%	-
Adjustment ifrs severance pay	27	24.00%	6			
Leases	20	27.90%	6	12	27.90%	3
Taxation of profit reserves to be distributed by subsidiaries	2,696	10.00%	270	12,087	10.00%	1,208
Dividends declared by subsidiaries and not collected	7,915	24.00%	1,900	1,696	24.00%	407
Subtotal deferred taxes			**2,689**			**2,113**
Total net deferred tax assets			**10,591**			**12,020**

The main amount of deferred tax assets relates to the tax relevance of the revaluation of the patent on the "Energy Safety Shoe" and the U-Power brand carried out by the parent company in its financial statements for the period prepared following the OIC accounting standards under Law No. 126/20, which resulted in recognition of deferred tax assets at the consolidated level and which are reduced by the tax benefit obtained.
The item Jallatte tax losses decreased based on their utilisation in consideration of Jallatte's profits.

The amount related to consolidation entries mainly refers to eliminating intercompany profits in inventories at the end of the period.
The subtotal for deferred taxes is mainly made up of provisions for withholding taxes of the Tunisian companies and taxes on dividends to be distributed by them, as well as deferred taxes generated as a result of the allocation to trademarks of the differences generated on first-time consolidation on the French (Jallatte) and Italian (U Group and U-Logistics) subsidiaries, 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 effect at the time of their reversal.

Deferred tax assets are reported net of deferred tax liabilities related to income taxes levied by the same tax jurisdiction. The time horizon for absorbing temporary differences between deferred tax assets and deferred tax liabilities is homogeneous.

10. NON-CURRENT FINANCIAL ASSETS

Non-current Financial Assets amounted to Euro 1,566 thousand.
Investments in other companies, which are not significant, are not consolidated and are valued at cost, which is considered similar to fair value. The item also includes derivative financial instruments (both hedging and non-hedging) for Euro 337 thousand and securities issued by Unicredit Spa in the total amount of Euro 1,204 thousand in addition to the usual security deposits and minor investments. Please refer to Note 5 for information on fair value. The securities are pledged in favour of Unicredit as part of the Mini-Bond issued by the company in 2020.

11. INVENTORIES

The composition of inventories at the end of the period is shown below.

Inventory	30 June 2022	31 December 2021	Change
Raw materials, consumables and supplies	26,443	19,588	6,855
Work in progress and semi-finished products	11,675	9,852	1,823
Finished work and goods for resale	37,516	32,329	5,187
Total	**75,634**	**61,769**	**13,865**

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

	Inventory write-down provision
As at 01 January 2022	10,257
Increase	(1,230)
As at 30 June 2022	(11,487)

The increase in inventories' value as at 30 June 2022 is closely related to the increase in sales: the group reacted by increasing finished product levels and semi-finished products and raw materials to increase production.

12. TRADE RECEIVABLES

Trade accounts receivable as at 30 June 2022 amounted to €67,580 thousand, net of the related allowance for doubtful accounts of €2,026 thousand. This item consists entirely of receivables due within 12 months.
The table below provides a breakdown of trade receivables by geographic area:

	30 June 2022	31 December 2021
Customers Italy	49,946	50,264
EU customers	16,511	16,200
Non-EU customers	1,123	875
Total	**67,580**	**67,339**

The table below details the concentration of trade receivables as at 30 June 2022 and 31 December 2021:

	30 June 2022	inc. %	31 December 2021	inc. %
First customer	2,625	3.9%	2,032	3.0%
First five customers	7,217	10.7%	5,620	8.3%
Top ten customers	9,927	14.7%	7,928	11.8%
Total trade receivables	**67,580**	**100.0%**	**67,339**	**100.0%**

Below is a breakdown of the Group's trade receivables as at 30 June 2022 and 31 December 2021 by maturity date:

	30 June 2022	inc %	31 December 2021	inc %
Due to expire	66,253	98.04%	64,485	95.76%
Due within 30 days	1,295	1.92%	1,826	2.71%
Due within 30 days and within 60 days	701	1.04%	746	1.11%
Due within 60 days and within 90 days	201	0.30%	164	0.24%
Overdue more than 90 days	1,156	1.71%	1,583	2.35%
Provision for bad debts	(2,026)	-3.00%	(1,465)	-2.18%
Total trade receivables	**67,580**		**67,339**	

Changes in the provision for bad debts are shown below:

	Provision for bad debts
As at 01 January 2021	941
Use year 2021	(38)
Provision for the year 2021	562
As at 01 January 2022	1,465
Utilisation period 2022	(46)
Provision for the period 2022	607
As at 30 June 2022	2,026

13. RECEIVABLES FROM RELATED PARTIES

Please refer to point 37 of this note for details on these receivables.

14. TAX CREDITS

Tax receivables as at 30 June 2022 amounted to Euro 673 thousand.
The item mainly refers to tax advances on Martek and IRAP advances paid by Italian-based companies and receivables from the Italian tax authorities for taxes generated by the foreign branches of U-Group Srl.

15. OTHER CURRENT ASSETS

	30 June 2022	31 December 2021
VAT credit	481	555
Other tax receivables	1,718	749
Guarantee deposits	51	214
Advances to suppliers	4,249	7,008
Other receivables	4,189	2,616
Total	**10,688**	**11,142**

The item 'Advances to suppliers' consists mainly of advances for purchasing clothing from Asian suppliers.
The item 'Sundry Receivables' refers mainly to receivables from the Tunisian National Social Security Fund.

16. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

The breakdown of the item at the end of the period and the composition of cash and cash equivalents, according to the currency in which it is denominated, are shown below.

	30 June 2022	31 December 2021
Bank deposits	38,110	29,404
Cash	20	16
Total	**38,130**	**29,420**

	30 June 2022	Incidence %	31 December 2021	Incidence %
EUR	37,755	99.0%	29,064	98.8%
TND	76	0.2%	96	0.3%
GBP	292	0.8%	254	0.9%
USD	7	0.0%	6	0.0%
Total cash equivalents	**38,130**		**29,420**	

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

17. EQUITY

At the balance sheet date, the fully subscribed and paid-up share capital amounted to Euro 10,000 thousand.
The composition of shareholders' equity as at 30 June 2022 and 31 December 2021 is detailed below:

(Values in thousands of Euros)

	Change			
	30/06/2022	31/12/2021	2022 vs 2021	2022 vs 2021 %
Share capital	10,000	10,000	0	0.0%
Other reserves	4,862	4,382	480	11.0%
Shareholders' capital contribution reserve	8,600	8,600	0	0.0%
Retained earnings	49,312	38,199	11,113	29.1%
Profit for the period	23,104	35,113	(12,009)	-34.2%
Group equity	95,878	96,294	(416)	-0.4%
Equity of Third Parties	-	-	-	-
Total equity	**95,878**	**96,294**	**(416)**	**-0.4%**

Group net equity as of 30 June 2022 amounted to €95,878 thousand (€96,294 thousand as of 31 December 2021), showing a decrease of €416 thousand due to the combined effect of (i) the profit for the first half of 2022 for €23,104 thousand, (ii) the distribution of dividends for €24,000 thousand, and (iii) the change in cash flow hedge reserves for €480 thousand related to hedging derivative contracts entered into by the Group.

The breakdown of the item Other Reserves as of 30 June 2022 and 31 December 2021, with related changes during the period, is shown below:

(Values in thousands of Euros)

			Change	
	30/06/2022	31/12/2021	2022 vs 2021	2022 vs 2021 %
Legal reserve	2,000	2,000	-	0.0%
Share premium	3,517	3,517	-	0.0%
Actuarial gains and losses reserves	43	(124)	167	-134.7%
FTA reserve	(951)	(951)	-	0.0%
Cash flow hedging reserve	253	(60)	313	-522%
Total other reserves	**4,862**	**4,382**	**480**	**11.0%**

The item other reserves for the periods ended 30 June 2022 and 31 December 2021 shows a balance of €4,862 thousand and €4,382 thousand, respectively.

For the purposes of the Group's capital management, it has been defined to include the issued share capital, the share premium reserve and all other capital reserves attributable to the parent company's shareholders. The main objective of capital management is to maximise shareholder value. The Group manages the capital structure and adjusts according to economic conditions and financial covenant requirements. The Group could take action on dividends paid to maintain or adjust the capital structure. The Group controls equity using a gearing ratio, which is the ratio of net financial debt to equity. It is the Group's policy to keep this ratio below 0.7.

Capital management	30/06/2022	31/12/2021
Non-current financial liabilities	14,012	26,356
Current financial liabilities	31,649	21,141
(Cash and cash equivalents and short-term deposits)	(38,130)	(29,420)
Net financial debt (A)	**7,531**	**18,077**
Equity (B)	**95,878**	**96,294**
Gearing ratio (A/B)	**0.08**	**0.19**

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

There were no breaches of covenants related to interest-bearing loans and borrowings.
During the periods ended 30 June 2022 and 31 December 2021, no changes were made to the objectives, policies and procedures for capital management.

18. SEVERANCE PAY AND OTHER PERSONNEL-RELATED PROVISIONS

The provision refers to severance indemnities of the group's Italian companies, and the changes during the period were as follows:

As at 01 January 2021	1,014
Accruals	149
Use	(97)
Interest	6
Actuarial gains and losses	31
As at 31 December 2021	1,103
Accruals	87
Use	(14)
Interest	5
Actuarial gains and losses	(221)
As at 30 June 2022	960

The valuation of termination benefits for IAS purposes follows the method of projecting the present value of the defined benefit obligation with the estimated benefits accrued by employees.
Following the amendments introduced by Law No. 296 of 27 December 2006 ("2007 Budget Law") and the subsequent implementing Decrees and Regulations, termination benefits accrued up to 31 December 2006 will continue to remain with the company, constituting a defined benefit plan (obligation for accrued benefits subject to actuarial valuation), while the quotas accruing as from 1 January 2007, as a result of the choices made by employees during the year, they will be allocated to supplementary pension schemes or transferred by the company to the treasury fund managed by INPS, taking the form, from the moment the choice is formalised by the employee, of defined contribution plans (no longer subject to actuarial valuation).

19. PROVISIONS FOR LIABILITIES AND CHARGES

The provisions for liabilities and charges are detailed below:

	30 June 2022	31 December 2021
Provision for retirement benefits and similar obligations	3,298	2,958
Other provisions for risks	2,433	2,410
Total provisions for non-current liabilities and charges	**5,731**	**5,368**

The provision for pensions and similar obligations mainly refers to the indemnity for termination of agent relationship for €2,675 thousand of the subsidiary U Group, the TFM of the parent company for €204 thousand, and the pension fund and indemnities to employees of the French branch for about €419 thousand.

The item other provisions refers mainly to the provision for employee contributions of the Tunisian branch for approximately Euro 2.4 million.

Changes in funds during the period were as follows:

	Provision for retirement benefits and similar obligations	Other provisions for risks	Total
As at 01 January 2021	**2,274**	**2,778**	**5,052**
Use year 2021	-	(400)	(400)
Provision for the year 2021	684	-	684
Change effect	-	32	32
As at 01 January 2022	**2,958**	**2,410**	**5,368**
Utilisation 2022	(54)	-	(54)
Provision 2022	394		394
Change effect		23	23
As at 30 June 2022	**3,298**	**2,433**	**5,731**

20. FINANCIAL LIABILITIES

Financial liabilities are detailed below:

	30 June 2022	31 December 2021
Bonds to banks	17,426	7,529
To banks	13,318	12,712
Payables for rights of use	905	900
Total current financial liabilities	**31,649**	**21,141**
Bonds to banks	-	13,595
To banks	11,103	9,387
Payables for rights of use	2,909	3,282
Financial derivatives	-	92
Total non-current financial liabilities	**14,012**	**26,356**
Total financial liabilities	*45,661*	*47,497*

	Bank debts and bonds	Payables for Rights of Use	Financial derivatives
As at 01 January 2022	43,223	4,182	92
Cash flows	(1,376)	(368)	
of which increases	*8,000*		
of which decreases	*(9,376)*		
Changes in fair values			(92)
New rights-of-use contracts			
As at 30 June 2022	41,847	3,814	-
of which current	30,744	905	
of which non-current	11,103	2,909	

20.1. DUE TO BANKS AND BONDS

Below are details of bank debts broken down by nature:

Company	Obligation	Description	Currency	Date start-up	Expiry date	Initial financing in Euro	Residue to be reimbursed in Euro	Interest rate	Due dates
U-POWER GROUP S.P.A.	BPER	Unsecured Financing	Euro	28/09/2021	28/09/2024	4000	3004	Variable Euribor 3M	Monthly
U-POWER GROUP S.P.A.	Unicredit	Unsecured loan	Euro	25/02/2022	31/08/2023	5000	5000	0.7% - fixed	Quarterly
U-Group S.r.l	Banco Desio	Unsecured loan	Euro	25/07/2019	10/08/2023	1,000	421	0.95%-fixed	Monthly
U-Group S.r.l	Banco BPM	Unsecured Financing	Euro	22/10/2019	30/12/2022	1,000	169	0.9%-fixed	Quarterly
U-Group S.r.l.	BNL Mediocredito	Medium- to long-term financing	Euro	12/09/2020	09/09/2026	5,000	4,250	Euribor 3M + 90 bps - hedging	Quarterly
U-Group S.r.l.	Intesa San Paolo	Unsecured Financing	Euro	27/09/2021	27/03/2023	6,000	4503	0.52% fixed	Monthly
U-Group S.r.l.	BNL	Minimal production cycle	Euro	29/09/2021	29/09/2023	3,000	2,500	0.4% - fixed	Quarterly
U-Group S.r.l.	Banco Desio	Unsecured loan	Euro	12/05/2022	10/06/2025	3,000	3,000	1.2% fixed	Monthly
Medium- to long-term bank financing							**22,847**		
U-Group S.r.l.	BPER	Advance flows	Euro			1000	700	n.a.	n.a..
Martek Suarl	T.I.B.	Account overdraft	Euro				837	n.a.	n.a..
Other	Other	Advances Lines	Euro				37	n.a.	n.a..
Current bank financing							**1,574**		
Bank financing							**24,421**		
Bonds							17,426		
Bank Financing and Bonds							**41,847**		

The balance of payables to banks and for bonds at 30 June 2022 amounted to €41,847 thousand, a decrease of €1,346 thousand compared to 31 December 2021, and expressed the actual debt for principal, interest and accessory charges accrued and due to banks.
It should be noted that the debt securities are secured by a pledge contract on financial assets (securities and sums deposited on current accounts) owned by the Company with a total value of at least Euro 5,000 thousand. In detail:

- Pledge on securities recorded as financial fixed assets for Euro 1,204 thousand.
- Pledge on sums deposited on current account with Unicredit Spa with a balance at 30.06.2022 of Euro 3,951 thousand.

The Debt security was entered under 'Bonds - maturing within and after 12 months'.

The book value was determined based on the amortised cost criterion.
It should also be noted that the contracts mentioned above stipulate that certain economic/financial parameters must be met; the verification of compliance with the financial covenants takes place annually after the approval of the financial statements for the period, and it is confirmed that no violations of these covenants have occurred.
It should be noted that there are unutilised credit lines of approximately EUR 32 million

20.2 PAYABLES FOR RIGHTS OF USE

This item refers to payables related to rights of use and leases recorded in the balance sheet as required by IFRS 16.

20.3 DERIVATIVE FINANCIAL INSTRUMENTS

The company has entered into hedging derivative contracts as Interest Rate Swaps to hedge outstanding loans. These transactions take the form of cash flow hedges of outstanding loans, falling within the scope of so-called hedge accounting.
For more details on derivative financial instruments, see Note 5.

21. TRADE PAYABLES

Trade payables are recorded net of trade discounts; cash discounts are recognised at the time of payment. The nominal value of these debts was adjusted for returns or allowances to the extent of the amount defined with the counterparty.
This item consists entirely of payables due within the next 12 months.

The table below provides a breakdown by geographical area:

	30 June 2022	31 December 2021
Suppliers in Italy	37,292	40,840
EU suppliers	6,061	4,457
Non-EU Suppliers	11,580	12,747
Total	**54,933**	**58,044**

The Group's trade payables as at 30 June 2022 and 31 December 2021 are broken down by maturity below:

	30 June 2022	inc %	31 December 2021	inc %
Due to expire	51,902	94.5%	54,625	94.1%
Due within 30 days	1,263	2.3%	1,862	3.2%
Due within 30 days and within 60 days	464	0.8%	580	1.0%
Due within 60 days and within 90 days	160	0.3%	8	0.0%
Overdue more than 90 days	1,144	2.1%	969	1.7%
Total trade and other payables	**54,933**		**58,044**	

22. CURRENT TAX LIABILITIES

Current tax payables at the end of the half-year amounted to Euro 13,298 thousand and were directly related to the results of Group companies.

23. OTHER CURRENT LIABILITIES

The item breakdown at the end of the period is shown below.

	30 June 2022	31 December 2021
VAT	1,171	101
Tax payables	93	163
Tax withholding	2,189	1,732
Due to social security and welfare institutions	2,142	2,567
Employees	4,438	3,380
Sundry payables	256	226
Total	**10,289**	**8,169**

24. REVENUES FROM CONTRACTS WITH CUSTOMERS

This item refers to the Group's typical revenues recognised 'at point in time', entirely referable to the sale of Safety Footwear and Technical Clothing and is detailed as follows:

	1st half 2022	Incidence %	1st half 2021	Incidence %	2022 vs 2021	2022 vs 2021 %
Safety Footwear	*120,185*	*89.2%*	*101,336*	*90.4%*	*18,848*	*18.6%*
of which U-Power trademark	91,053	67.6%	74,977	66.9%	16,076	21.4%
of which Jallatte brand	14,386	10.7%	12,557	11.2%	1,829	14.6%
of which Aimont brand	5,020	3.7%	5,109	4.6%	-89	-1.7%
of which *private label*	8,230	6.1%	7,601	6.8%	627	8.3%
of which other sales/other brands	1,498	1.1%	1,092	1.0%	406	37.2%
Technical Clothing	*14,600*	*10.8%*	*10,765*	*9.6%*	*3,835*	*35.6%*
of which U-Power trademark	14,600	10.8%	10,765	9.6%	3,835	35.6%
Total revenue from contracts with customers	**134,785**	**100.0%**	**112,101**	**100.0%**	**22,684**	**20.2%**
Total U-Power brand	105,653	78.4%	85,742	76.5%	19,911	23.2%
Total Jallatte brand	14,386	10.7%	12,557	11.2%	1,829	14.6%
Total Aimont brand	5,020	3.7%	5,109	4.6%	-89	-1.7%
Total *private label*	8,230	6.1%	7,601	6.8%	627	8.3%
Total other sales/other brands	1,498	1.1%	1,092	1.0%	406	37.2%
Total revenue from contracts with customers	**134,785**	**100.0%**	**112,101**	**100.0%**	**22,684**	**20.2%**

Revenues from Safety Footwear increased from €101,336 thousand at 30 June 2021 to €120,185 thousand at 30 June 2022, showing an increase of €18,848 thousand (+18.6%); the improvements were due to the increase 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. Breakdown:

- revenues of the U-Power brand, for the Safety Footwear product category, amounted to Euro 91,053 thousand for the period ended June 30, 2022, compared to Euro 74,977 thousand for the period ended June 30, 2021, showing an increase of Euro 16,076 thousand (+21.4%), mainly due to the continuous and constant shift of sales towards medium-high end models and collections, with a contemporary design and equipped with highly innovative and performing technical systems;
- Jallatte brand revenues amounted to €14,386 thousand for the period ended 30 June 2022, compared to €12,557 thousand for the period ended 30 June 2021, an increase of €1,829 thousand (+14.6%);
- revenues from the Aimont brand amounted to Euro 5,020 thousand for the period ended 30 June 2022, compared to Euro 5,109 thousand for the period ended 30 June 2021, a decrease of 89 thousand (-1.7%) compared to the previous period;
- *private label* revenues amounted to Euro 8,230 thousand for the period ended 30 June 2022, compared to Euro 7,601 thousand for the period ended 30 June 2021, an increase of Euro 627 thousand (+8.3%);
- revenues from other sales and other trademarks mainly comprise revenues related to minority trademarks, including Auda and Lupos, and amounted to €1,498 thousand for the period ended 30 June 2022, compared to €1,092 thousand for the period ended 30 June 2021, an improvement of €406 thousand (+37.2%).

Revenues from the U-Power brand for the Technical Clothing product category amounted to €14,600 thousand for the period ended 30 June 2022, compared to €10,765 thousand for the period ended 30 June 2021, showing an increase of €3,835 thousand (+35.6%), confirming the continuous growth trend of the previous years, mainly due to the combined effect of the introduction of new items with an attractive design and the strengthening of the brand also through integrated advertising campaigns.

The breakdown of sales, in thousands of Euro, by geographic area is shown below:

	1st half 2022	Incidence %	1st half 2021	Incidence %	2022 vs 2021	2022 vs 2021 %
Italy	69,618	51.7%	59,172	52.8%	10,447	17.7%
France	41,342	30.7%	35,333	31.5%	6,008	17.0%
Germany	6,717	5.0%	5,848	5.2%	869	14.9%
Spain	8,907	6.6%	6,536	5.8%	2,371	36.3%
United Kingdom	2,950	2.2%	1,678	1.5%	1,272	75.8%
Rest of the world	5,251	3.9%	3,534	3.2%	1,716	48.6%
Total revenue from contracts with customers	**134,785**	**100.0%**	**112,101**	**100.0%**	**22,684**	**20.2%**

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

- Italy continued to be the Group's largest market, recording revenues of €69,618 thousand in the period ended 30 June 2022 (51.7% of the total) compared to €59,172 thousand in the period ended 30 June 2021 (52.8% of the total) with an increase of €10,447 thousand (+17.7%), due to the effect of the increase in U-Power branded sales which, as described above, is the result of the consolidation of sales of medium-high end models and collections and the strategic strengthening of the brand obtained through advertising investments and sponsorships;
- France steadily represents the Group's second-largest market, recording revenues of €41,342 thousand in the period ended 30 June 2022 (30.7% of the total), compared to €35,333 thousand in the period ended 30 June 2021 with an increase of €6,008 thousand (+17%), contributed by the U-Power and Jallatte brands.

- Spain is increasingly growing and now represents the Group's third largest market, recording revenues of €8,907 thousand in the period ended 30 June 2022 (6.6% of the total) compared to €6,536 thousand in the period ended 30 June 2021 (5.8% of the total), an increase of €2,371 thousand (+36.3%), demonstrating that the Group's strategy already tested in Italy and focused on strengthening sales under the U-Power brand, through medium-high-end models and collections and advertising investments, allows for very significant increases in results.
- The German market recorded revenues of Euro 6,717 thousand in the period ended 30 June 2022 (5% of the total) compared to Euro 5,848 thousand in the same period of 2021 with an improvement of Euro 869 thousand (+14.9%), due to the targeted actions such as those already carried out in Italy, France and Spain to improve the sales trend.
- The UK and the Rest of the World also showed increases of 1,272 (+75.8%) and 1,716 (+48.6%), respectively.

25. OTHER REVENUES AND INCOME

Other revenues amounted to Euro 790 thousand and are broken down as follows.

	1st half 2022	1st half 2021
Refunds on transport	206	201
Other revenue	584	1,209
Total	**790**	**1,410**

Other revenues and income amounted to Euro 790 thousand for the period ended 30 June 2022, compared to Euro 1,410 thousand for 30 June 2021. Other income mainly comprises capital gains on disposals, rental income and contingent assets due to the reversal of liabilities related to previous years.

26. PURCHASES OF RAW MATERIALS AND CHANGES IN INVENTORIES

Costs for purchases of raw materials and changes in inventories are detailed below:

	1st half 2022	1st half 2021
Purchasing raw materials	42,670	28,604
Purchase of finished products	12,686	6,128
Other purchases	2,735	2,172
Change in raw material stock	(7,220)	(1,984)
Change in finished goods inventory	(6,645)	3,626
Total	**44,226**	**38,546**

The increase in purchases is directly related to the growth in sales and inventory quantities.
See Note 11 for a comment on the change in inventories.

The table below shows purchases and changes in inventories broken down by reference currency concerning the periods ended 30 June 2022 and 2021.

	1st half 2022	% of its total	1st half 2021	% of its total
EUR	32,127	72.6%	31,597	82.0%
TND	1,339	3.0%	1,021	2.6%
USD	9,397	21.2%	5,089	13.2%
CNY	1,337	3.0%	776	2.0%
GBP	25	0.1%	63	0.2%
Total raw material purchases and change in inventories	**44,226**	**100.00%**	**38,546**	**100.00%**

Since purchase costs, expressed in currencies other than the euro, account for less than 30% of the total purchase costs, the Group's costs were not significantly influenced by exchange rate movements.
The amount in GBP refers to duties on imports into the UK, introduced after Brexit. The increase in USD and CNY purchases is attributable to advances paid for increased supplies from eastern countries.

27. STAFF EXPENSES

Staff costs are detailed below:

	1st half 2022	1st half 2021
Wages and salaries	16,684	14,287
Social security costs	3,224	2,775
Employee severance indemnity	84	72
Total	**19,992**	**17,134**

The following table shows the amounts of personnel costs broken down by currency, compared to the total amount of these costs for the periods ended 30 June 2022 and 2021.

	1st half 2022	% of total personnel costs	1st half 2021	% of total personnel costs
EUR	6,742	33.7%	6,350	37.1%
TND	13,060	65.3%	10,602	61.9%
GBP	189	0.9%	182	1.1%
Total personnel costs	**19,992**	**100.0%**	**17,134**	**100.0%**

Personnel costs are mainly related to the costs of production subsidiaries in Tunisia.
In both Tunisia and European companies, new personnel were hired during the period, which, together with contractual increases for employees in the Tunisian plants, increased the related costs.

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

	30/06//2022	30/06/2021
Executives	17	18
Clerks and Managers	158	157
Manual workers	5,419	4,364
Total	**5,594**	**4,539**

28. COSTS FOR SERVICES

Costs for services are detailed below:

	1st half 2022	1st half 2021	2022 vs 2021
Marketing	7,972	7,315	657
Agents' commissions	6,589	5,968	621
Transport	8,354	5,259	3,095
Other expenses	1,638	1,680	(42)
Logistics	2,364	1,743	621
Utilities	1,419	1,162	257
Consultancy	1,233	1,796	(563)
Technical expertise	1,143	807	336
Banking expenses	344	271	73
Travel and Subsistence Expenses	323	220	103
Maintenance	551	320	231
Insurance companies	297	241	56
Total	**32,227**	**26,782**	**5,445**

Costs for services increased compared to last year's period by about Euro 5,445 thousand.
The most significant increases (+Euro 3,716 thousand) relate to transport, and logistics costs and are caused by both the increase in transport prices and the trend in sales and the improvement in customer service, also with more parcelled shipments, which had a significant impact on costs 2022.
There are also strong increases in agent commissions, and these are directly related to the increase in sales to customers.

The reduction of the marketing item compared to the budget is attributable to the postponement of the advertising campaigns, which are planned for later in the year; it is assumed that the advertising budget for the period will be fully incurred in 2022 (if the marketing costs had been spread evenly over the year, there would be additional costs of approximately EUR 1.5 million in the first half-year).

29. OTHER COSTS AND CHARGES

Other costs and charges are detailed below:

	1st half 2022	1st half 2021
Other expenses	360	406
Taxes and Indirect Taxes	259	321
Losses on receivables	-	13
Cost of use of third-party assets	343	335
Total	**962**	**1,075**

Other expenses consist mainly of out-of-period expenses and costs for gifts and samples.

30. DEPRECIATION

The following table presents details of the Group's depreciation, amortisation and impairment for the periods ended 30 June 2022 and 2021.

	1st half 2022	1st half 2021
Depreciation of tangible assets	2,379	2,030
Amortisation of intangible assets	553	520
Amortisation of right of use	462	526
Total depreciation	**3,394**	**3,076**

The amount of depreciation is in line with the previous period. See notes 6, 7 and 8 for more details.

31. WRITE-DOWNS

	1st half 2022	1st half 2021
Bad debt provision	573	69
Total write-downs	**573**	**69**

32. FINANCIAL INCOME

Financial income for the period amounted to Euro 123 thousand and mainly referred to interest income.

33. FINANCIAL EXPENSES

Financial expenses are detailed below:

	1st half 2022	1st half 2021
Interest and other financial expenses from other companies: interest expenses	258	319
Interest on leasing	39	106
Interest on severance pay	5	-
Total	**302**	**425**

34. OTHER FINANCIAL INCOME/EXPENSE, NET

Other net income/expenses are detailed below:

	1st half 2022	1st half 2021
Net exchange rate gains/losses	219	91
Revaluation of financial assets	(18)	(40)
Impairment of financial assets	139	-
Total	**340**	**51**

Exchange rate differences relate both to actual gains/losses realised during the period and to unrealised gains/losses recognised at the balance sheet date exchange rate.
Assets and liabilities in foreign currencies mainly concern the Tunisian subsidiaries, as well as sterling transactions relating to the UK market and transactions in USD and CNY relating to importing basic safety footwear and workwear from eastern markets.
The item includes write-downs and revaluations of financial assets related to derivative instruments not recognised under hedge accounting.

35. INCOME TAX

Income taxes, calculated using the weighted average expected annual tax rate, amounted to Euro 10,578 thousand.

	1st half 2022	1st half 2021
Current taxes	9,300	6,601
Current deferred and pre-paid taxes	1,278	1,510
Total	**10,578**	**8,111**

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

To improve the comprehensibility of the impact of financial instruments on the Group's financial position, results of operations and cash flows, some qualitative information is provided below to facilitate the understanding of the Group's exposure to the various types of risks on outstanding financial instruments and related management policies.

The assets are exposed to various types of risk, including credit and liquidity risks, foreign exchange and interest rate risks.

CREDIT RISK

Credit risk is understood as the risk of potential losses arising from the non-performance of obligations undertaken by both commercial and financial counterparties. This risk may be associated with situations of counterparty default originating either from technical-commercial factors (e.g. disputes over the nature/quality of the product, interpretations of contractual clauses, etc.) or from the circumstance that one of the parties causes a financial loss to the other party by failing to fulfil the obligation. This risk arises concerning trade receivables, cash and cash equivalents, financial instruments, and deposits with banks and other financial institutions.

The type of customers to which the Group's products are aimed allows it to assess credit risk as a medium.

In procedural terms, the credit positions claimed by the Group are periodically monitored to verify compliance with contractual payment terms. The Group has procedures to ensure that product sales are made to customers with high reliability and financial strength, considering their financial position, past experience and other factors.

LIQUIDITY RISK

Liquidity risk is the risk that an entity will have difficulty meeting its obligations associated with financial and commercial liabilities on the agreed terms and deadlines.

The prudent management of liquidity risk arising from the Group's normal operations allows it to maintain an adequate level of liquidity and enables it to assess 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 financial debt, please refer to the tables in Note 20.

As mentioned in Note 20.1, it should also be noted that there are undrawn credit lines.

INTEREST RATE RISK

The Group is exposed to risks related to the trend of interest rates linked to financial debt, which it uses, in particular, through medium- and long-term financing contracts characterised by variable interest rates.

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

The Group monitors its exposure to interest rate risk. It proposes appropriate hedging strategies to contain the exposure within limits defined by the Group Finance, Administration and Control Department, resorting to the above-mentioned derivative contracts if necessary.

The following is a sensitivity analysis in which the effects on the consolidated net result resulting from an increase/decrease in interest rates of 50 basis points concerning the point interest rates as of 30 June 2022 and 31 December 2021 and a situation of constancy of other variables, excluding the effects of hedging derivatives, are represented:

	30/06/2022		31/12/2021	
Change	**-0.50%**	**0.50%**	**-0.50%**	**0.50%**
Euro (Euribor)	*0*	*131*	*0*	*163*
Total	**0**	**131**	**0**	**163**

Below is the *sensitivity analysis* as of 30 June 2022 and 31 December 2021 for the financial debt of U-POWER GROUP S.P.A., which shows the potential effects of interest rate changes on an annual basis, including the effects of hedging derivatives:

	30/06/2022		31/12/2021	
Change	**-0.50%**	**0.50%**	**-0.50%**	**0.50%**
Euro (Euribor)	*0*	*48*	*0*	*15*
Total	**0**	**48**	**0**	**15**

The potential impacts shown above are calculated by taking the liabilities representing the most significant portion of the debt at the reference date and calculating, on that amount, the potential effect of changes in interest rates on an annual basis.

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

FOREIGN EXCHANGE RATE RISK

The Group operates internationally and is therefore exposed to the exchange rate risk generated by changes in the counter value of trade and financial flows in currencies other than the currencies of account of the individual companies.

The following table shows the amounts and percentage incidences of revenue broken down by reference currency, compared to the total amount of revenue for the periods ended 30 June 2022 and 2021.

	1st half 2022	inc %	1st half 2021	inc %
EUR	132,953	98.1%	112,119	98.8%
GBP	2,596	1.9%	1,384	1.2%
USD	26	0.0%	8	0.0%
Total revenue and income	**135,575**	**100%**	**113,511**	**100%**

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

The following table shows the amounts of total raw material purchases and changes in inventories by reference currency, compared to the amount of revenue from contracts with customers for the periods ended 30 June 2022 and 2021.

	1st half 2022	% of Revenue from customer contracts	1st half 2021	% of Revenue from customer contracts
EUR	32,127	23.8%	31,597	28.2%
TND	1,339	1.0%	1,021	0.9%
USD	9,397	7.0%	5,089	4.5%
CNY	1,337	1.0%	776	0.7%
GBP	25	0.0%	63	0.1%
Total raw material purchases and change in inventories	**44,226**	**32.8%**	**38,546**	**34.4%**

Since the incidence of purchase costs, expressed in currencies other than the euro, on total purchase costs is not significant, the Group's costs were not significantly influenced by exchange rate movements.

The following table shows the amounts of personnel costs broken down by currency, compared to the amount of revenue from contracts with customers for the periods ended 30 June 2022 and 2021.

	1st half 2022	% of Revenue from customer contracts	1st half 2021	% of Revenue from customer contracts
EUR	6,742	5.0%	6,350	5.7%
TND	13,060	9.7%	10,602	9.5%
GBP	189	0.1%	182	0.2%
Total personnel costs	**19,992**	**14.8%**	**17,134**	**15.3%**

The Group therefore considers that the currency balance appears to be balanced. Consequently, during the period under analysis, it did not subscribe to financial instruments to hedge the risk of changes in exchange rates regarding transactions of a commercial nature.

In detail, the main exchange rate relations affecting the Group concern:

- Euro/UK sterling: with commercial transactions carried out by companies operating in the Eurozone on the UK market and vice versa;
- Euro/Tunisian dinar: with commercial transactions carried out by companies operating in the Eurozone on the Tunisian market and vice versa;
- Euro/US Dollar: with commercial transactions carried out by companies operating in the Eurozone on the Asian market and vice versa;
- Euro/ Chinese Renminbi: with commercial transactions carried out by companies operating in the Eurozone in the Asian market and vice versa.

The following table shows, concerning the main monetary assets and liabilities, the amounts, as of 30 June 2022 and 31 December 2021, of exposures in currencies other than the reporting currency of each of the Group's companies, with the incidence of the same on the total of the respective items:

Values in thousands of Euros

	As at 30 June 2022										
	EUR	% incidence on total	TND	% incidence on total	USD	% incidence on total	GBP	% incidence on total	CNY	% incidence on total	Total
Trade receivables	66,549	98.5%	0	0.0%	1	0.00%	1,030	1.5%	0	0.0%	**67,580**
Trade payables	50,009	91.0%	2,315	4.2%	2,311	4.2%	79	0.1%	219	0.4%	**54,933**

Values in thousands of Euros

	As at 31 December 2021										
	EUR	% incidence on total	TND	% incidence on total	USD	% incidence on total	GBP	% incidence on total	CNY	% incidence on total	Total
Trade receivables	66,665	99.0%	-53	-0.1%	37	0.00%	689	1.0%	0	0.0%	**67,339**
Trade payables	49,666	85.6%	2,486	4.3%	5,208	9.0%	147	0.3%	537	0.9%	**58,044**

The following is a sensitivity analysis in which the effects on the net result, and consequently on the consolidated equity, resulting from an increase/decrease in foreign currency exchange rates concerning the effective exchange rates as of 30 June 2022 and 31 December 2021, are shown.

In the context of the sensitivity analyses presented below, the effect was determined without considering the tax effect.

Values in thousands of Euros

	As at 30 June 2022					
	-5.00%	5.00%	-10.00%	10.00%	-15.00%	15.00%
TND	537	(486)	1,133	(927)	1,800	(1,331)
USD	(34)	28	(71)	55	(112)	80
GBP	(64)	58	(136)	111	(216)	159
CNY	(20)	18	(43)	35	(68)	50
Total	**418**	**(381)**	**884**	**(726)**	**1,405**	**(1,041)**

Values in thousands of Euros

	As at 31 December 2021					
	-5.00%	5.00%	-10.00%	10.00%	-15.00%	15.00%
TND	660	(597)	1,394	(1,140)	2,414	(1,636)
USD	33	(30)	69	(57)	110	(82)
GBP	(31)	28	(65)	53	(104)	77
CNY	(36)	33	(77)	63	(122)	90
Total	**626**	**(566)**	**1,321**	**(1,081)**	**2,098**	**(1,551)**

Commitments for investments

During the first half of 2022, the development of the new logistics hub in Italy was started, including the warehouse automation of U-Logistics; this investment commitment of approximately EUR 20 million will be completed in 2023.

Guarantees

There are no guarantees not already represented in the balance sheet.

Contingent liabilities

There are no contingent liabilities other than those shown on the balance sheet.

37. RELATED PARTY DISCLOSURES

Note 1 provides information on the structure of the Group, including details on subsidiaries and the parent company. All transactions are regulated at normal market conditions, considering the characteristics of the goods and services provided. The following table provides the total amount of transactions with related parties during the period:

(amounts in Euro thousands)

	Receivables	Payables	Revenues	Costs
Fin Reporter S.r.l. (controlling)	3	24,810	-	83
PFU S.r.l. (related company)	-	-	-	-
Total	**3**	**24,810**	**-**	**83**

The payables to the parent company Fin Reporter mainly refer to relations relating to the tax consolidation and dividend payables.

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

38. SECTOR INFORMATION

IFRS 8 - Operating Segments requires that operating segments be identified based on the internal reporting system senior management uses to allocate resources and assess performance. In terms of their economic and financial characteristics, the products distributed by the Company do not differ significantly from each other in terms of the product, the nature of the production process, distribution channels, geographical distribution, and type of clientele. Thus, the subdivision required by the accounting standard is, in light of the requirements of paragraph 12 of the standard, unnecessary because it is deemed to be of little information for the reader of the financial statements.

39. SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE PERIOD

No significant events occurred after the period's end that would impact these financial statements.
The Group closely monitors developments in the spread of the Coronavirus and takes all necessary organisational, control and preventive measures.
The developments in the conflict in Ukraine will also be closely monitored, However, it should be noted that the Group's presence in the countries affected by the conflict is marginal in terms of revenues and raw material supplies.

* * * * *

Paruzzaro, 12 September 2022

The President of the Board
of Administration
(Pier Franco Uzzeni)

U-Power Group S.p.A.

Review report on the interim condensed consolidated financial statements at 30 June 2022

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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 2022. 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 2022 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.

Milan, 14 September 2022

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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