FOPE GROUP

Consolidated Financial Statement as of June 30, 2023

CONSOLIDATED FINANCIAL STATEMENT AS OF JUNE 30, 2023

Dear Shareholders,

Please find herein for your consideration the consolidated financial statements as at 30 June 2023 for Fope S.p.A., which report a positive financial result of €5,574,875.

Net revenues for the first half of 2023 were €34.7 million, representing an increase of €7.0 million or 25.35% over the value for the first half of 2022. 84.62% of revenue is attributable to sales in foreign markets.

The figures quantifying the positive trend seen in sales and growth with respect to the first half of 2022 are testimony to the group's stable growth in key markets. These results have involved all markets: both EU and non-EU foreign markets, and the group's now consolidated performance in the Italian market, which contributed significantly to the overall result.

Improvements in the delivery capabilities of production processes have had a positive impact on overall sales volumes, allowing the group to fulfil the order portfolio registered at the start of the year within the expected times. Sales have been made with commercial conditions that have not altered primary profits, while the substantial changes seen in the price of gold were mitigated by hedging measures already in place at the start of the year.

In terms of strengthening brand equity, the group has put numerous marketing and communication activities into effect to support its distribution network, and continues to do so in 2023. In keeping with the group's strategies to improve market presence, a number of new Shop in Shops (personalised corners within other points of sale) have been opened, while others are planned and will be opened in the second half of the year.

In June, the group achieved a major new goal for consolidating brand awareness and direct market visibility with the opening of a single-brand boutique in Tokyo Ginza.

Ethics and sustainability have always been key priorities for the group, which continues in its process to improve its position with regards to sensitivity towards these issues in all of the company's activities. The Sustainability Report recently released for the group's 2022 performance was published as a standalone document, marking a change from the formula used in previous years, where it was included in the dossier of the consolidated financial statements. Concerning environmental sustainability in particular, the group obtained "Carbon Neutrality" certification for 2022, issued after verification by an independent certifying body.

The collaborative relationship between the group and our dealers continues to bear fruit, and in view of the results seen so far, we can confirm that the current financial year is also expected to close with positive results.

The impressive results for the period have been attained through the professionalism, passion and dedication of the Fope team, and we express our sincere thanks to them for their work and their commitment to sharing our ideals and our vision for development, which combines the strength of the values consolidated over time with a bold drive towards innovation.

These half-year financial statements have been submitted for auditing to the appointed body BDO Italia S.p.A..

Diego Nardin
CEO Fope S.p.A.

Fope S.p.A., the parent company, and the three subsidiaries operating in the jewellery sector as producer and distributors on the high-end own brand jewellery markets. Fope is an international *brand* which, in 2023, made 84.62% of its turnover with sales on foreign markets. In addition to developing new product collections, the company has historically also focused on process innovation to effectively fuse its goldsmith traditions with the best industrial production methods to create jewellery with elegant, sophisticated design.

Its headquarters, offices and workshop are located in Vicenza, in one of the main Italian goldsmith districts, where the brand was created and developed.

Fope S.p.A. is a certified member of the Responsible Jewellery Council, an international non-profit organisation that promotes responsible, ethical, social and environmental standards and practices in respect of human rights.

The business model is characterised by these elements, which constitute the company's strengths:

- collections of products designed and manufactured in-house, at the headquarters in Vicenza and exclusively sold under the Fope brand;
- distributed by multi-brand jewellers (the customer Fope S.p.A.) with medium- to high-end market positioning;
- direct sale to jewellery customers (independent or group-owned), without the intermediary of external distributors (with the exception of the branches belonging to the group);
- a strong brand identity and instantly recognisable design;
- consolidated presence in international markets;
- particular attention to product and process innovation, with the use of patents for inventions developed by the parent company;
- every step in the production chain is overseen directly by the Group, from processing of raw materials to finishing.

Fope S.p.A. heads the technological research and development, the concept design and creation of new collections, production and logistics activities, and the group's commercial and marketing organisation. All company departments including production are integrated at the headquarters of Fope S.p.A.; this is a building built in 2000, extended in 2019, which combines rational and efficient space usage with a modern architectural style and superlative visual design. As its production department produces no harmful emissions, the headquarters has been able to remain within the urban zone of the city of Vicenza.

Headquartered in Boca Raton (Miami), Fope USA Inc. is the distributor of Fope S.p.A. for the American market and agent for the Caribbean and South American markets.

Fope S.p.A. – DMCC Branch, opened in Dubai in October 2020, takes care of customer support and service activities on behalf of the group's customers residing in Arab markets and in the South-East Asia area.

Fope Jewellery Ltd, with headquarters in Solihull (UK), is a 75% subsidiary of Fope S.p.A., with the remaining 25% of the company's capital held by its three managers in charge of market development, is the distributor of the parent company for the UK market.

Fope Deutschland GmbH, a company incorporated under German law in 2022, with headquarters in Mönchengladbach (Germany), is a 100% subsidiary of Fope S.p.A.. The group's holding in this company is considered in the scope of consolidation from the 2023 financial year.

Fope S.p.A. holds 20% of the capital of the company Milano 1919 S.r.l., the owner of the historical brand Antonini. Antonini was founded and still based in Milan today, this historical and renowned house of Italian high-end jewellery produces and distributes prestigious collections of exquisitely and exclusively designed jewellery. The Antonini brand is positioned as a niche brand, which expresses refined luxury, through the superlative craftsmanship distinguishing all of its creations.

Fope S.p.A.'s holding in Milano 1919 S.r.l. is not considered in the scope of consolidation.

MISSION

Since 1929, we have used pioneering technology and proprietary patented solutions to transform gold into jewellery that transcends passing trends. Our Italian heritage has always inspired our style, a style which appeals to the customer who lives their life with sophisticated, understated elegance. All the activities of the company and its subsidiaries are subject to stringent monitoring and control for ethical and sustainability compliance.

VISION

Inspire those who want to add a touch of understated luxury to every experience in their lives.

VALUES

Proudly born and manufactured in Vicenza

FOPE is an Italian brand. All of our jewellery is produced in Italy, and the Vicenza headquarters is the hub of all the activities of the group. From a creative point of view, the art and expertise of the territory of our origins are a constant source of inspiration that give us the confidence to regard our place in the global market with pride.

Family values

FOPE is first and foremost a family business. Umberto Cazzola opened his first goldsmith workshop in 1929, and since then, the reins of the business have been handed from generation to generation. Through the unique contribution of each generation, the business grew to become a stock market listed company as the natural evolution of a success story almost a century long, which continues to this day.

Widespread innovation

While this may seem a simplistic concept at first glance, at FOPE, innovation truly does pervade every aspect of business - starting from technology, a fundamental element in all production activities. The items of jewellery are precious, superior quality objects that often make use of the Flex'it system, a solution invented and patented by FOPE. The tone of our corporate communication has always been, and will always be moving in the same direction.

Original design

FOPE jewellery takes shape in Vicenza, in a virtuous marriage of creativity and technical expertise. The iconic Novecento mesh chain in particular defines the character of each collection, creating a precise, timeless visual identity. Alongside brand recognisability, good design also ensures the longevity and versatility of each individual item of jewellery.

Corporate responsibility

FOPE's corporate and product policies are guided by the highest ethical values. The concept of corporate responsibility is a fundamental value that has been shared by every generation of the founding family. Now an operator in the global luxury market, FOPE believes this is more important than ever, dedicating the utmost attention to sustainability, efficiency and respect, and carefully considering the economic, environmental and social impact of each of its activities.

Understated elegance

FOPE collections are conceived and crafted to be worn every day. Alongside the intrinsic beauty of each piece, comfort is also a fundamental prerequisite for FOPE jewellery. In its style and communication choices, the brand promotes an idea of understated elegance that can expressed by each individual through their own uniqueness.

Ethical values

Fope conducts its business in accordance with standards for ethics, integrity, efficiency and respect. It encourages all staff and associates to adopt positive behaviour, to constantly improve product quality and to appreciate each person individually and as part of a team.

The Company sees Italian legislation as a fundamental starting point and is committed to making its conduct conform to this and to the existing international rules applicable to its field of action. Furthermore, it ensures, in all its actions, respect of the Universal Declaration of Human Rights.

The activities carried out by Fope are founded on:

- respect for employees, partners, customers and suppliers, in the perspective of a shared work ethic;
- the safety of the working environment and the health of those who work in it;
- the sense of social responsibility that comes directly from the role of entrepreneur;
- the commitment to adopt production methods which, according to the type of production, aim for as much sustainability as possible.

Fope rejects any form of discrimination, child labour and forced labour, and encourages anyone who deals with the company to adopt the same principles. The company also promotes good practices for behaviour among its employees and associates in all areas of action.

In 2020, the company formally adopted its Code of Ethics, considered a pillar of fundamental importance for the development of an increasingly responsible, transparent management model based on the creation of shared value for all stakeholders. This document defines the set of values that the company recognises, shares and promotes, in the awareness that conduct inspired by the principles of integrity and responsibility is an important driver for the economic and social development of the individual organisations and communities in which they operate.

The Code of Ethics is also available in English on the company's websites *www.fope.com* and *www.fopegroup.com*. These online pages also indicate the email account any Fope stakeholder can use to provide any suggestions they may have, or reports cases of behaviour in breach of the principles set out in the Code.

The adoption of the Code has been shared with external stakeholders through an official email communication sent to all of the company's customers and suppliers.

These stakeholders are also called upon to subscribe to the values, principles and rules of conduct outlined in the document.

Lastly, the company has an elective Ethics Committee charged with looking after and managing any complaints, reports of unease or suggestions by its employees. The Committee can be consulted by giving your name or anonymously and can be involved as a whole, or through the involvement of one member at a time. The objective of the Ethics Committee, which comprises three members, is the guarantee of a space in which workers are listened to without prejudice and obtain the tools to tackle situations of unease experienced or perceived.

Since 2013, the company has been a certified member of the *Responsible Jewellery Council* (RJC), an international non-profit organisation that promotes responsible, ethical, social and environmental standards and practices in respect of human rights in the entire chain in the diamonds, goldsmithing and platinoids sector, from mining to retail trade. Many of Fope's main suppliers have in turn been awarded this certification. The RJC certificate remains valid for a period of three years, and requires a new auditing process for renewal after this period.

The keys to success that have identified the strategic line pursued by the Fope Group in recent years, in order to grow and consolidate its position on the markets, are due to specific elements:

- Product
  - excellent quality, design and innovation of the collections offered;
  - strong brand identity - every item of Fope jewellery has a highly recognisable design line;
  - made in Italy (made in Fope).
- Service
  - support to distributors for total end customer satisfaction;
  - order/sales policy management;
  - training sales team at distributors.
- Partnership with Jewellery
  - involvement of the distributor in marketing initiatives (campaigns in support of the point of sale - special events);
  - involvement of the distributor in events at Fope's headquarters to transfer the Company's values.
- Markets
  - focusing investment and marketing initiatives in markets where the group already has a significant presence: America and Europe, in particular, Germany and the United Kingdom.

The results posted, which show significant growth in 2023 in sales volumes, represent a valid indicator for expressing a positive opinion on the strategies pursued.

Actions on key levers of success, which have supported growth, are long-term phenomena acting with increasingly positive effects on the perception of the brand by the market, and which self-feed development.

SUSTAINABILITY STRATEGIES

Sustainability, in its broadest sense (in other words, inclusive of environmental, social and governance aspects), plays a central role in every strategy implemented by Fope. The effective integration of ESG factors in its business model allows the organisation to develop technological, management and operational solutions that:

- maximise the efficiency of company processes and activities, offering clear competitive advantages in all markets the company operates in;
- contribute actively to the sustainable development of its business from an environmental, economic and social standpoint.

In recent years, the objective of transparency with respect to its own operations has led Fope to commit to a process of reporting its position and initiatives linked to social responsibility. In fact, since 2017, Fope's consolidated financial statements have included a chapter entitled "Sustainability report", which is drafted taking international guidelines into consideration and is updated annually in order to demonstrate the projects implemented in the context of corporate social responsibility and the results achieved by these activities.

Since the 2022 financial year, the Sustainability Report has been issued as a standalone document drafted and published independently of the financial statements dossier.

Already in 2019, this commitment to transparency and the increasing integration of environmental, social and governance factors (often called "ESG factors") in its strategies and business processes earned the group the AIM ESG award, presented by *IR TOP Consulting*[1] and by the *Department of International Trade (DIT)* of the United Kingdom during the *AIM Awards* prize-giving ceremony for listed small-to-medium businesses in the AIM segment (now *Euronext Growth Milan – EGM*) of the Italian stock exchange.

In 2021, the company also achieved the *ESGe rating* of the Cerved Rating Agency with a score of BBB *("High ESGe Risk Management Capability")*. An analysis of sustainability carried out on the data reported for 2020 by the rating agency revealed a higher than average score for Fope, with reference to the "Accessories" cluster, rewarding in particular the group's efforts to reduce its environmental impact and its initiatives to mitigate risks related to corporate governance implemented over the years.

1 The leading company in Italy for management consultancy in the areas of Capital Markets and Investor Relations https://www.irtop.com/).

The following table shows a summary of the values of the Group's Consolidated Financial Statements compared to the values of the previous year. The following amounts are expressed in millions of euros.

	2023 (30 JUNE)		2022 (30 JUNE)		2023 VS 2022	
Net Revenue	**34.68**	**100.0%**	**27.66**	**100.0%**	**7.01**	**25.4%**
Operating Costs	(25.59)		(21.02)		(4.58)	
EBITDA	**9.08**	**26.2%**	**6.65**	**24.0%**	**2.43**	**36.6%**
Amortisation	(1.00)	-2.9%	(0.94)	-3.4%	(0.06)	
EBIT	**8.09**	**23.3%**	**5.71**	**20.6%**	**2.38**	**41.6%**
Financial Charges	(0.39)	-1.1%	0.02	0.1%	(0.40)	
Pre-Tax Profit	**7.7**	**22.2%**	**5.73**	**20.7%**	**1.97**	**34.5%**
Taxes	(2.12)		(1.03)		(1.10)	
Net Profit	**5.57**	**16.1%**	**4.70**	**17.0%**	**0.87**	**18.6%**

	2023 (30 JUNE)	2022 (31 DECEMBER)	2023 VS 2022
Fixed assets	14.29	14.15	0.13
Net Working Capital	28.54	20.72	7.81
Provisions	(3.01)	(2.746)	(0.28)
Net Invested Capital	**39.81**	**32.14**	**7.67**
Shareholders' Equity	**34.84**	**33.64**	**1.20**
Net Financial Position	**4.97**	**(1.50)**	**6.47**

The following table presents the highlights of the companies comprising the Group, with values expressed in millions of euros.

	FOPE SPA	FOPE USA INC	FOPE JEWELLERY LTD	FOPE DEUTSCHLAND GMBH
	2023 (30 JUNE)	**2023 (30 JUNE)**	**2023 (30 JUNE)**	**2023 (30 JUNE)**
Net Revenue	**32.83**	**5.97**	**5.03**	**0.36**
Operating Costs	(23.79)	(5.84)	(4.93)	(0.21)
EBITDA	**9.04**	**0.13**	**0.10**	**0.15**
Amortisation	(0.93)	(0.04)	(0.01)	(0.01)
EBIT	**8.11**	**0.09**	**0.09**	**0.14**
Financial Management	(0.35)	(0.00)	0.00	0.00
Pre-Tax Profit	**7.76**	**0.09**	**0.09**	**0.14**
Taxes	(2.13)	(0.02)	(0.02)	(0.05)
Net Profit	**5.63**	**0.07**	**0.07**	**0.10**
Assets	13.64	0.39	0.20	0.20
Net Working Capital	30.06	(0.12)	(0.49)	(0.11)
Provisions	(2.83)	0.00	0.00	0.00
Borrowing Requirement	**40.87**	**0.51**	**(0.29)**	**0.09**
	34.40	**0.91**	**0.75**	**0.14**
Net Financial Position	**6.47**	**(0.40)**	**(1.04)**	**0.05**

BOARD OF DIRECTORS

Umberto Cazzola	Chair
Ines Cazzola	Vice-Chair
Elisa Teatini	Board Member
Davide Angelo Francesco Molteni	Independent Board Member
Diego Nardin	CEO

BOARD OF STATUTORY AUDITORS

Marina Barbieri	Chair
Cesare Rizzo	Standing Statutory Auditor
Silvio Cesare Rizzini Bisinelli	Standing Statutory Auditor

AUDITING BODY

BDO Italia S.p.A.

SUPERVISORY BODY

Stefania Centorbi

LISTED SECURITIES:

Listed FOPE S.p.A. shares: FPE ordinary shares, Cod ISIN IT0005203424

ANALYSIS OF MAIN FINANCIAL DATA

The group's reclassified Consolidated Income Statement, compared with the previous half-year, is as follows (in euros):

INCOME STATEMENT	30/06/2023	30/06/2022	VARIATION
Net Revenue	**34,677,637**	**27,664,613**	**7,013,024**
Other income	352,433	200,730	151,703
External costs	23,099,376	19,059,982	4,039,394
Value Added	**11,930,694**	**8,805,361**	**3,125,333**
Labour costs	2,847,971	2,156,568	691,403
Gross Operating Margin	**9,082,723**	**6,648,793**	**2,433,930**
Amortisation of fixed assets	996,435	938,356	58,079
Operating Profit	**8,086,288**	**5,710,437**	**2,375,851**
Financial income and charges	(386,947)	16,022	(402,969)
Income before taxes	**7,699,341**	**5,726,460**	**1,972,881**
Income tax	2,124,466	1,025,971	1,098,495
Net profit	**5,574,875**	**4,700,490**	**874,385**

SALES REVENUE

The sales profit for the first half of 2023 was positive. Net revenue for sales amounted to €34.68 million with an increase over the previous period of €7.01 million, or 25.35%.

The increase in revenue is attributable to the larger volume of sales secured during the half-year period and the fulfilment of the order portfolio as it stood at the end of 2022.

Sales are related to Fope jewellery collections which, as known, are manufactured in-house exclusively under the Fope brand and distributed through multi-brand and client stores, and stores of distributors of the brand. In addition to sales from this business model are the sales made at the Venice boutique, where the end consumer is the direct customer, and sales also to end consumers via the parent company's e-commerce website. Fope collections are also sold through the single-brand boutiques in London, Kuala Lumpur and Tokyo Ginza, the latter of which was opened in June 2023. The boutique in Venice is managed directly by the Parent Company, while other boutiques are managed in collaboration with major local distributors.

The new collections presented in 2023, at trade fairs and directly to the distribution network, enjoyed excellent results, and the "*timeless*" pieces and collections that have been present on the market for a number of years continue to be very popular.

The distributors, largely mid-high end multi-brand stores, operate on an international scale, and approximately 84.62% of the total turnover generated in the first half of 2023 was in countries other than Italy, a percentage in keeping with the value seen in the previous financial year considered.

OPERATING COSTS

Operating costs net of labour costs, which increased by 21.19% during the half-year over the figure for the previous period considered, comprise elements of industrial costs which are variable and proportional to the sales volume, which generated margins in keeping with forecast values. Structural costs, on the other hand, have not undergone significant changes with respect to the previous year. No costs of an extraordinary nature with respect to current operations were recorded in the financial year.

The marketing and communication initiatives plan has been completely paid for in the financial year and has seen, over the first half of 2023, a greater economic commitment than the previous year, to support the various activities carried out and functional for commercial development. The costs for marketing initiatives include costs for participating in international trade fairs, communication programmes in the press and online and marketing initiatives and events carried out directly in collaboration with the distributor jewellers.

The international exhibitions in which Fope participated were two editions of VicenzaOro, which produced growth as a result of the business volume they generated, the Centurion event in Arizona and the Las Vegas trade fair. It should be recalled that Fope not only presents collections during trade fairs, but also, and above all, collects sales orders at these events.

The costs for the purchase of raw materials and other consumer goods, in line with the forecasts, produced the expected margins. Gold is purchased with forward hedging operations in order to stabilise the average cost. The costs for managing the sales network, agents' commission and the Group's commercial companies, have increased, but in proportion to sales growth.

The Fope workforce team has increased over the previous year; and the 32.06% increase in the corresponding cost is mainly attributable to the inclusion of new employees and promotions.

According to the Group's operating model, it should be recalled that the distributing companies which deal with marketing collections compete on commercial cost and specific marketing activities, besides labour costs, while the operating costs of the product production and distribution cycle, for areas not managed by subsidiaries and other support functions, are borne by the parent company.

DEPRECIATION AND OTHER PROVISIONS

The share of depreciation amounts charged to the financial year (up 6.19% over the value for the first half of 2022) includes the investments made in the year considered and in previous years.

Provisions for the Severance Pay Fund, as well as the provision to the Severance Pay Fund for Agents, have been calculated in accordance with the statutory provisions.

The operating profit of €5.57 million has increased by €0.87 million over the value of €4.70 million posted for the previous year. The positive change is attributable to the increase in turnover volumes and margins on sales, which were in line with expectations.

The earnings before taxes, depreciation and amortisation (EBITDA) amounted to €9.08 million, up in absolute terms by €2.43 million over the value posted in 2022. Similarly, EBIT has also improved, totalling €8.09 million.

MAIN BALANCE SHEET DATA

The company's reclassified Balance Sheet, compared with the previous year is as follows (in euros):

RECLASSIFIED BALANCE SHEET	30/06/2023	31/12/2022	VARIATION
Net intangible fixed assets	3,294,272	3,041,035	253,237
Net tangible fixed assets	10,016,576	9,974,191	42,385
Holdings and other financial fixed assets	977,428	1,138,729	(161,301)
Fixed Capital	**14,288,276**	**14,153,955**	**134,321**
Inventories	17,707,295	13,922,637	3,784,658
Customer Receivables	17,819,935	12,361,591	5,458,344
Other Receivables	3,605,179	3,097,071	508,108
Cash Flow Hedging Op, Cr, Position	208,286	132,082	76,204
Short-term assets for the year	**39,340,695**	**29,513,381**	**9,827,314**
Payables to suppliers	4,725,913	4,688,627	37,286
Other payables	6,079,479	4,102,494	1,976,985
Short-term liabilities	**10,805,392**	**8,791,121**	**2,014,271**
Net Working Capital	**28,535,303**	**20,722,260**	**7,813,043**
Severance Pay Fund	(1,249,841)	(1,186,417)	(63,424)
Severance Pay Fund for Agents and other Funds	(1,065,487)	(1,076,534)	11,047
Cash Flow Hedging Fund	(697,911)	(473,647)	(224,264)
Total provisions	**(3,013,239)**	**(2,736,598)**	**(276,641)**
Invested capital	39,810,340	32,139,617	7,670,723
Share Capital and Equity Reserves	(35,125,022)	(33,805,375)	(1,319,647)
Cash Flow Hedging Reserve	287,486	164,769	122,717
	(34,837,536)	**(33,640,606)**	**(1,196,930)**
Medium-/Long-Term Financial Position	(5,088,936)	(4,997,325)	(91,611)
Short-Term Financial Position	116,131	6,498,315	(6,382,184)
Net Financial Position	(4,972,805)	1,500,990	(6,473,795)
Shareholders' Equity and Net Financial Position	**39,810,341**	**32,139,616**	**7,670,725**

FIXED ASSETS

Investments in tangible and intangible fixed assets made during the period considered, amounting to €1.34 million, relate in particular to technological tools and equipment used in the production process, and goods in support of commercial activities. Investments of a commercial nature include the creation of SiS (personalised FOPE furnished corners within distributor stores). Fixed assets includes the progress of the project to implement the new information system started in 2021. The system start-up plan envisages the release of the technological platform over a number of steps in 2022 and 2023. The first of these steps was successful completed at the beginning of January 2022, and the last step is planned for the end of 2023.

TRADE RECEIVABLES AND PAYABLES

The credit exposure to customers did not change in the deferment ratios compared to the 2023 financial year and also compared to the pre-Covid-19 financial years. The increase in the balance over the previous year is proportional and due to the growth in sales volumes.

Policies for managing payments have not changed for suppliers, and the difference in balance as of 30 June is attributable to the expiry of certain payments made later.

The credit position of derivative financial instruments is entered under the heading "Cash flow hedging op. cr. position" of the reclassified statement, and its liabilities position under the heading "Cash flow hedging operations fund".

WAREHOUSE STOCK

The growth in the value of warehouse stock amounting to €3.78 million (+4.73%) is attributable to an increased availability, compared to the end of the financial year 2022, of the raw materials gold and diamonds. As of 30 June 2023, stocks of finished and semi-finished products necessary to ensure delivery of orders booked for 2023 have undergone a slight increase. Note that production only works to order and not on stock.

AMOUNTS OWED TO CREDIT INSTITUTIONS AND FINANCIAL POSITION

During the first half of the year, a financial instrument for the value of €3.00 million was initiated to replace analogous, expired instruments intended to optimise cash costs and investment in gold stock.

The net financial position, cash negative for an amount of €4.97 million, shows a considerable improvement compared to the position at 31 December 2022, when it amounted to €1.50 million in debt.

The individual flow entries are recorded and commented on in the Cash Flow Statement, presented on page 23.

THE EQUITY AND HEDGING OPERATION RESERVES PLANNED ARE HIGHLY PROBABLE.

During the period considered, dividends of €4,319,686 were distributed, and the remaining profit was allocated to equity reserves.

In the transposition of the new accounting standard OIC 32 (December 2016), the effects recorded at 30 June 2023 for hedging operations of asset financial flows have been entered under the Balance Sheet headings. Specifically for the Parent Company, it exclusively concerns hedging operations aimed at stabilising the purchase price of gold or stabilising the exchange rates of currencies.

The effects calculated of the operations have been entered in the asset components if with a positive effect and in the liabilities components if with a negative effect and recorded as a balance in the "Cash flow hedging operation" reserve.

As of 30 June 2023, Fope SpA does not hold any treasury shares, and therefore no specific Equity reducing entry has been entered under liabilities pursuant to and for the effects referred to in Article 2357 Italian Civil 3) of the Civil Code.

The consolidated cash flow statement as at 30 June 2023 (in euros) is as follows:

	30/06/2023	31/12/2022	VARIATION
Operating Profit	5,574,875	10,832,162	(5,257,287)
Share depreciation amounts	996,435	1,919,114	(922,679)
Changes in Sev, Fund and Sev, Fund for Agents	84,299	(336,624)	420,923
Gross Self-financing	**6,655,609**	**12,414,652**	**(5,759,043)**
Changes in Customer Receivables	(5,483,811)	(3,039,977)	(2,443,834)
Changes in Other Short-Term Receivables	(390,100)	(1,953,904)	1,563,804
Changes in Inventories	**(3,784,658)**	**(3,613,828)**	**(170,830)**
Changes in Short-Term Payables	**2,007,814**	**888,129**	**1,119,685**
Changes in Net Working Capital	(7,650,755)	(7,719,580)	68,825
Operating Cash Flow	(995,146)	4,695,072	(5,690,218)
Changes in Tangible and Intangible Fixed Assets	(1,292,057)	(2,258,323)	966,266
Changes in Financial Fixed Assets	43,293	(892,180)	935,473
M/L-Term Financing Repayments	(2,315,147)	(4,356,236)	2,041,089
Uses	**(3,563,911)**	**(7,506,739)**	**3,942,828**
Acquisition of Loans	3,000,000	4,000,000	(1,000,000)
Issue of Convertible Bonds			
Changes in Reserves	(4,255,228)	(2,312,039)	(1,943,189)
Sources	**(1,255,228)**	**1,687,961**	**(2,943,189)**
Changes in Cash Flow Hedging Op, Cr, Position	(76,204)	662,911	(739,115)
Changes in Cash Flow Hedging Fund	224,264	451,716	(227,452)
Changes in Cash Flow Hedging Reserve	(122,717)	(721,379)	598,662
Changes in Cash Flow Hedging Op, Position	**25,343**	**393,248**	**(367,905)**
Net Cash Flow	**(5,788,942)**	**(730,458)**	**(5,058,484)**
Net Banking Credit/(Debit) Gearing Ratio 30/06/2023	4,714,829		
Net Banking Credit/(Debit) Gearing Ratio 31/12/2022	10,503,771	10,503,771	
Net Banking Credit/(Debit) Gearing Ratio 30/06/2022			
Net Banking Credit/(Debit) Gearing Ratio 31/12/2021		11,234,228	
Changes in Net Debit/(Credit) position	**(5,788,942)**	**(730,457)**	**(5,058,485)**

Self-financing generated by economic results and careful working capital management have produced a positive net cash flow amounting to €5,788,942, which permitted cash flow management without putting pressure on liquidity needs.

Self-financing and the provision resulting from activation of new M/L-term financing have enabled commitments to be met required to finance the investments plan and the depreciation plans to repay existing finance.

ANALYSIS OF THE FINANCIAL POSITION

The net financial position as at 30 June 2023, and at the end of the previous financial year, is as follows (in euros):

NET FINANCIAL POSITION	30/06/2023	31/12/2022	VARIATION
Net position of short-term liquidity and cash balance	5,714,829	11,503,771	(5,788,942)
Amount of short-term financing	(5,598,698)	(5,005,456)	(593,242)
Short-term net financial position	116,131	6,498,315	(6,382,184)
Amount of long-term financing	(5,088,936)	(4,997,325)	(91,611)
Net financial position	(4,972,805)	1,500,990	(6,473,795)

During the financial year, new financing amounting to €3.00 million was activated and existing financing repaid amounting to €2.32 million.

RELATIONSHIPS BETWEEN THE GROUP'S COMPANIES

During the year, the parent company Fope S.p.A. entered into the following relationships with subsidiaries (in euros):

- Fope Usa Inc
- Fope Jewellery Ltd
- Fope Deutschland GmbH

Company	RECEIVABLES	PAYABLES	REVENUE	COSTS
Fope Usa Inc	4.844.895	84.168	4.698.844	344.095
Fope Jewellery Ltd	4.806.657	6.843	4.049.045	32.093
Fope Deutschland GmbH	61.830			358.378

These relations, which do not include atypical and/or unusual transactions, are regulated by normal market conditions.

STAFF

The breakdown of the staff working in the group's companies as at 30 June 2023 is 78 people: 39 women and 39 men. No serious work-related accidents occurred during the first half of the year.

ENVIRONMENT

The Group carries out its activities in compliance with the provisions on environmental protection. During the year, compliance with the standards on gaseous and liquid emissions monitoring activities were regularly carried out by external contracted companies, always with negative results. The Sustainability Report was drafted for the fifth consecutive year. The report was drafted in consideration of the activities of the parent company Fope S.p.A..

INFORMATION RELATING TO RISKS AND UNCERTAINTIES PURSUANT TO ART. 2428, SECTION 2, IN PARAGRAPH 6-BIS, OF THE CIVIL CODE

In accordance with Art. 2428, Section 2, paragraph 6-Bis of the Civil Code, information is provided below regarding the use of financial instruments, as relevant for the purposes of assessing the income and financial situation.

More precisely, the objectives of company management, policies and criteria used to measure, monitor and control the financial risks are the following:

- financial resources to stabilise the purchase price of raw materials;
- financial resources to stabilise exchange rate risk for Dollar and Sterling countries;
- financial resources to stabilise the interest rate risk on medium-term funding.

CREDIT RISK

The receivables write-down fund amount is adequate to cover the credit risk.

LIQUIDITY RISK

As regards liquidity risk, the following is indicated:

- the companies of the Group do not have financial assets for which there is a liquid market and that are readily marketable to meet the need for liquidity;
- there are instruments of indebtedness or other lines of credit to meet liquidity needs (borrowing via an overdraft and borrowing via disposal of trade receivables to banks);
- the parent company has financial assets for which there is not a liquid market but from which cash flows are expected (capital or interest) that will be available to meet its liquidity needs;
- the parent company has deposits with credit institutions to meet its liquidity needs;
- the main sources of financing, excluding short-term bank exposure are: M/L-term loans with banks.

POLICIES RELATED TO THE VARIOUS HEDGING ACTIVITIES

The Group operates in the jewellery sector and a significant risk class applies to the volatility of valuations on the international gold market, used as a raw material, and the resulting purchase price.

In order to stabilise the purchase price, the parent company fixes the end price with financial hedging operations. The operations, which do not last more than 24 months, are carried out in rotation for a share of the estimated total requirement.

In addition to what has already been explained in detail in the previous paragraphs of this Report, and in consideration of the forecast data for the financial year 2023, a positive economic result is envisaged.

The results of the first few months following closure of the half-year confirm these forecasts and, consequently, the above expectations.

Diego Nardin
CEO Fope S.p.A.

CONSOLIDATED FINANCIAL STATEMENT

BALANCE SHEET
PROFIT AND LOSS
CONSOLIDATED FINANCIAL STATEMENT (INDIRECT METHOD)

Balance sheet Assets	30/06/2023	31/12/2022
A) Subscribed capital, unpaid		
Part called up		
Part to be called up		
Total receivables from shareholders for payments still due (A)		
B) Fixed assets		
I - Intangible fixed assets		
1) Start-up and capital costs		
2) Development costs		
3) Industrial patent and intellectual property rights	1,249,040	957,295
4) Concessions, licenses, trademarks and similar rights	11,313	518,760
5) Goodwill	498,137	574,453
6) Assets under development and payments on account	636,324	422,833
7) Other	899,458	567,695
Total intangible fixed assets	3,294,272	3,041,036
III - Tangible fixed assets		
1) Land and buildings	7,029,802	7,154,989
2) Plant and machinery	1,505,107	1,587,363
3) Industrial and commercial equipment	774,411	457,454
4) Other assets	562,149	599,928
5) Assets under development and payments on account	145,107	174,456
Total tangible fixed assets	10,016,576	9,974,190
III - Financial fixed assets		
1) Investments in:		
a) subsidiaries	53,480	103,601
b) associates		
c) parent companies		
d) companies subject to the control of parent companies		
d-bis) other companies	9,870	10,055
Total investments	63,350	113,656
2) receivables		
a) from subsidiaries		
payable within next financial year		118,008
payable after next financial year		
Total receivables from subsidiary companies		118,008
b) from associates		
payable within next financial year		
payable after next financial year		
Total receivables from associates		
c) from parent companies		
payable within next financial year		
payable after next financial year		
Total receivables from parent companies		
d) from companies subject to the control of parent companies		
payable within next financial year		
payable after next financial year		
Total receivables from companies subject to the control of parent companies		
d-bis) from others		
payable within next financial year	47,100	46,556
payable after next financial year	13,579	
Total long-term receivables from others	60,679	46,556
Total receivables	60,679	164,564
3) other securities	750,000	750,000
4) financial derivative instrument assets	103,399	110,509
Total financial fixed assets	977,428	1,138,729

Balance sheet Assets	30/06/2023	31/12/2022
Total fixed assets (B)	14,288,276	14,153,955
C) Current assets		
I - Inventory		
1) raw materials, supplies and consumables	13,834,937	10,729,981
2) unfinished products and semi-finished products	1,505,970	1,374,062
3) work in progress made-to-order		
4) finished products and goods	2,257,946	1,818,594
5) advance payments	108,442	
Total inventory	17,707,295	13,922,637
Tangible fixed assets intended for sale		
II - Receivables		
1) trade receivables		
payable within next financial year	17,819,935	12,361,591
payable after next financial year		
Total trade receivables	17,819,935	12,361,591
2) from subsidiaries		
payable within next financial year		2,200
payable after next financial year		
Total receivables from subsidiary companies		2,200
3) from associates		
payable within next financial year		
payable after next financial year		
Total receivables from associates		
4) from parent companies		
payable within next financial year		
payable after next financial year		
Total receivables from parent companies		
5) from companies subject to the control of parent companies		
payable within next financial year		
payable after next financial year		
Total receivables from companies subject to the control of parent companies		
5-bis) tax credits		
payable within next financial year	1,613,794	1,410,509
payable after next financial year		
Total tax credits	1,613,794	1,410,509
5-ter) pre-paid taxes	919,241	849,741
5-quater) from others		
payable within next financial year	154,546	472,834
payable after next financial year	117	13,849
Total other receivables	154,663	486,683
Total receivables	20,507,633	15,110,724
III - Financial assets other than fixed assets		
1) Shareholdings in parent companies		
2) Shareholdings in associates		
3) Shareholdings in parent companies		
3-bis) Shareholdings in companies subject to the control of parent companies		
4) Other shareholdings		
5) financial derivative instrument assets	208,286	132,082
6) other securities		
financial assets for centralised treasury management		
Total financial assets that do not constitute assets	208,286	132,082
IV - Cash and cash equivalents		
1) Bank and postal deposits	5,707,954	11,510,093
2) Cheques		1,937

Balance sheet Assets	30/06/2023	31/12/2022
3) Cash and cash equivalents	6,875	9,507
Total cash and cash equivalents	5,714,829	11,521,537
Total current assets (C)	44,138,043	40,686,980
D) Accrued expenses and deferred income	917,481	347,937
Total assets	**59,343,800**	**55,188,872**

Balance Sheet Liabilities	30/06/2023	31/12/2022
A) Group shareholders' equity		
I - Capital	5,399,608	5,399,608
II - Share premium reserve	3,433,505	3,433,505
III - Revaluation reserve	1,469,295	1,469,295
IV - Legal reserve	1,202,499	1,202,499
V- Statutory reserves		
VI - Other reserves, separately indicated		
Extraordinary reserve	18,889,193	12,233,285
Reserve subject to exceptions pursuant to article 2423 of the Civil Code		
Reserve for shares in the parent company		
Reserve from revaluation of investments		
Payments to capital increase account		
Payments to future capital increase account		
Payments to capital account		
Payments to cover losses		
Capital reduction reserve		
Merger surplus reserve		
Profits on unrealised exchange rates reserve		
Current profit adjustment reserve		
Consolidation reserve		
Foreign currency exchange reserve	41,831	128,466
Total, various other reserves	(1,056,850)	(965,893)
Total other reserves	17,874,174	11,395,858
VII - Reserve for hedging operations of expected cash flows	(287,486)	(164,769)
VIII - Profit (loss) carried forward		
IX - Net profit (loss) for the year	5,558,417	10,739,407
Loss covered over the year		
X - Negative reserve for treasury shares		
Total	34,650,012	33,475,403
third-party		
Capital and third-party reserves	171,065	72,448
Third-party profit (loss)	16,458	92,755
Total third-party	187,523	165,203
Consolidated total	34,837,535	33,640,606
B) Provision for risks and charges		
1) Provision for pensions and similar obligations	884,809	863,934
2) Tax provision, including deferred tax liabilities	159,223	123,145
consolidated provision for future risks and charges		
3) Financial derivative instrument liabilities	697,911	473,647
4) Other provisions	21,455	89,455
Total provisions for risks and charges	1,763,398	1,550,181
C) Employee's severance pay	1,249,841	1,186,417
D) Payables		
1) Bonds		
payable within next financial year		
payable after next financial year		
Total bonds		
2) Convertible bonds		
payable within next financial year		
payable after next financial year		
Total convertible bonds		
3) Payables due to shareholders		
payable within next financial year		
payable after next financial year		

Balance Sheet Liabilities	30/06/2023	31/12/2022
Total payables to shareholders for loans		
4) Payables due to banks		
payable within next financial year	5,598,698	5,023,222
payable after next financial year	5,088,936	4,997,325
Total payables to banks	10,687,634	10,020,547
5) Payables due to other lenders		
payable within next financial year	182,833	209,678
payable after next financial year		
Total payables to other lenders	182,833	209,678
6) advance payments		
payable within next financial year	866	26,333
payable after next financial year		
Total advances	866	26,333
7) Trade payables		
payable within next financial year	4,725,913	4,688,627
payable after next financial year		
Total payables to suppliers	4,725,913	4,688,627
8) Payables represented by negotiable instruments		
payable within next financial year		
payable after next financial year		
Total payables represented by negotiable instruments		
9) Payables to subsidiaries		
payable within next financial year	147,405	332,159
payable after next financial year		
Total payables to subsidiaries	147,405	332,159
10) Payables due to associates		
payable within next financial year		
payable after next financial year		
Total payables to associates		
11) Payables due to parent companies		
payable within next financial year		
payable after next financial year		
Total payables to parent companies		
11-bis) Payables due to companies subject to the control of parent companies		
payable within next financial year		
payable after next financial year		
Total payables to companies subject to the control of parent companies		
12) Taxes payable		
payable within next financial year	4,553,960	2,548,707
payable after next financial year		
Total taxes payable	4,553,960	2,548,707
13) Social security charges payable		
payable within next financial year	254,180	279,825
payable after next financial year		
Total payables to employee benefit and social security institutions	254,180	279,825
14) Other payables		
payable within next financial year	712,393	451,210
payable after next financial year		
Total other payables	712,393	451,210
Total payables	21,265,184	18,557,086
E) Accrued expenses and deferred income	227,842	254,582
Total liabilities	**59,343,800**	**55,188,872**

Income Statement	30/06/2023	30/06/2022
A) Production value:		
1) Revenue from sales and services	34,677,637	27,664,613
2) Changes in stocks of unfinished, semi-finished and finished products	460,863	420,651
3) Changes to work in progress on order		
4) Capitalised internal work in progress		
5) Other revenue and income		
operating grants	19,086	
others	333,347	200,730
Total other revenue and income	352,433	200,730
Total production value	35,490,933	28,285,994
B) Production costs		
6) Raw materials, consumables, supplies and goods	18,181,144	14,023,268
7) Services	7,951,605	7,277,127
8) Use of third-party assets	530,431	305,368
9) Staff costs		
a) Wages and salaries	2,135,578	1,576,516
b) Social security contributions	539,590	444,347
c) Employees' severance indemnity	110,656	114,766
d) Pension and similar costs	10,964	
E) Other costs	51,183	20,939
Total staff costs	2,847,971	2,156,568
10) Amortisation, depreciation and write-downs		
a) Depreciation of intangible fixed assets	403,381	398,219
b) Depreciation of tangible fixed assets	593,054	540,137
c) Other fixed asset write-downs		
d) Write-downs of receivables included in current assets and cash available		
Total amortisation and write-downs	996,435	938,356
11) Changes in raw materials, supplies, consumables and goods	(3,214,621)	(2,176,379)
12) Provisions for risks		
13) Other provisions		
14) Sundry operating costs	111,679	51,249
Total production costs	27,404,644	22,575,557
Difference between production value and costs (A-B)	8,086,289	5,710,437
C) Financial income and charges		
15) income from shareholdings		
from subsidiaries		
from associates		
from parent companies		
from companies subject to the control of parent companies		
others		3,540
Total income from shareholdings		3,540
16) Other financial income		
a) from accounts receivable recorded among fixed assets		
from subsidiaries		
from associates		
from parent companies		
from companies subject to the control of parent companies		
others		
Total financial income from receivables entered in fixed assets		
b) from securities entered in fixed assets that do not constitute holdings		
c) from securities entered in current assets that do not constitute holdings		
d) income other than the previous income		
from subsidiaries		

Income Statement	30/06/2023	30/06/2022
from associates		
from parent companies		
from companies subject to the control of parent companies		
others	51,263	11,900
Total income other than the previous income	51,263	11,900
Total other financial income	51,263	11,900
17) interest and other financial charges		
to subsidiaries		
to associated companies		
to controlling companies		
to companies subject to the control of parent companies		
others	184,276	41,906
Total interest and other financial charges	184,276	41,906
17-bis) Exchange rate gains/(losses)	(253,935)	42,490
Total financial income and charges (15 + 16 - 17 +/- 17bis)	(386,948)	16,024
D) Value adjustments to financial assets and liabilities		
18) revaluations		
of shareholdings		
of financial of financial fixed assets that do not constitute holdings		
of securities entered in current assets that do not constitute holdings		
of financial derivatives		
of financial assets for centralised treasury management		
Total revaluations		
19) write-downs		
of shareholdings		
of financial of financial fixed assets that do not constitute holdings		
of securities entered in current assets that do not constitute holdings		
of financial derivatives		
of financial assets for centralised treasury management		
Total write-downs		
Total value adjustments of financial assets and liabilities (18 - 19)		
Pre-tax profit (A - B +/- C +/- D)	7,699,341	5,726,461
20) Current, deferred and pre-paid income tax		
current taxes	2,125,958	1,653,411
taxes relating to prior periods		(499,508)
deferred and prepaid taxes	(1,492)	(127,932)
income (charges) from joining the tax consolidated/tax transparency scheme		
Total current, deferred and pre-paid income tax	2,124,466	1,025,971
21) Net profit (loss) for the year	5,574,875	4,700,490
Group profit	5,558,417	4,656,057
Third-party profit	16,458	44,433

Indirect Cash Flow Statement	30/06/2023	31/12/2022
A) Cash flows arising from operations (indirect method)		
Net profit (loss) for year	5,574,875	10,832,162
Income tax	2,124,466	2,325,474
Interest paid/(received)	133,012	86,651
(Dividends)		
(Capital gains)/Capital losses from sale of assets		
1) Net profit (loss) for year before income tax, interest, dividends and capital gains/ losses from disposal	7,832,353	13,244,287
Adjustments to non-monetary items that were not offset in the net working capital		
Allocations to reserves	142,495	669,855
Amortisation of fixed assets	996,435	1,919,114
Write-downs for long-term value depreciation		
Value adjustments to financial assets and liabilities for derivative financial instruments that do not involve monetary transactions		
Other adjustments to increase/(decrease) non-monetary items		
Total adjustments for non-monetary items that were not offset in the net working capital	1,138,930	2,588,969
2) Cash flow before changes in net working capital	8,971,283	15,833,256
Changes in net working capital		
Decrease/(increase) in inventory	(3,784,658)	(3,613,828)
Decrease/(increase) in payables to customers	(5,481,611)	(3,042,177)
Increase (decrease) in trade payables	152,225	369,858
(Increase) decrease in accrued income and pre-paid expenses	(569,544)	(133,286)
Increase (decrease) in accrued liabilities and accrued expenses	(26,740)	160,844
Other decreases/(Other increases) in net working capital	(125,093)	(836,211)
Total changes in net working capital	(9,835,421)	(7,094,800)
3) Cash flow after changes in net working capital	(864,138)	8,738,456
Other adjustments		
Interest received/(paid)	(133,012)	(86,651)
(Income tax paid)	26,304	(2,513,503)
Dividends received		
(Use of reserves)	(52,507)	(814,186)
Other receivables/(payments)		
Total other adjustments	(159,215)	(3,414,340)
Cash flow from operations (A)	(1,023,353)	5,324,116
B) Cash flows arising from investing activities		
Tangible fixed assets		
(Investments)	(635,439)	(1,530,546)
Disposals		
Intangible fixed assets		
(Investments)	(656,618)	(727,778)
Disposals		
Financial fixed assets		
(Investments)		(1,010,188)
Disposals	161,301	
Short-term financial assets		
(Investments)		
Disposals		
(Acquisition of branches of business net of liquid assets)		
Transfer of branches of business net of liquid assets		
Cash flow from investing activities (B)	(1,130,756)	(3,268,512)
C) Cash flows arising from financial activities		
Loan capital		

Indirect Cash Flow Statement	30/06/2023	31/12/2022
Increase/(Decrease) in short-term bank loans	(17,766)	264,551
New loans	3,000,000	4,000,000
(Loan repayments)	(2,315,147)	(4,356,236)
Equity		
Capital increase payments		
(Capital repayments)		
Transfer/(Purchase) of own shares		
(Dividends and advances on dividends paid)	(4,319,686)	(2,429,824)
Cash flow from investing activities (C)	(3,652,599)	(2,521,509)
Increase (decrease) in liquid assets (A ± B ± C)	(5,806,708)	(465,905)
Exchange rate effect on liquid assets	253,935	672,057
Liquid assets at the start of the year		
Bank and postal accounts	11,510,093	11,981,120
Cheques	1,937	
Cash and cash values	9,507	6,322
Total liquid assets at the start of the year	**11,521,537**	**11,987,442**
of which not freely available		
Liquid assets at the end of the year		
Bank and postal accounts	5,707,954	11,510,093
Cheques		1,937
Cash and cash values	6,875	9,507
Total liquid assets at the end of the year	**5,714,829**	**11,521,537**
Indirect Cash Flow Statement		
of which not freely available		
Acquisition or transfer of subsidiaries		
Total remuneration paid or received		
Portion of remuneration consisting of liquid assets		
Available liquid assets acquired or transferred with operations for the acquisition/ transfer of subsidiaries		
Book value of assets/liabilities acquired or transferred		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2023

GROUP PROFILE

Fope S.p.A., the parent company, and its subsidiaries operate both in Italy and abroad in the jewellery sector with particular regard to mid-high-end jewellery.

Significant events occurring during the financial year are extensively reported in the Consolidated Report on Operations, to which reference is made.

STRUCTURE AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements consisting of the balance sheet, income statement, cash flow statement and notes to the financial statements have been prepared in accordance with Art. 29 of Legislative Decree 127/91, as resulting from these notes, prepared pursuant to art. 38 of the same decree.

All complementary information deemed necessary to provide a more complete picture of the economic, financial and asset/liability situation of the group has also been provided. In particular, the Statement of Reconciliation between the Profit and the Financial Statements of the parent company and the Profit and Consolidated Financial Statements of the reference period is provided.

PREPARATION CRITERIA

These financial statements have been prepared taking into account the legislative changes introduced by Legislative Decree No. 139/2015 applicable as from the financial year 2016 and the subsequent revision of the OIC accounting standards.

For each item in the Balance Sheet and the Income Statement, the corresponding values from the previous year are indicated.

The new OIC national accounting standards entered into effect in 2016, with their adoption compulsory from 1 January 2016. A number of OIC Amendments have been published since 1 January 2023. These are;

- OIC 9 Write-downs for impairment losses of tangible and intangible fixed assets;
- OIC 28;
- OIC 35 ETS Accounting standard.

These amendments shall apply to financial statements for a financial year beginning on or after 1 January 2023.

On 25 March 2020, the Management Board of the OIC finally approved accounting standard OIC 33 “Transition to national accounting standards”. The standard governs the way in which the first financial statements drawn up in accordance with the provisions of the Civil Code and the National Accounting Standards are drawn up by a company which previously drew up the financial statements in accordance with other rules.

The following table summarises the status of the National Accounting Standards, in view of the recent update:

Document	UPDATED	NOT UPDATED	REPEALED
OIC 2 Assets and financing allocated to a specific transaction		OCTOBER 2005	
OIC 3 Information on financial instruments to be included in Notes to the Accounts and the Report on Operations			X
OIC 4 Mergers and demergers		JANUARY 2007	
OIC 5 Liquidation financial statements		JUNE 2008	
OIC 6 Debt restructuring and financial statements disclosure			X
OIC 7 Green certificates			X
OIC 8 Greenhouse gas emission allowances		FEBRUARY 2013	
OIC 9 Write-downs for impairment losses of tangible and intangible fixed assets	JANUARY 2023		
OIC 10 Cash flow statement	DECEMBER 2016		
OIC 11 Financial statements, purposes and postulates	MARCH 2018		
OIC 12 Composition and financial statements for the year	DECEMBER 2017		
OIC 13 Inventories	DECEMBER 2017		
OIC 14 Cash and cash equivalents	DECEMBER 2016		
OIC 15 Receivables	DECEMBER 2016		
OIC 16 Tangible fixed assets	DECEMBER 2017		
OIC 17 Consolidated financial statements and equity method	DECEMBER 2017		
OIC 18 Accruals and deferrals	DECEMBER 2016		
OIC 19 Payables	DECEMBER 2017		
OIC 20 Debt securities	DECEMBER 2016		
OIC 21 Shareholdings	DECEMBER 2017		
OIC 22 Memorandum accounts			X
OIC 23 Work in progress made-to-order	DECEMBER 2016		
OIC 24 Intangible fixed assets	DECEMBER 2017		
OIC 25 Income tax	DECEMBER 2017		
OIC 26 Transactions, assets and liabilities in foreign currency	DECEMBER 2016		
OIC 28	JANUARY 2023		
OIC 29 Changes to accounting policies, accounting estimates, errors and events after the end of the financial year	DECEMBER 2017		
OIC 30 Interim financial statements	APRIL 2006		
OIC 31 Funds for risks and charges and Severance pay	DECEMBER 2016		
OIC 32 Derivative financial instruments	JANUARY 2019		
OIC 33 Transition to national accounting standards	MARCH 2020		
OIC 35 Accounting standard on ETS	MARCH 2023		

These Financial Statements as at 30 June 2023, of which the Notes are an integral part, pursuant to art. 2423 para. 1 of the Italian Civil Code, is a true and accurate representation of the situation described by the properly kept accounting records, and has been drafted in accordance with art. 2423 and subsequent articles of the Civil Code. The financial statements values are represented in euro units by rounding off the amounts involved. Any differences from rounding have been indicated under "Reserve from rounding off euros" in the Shareholders' Equity item. Pursuant to article 2423, paragraph 6 of the Civil Code, the Notes have been drawn up in euro units.

The Notes present the information of the items of the balance sheet and income statement according to the order in which items are indicated in the respective financial statements.

The scope of consolidation, as envisaged by the regulatory provisions cited, includes the financial statements for the period of the company Fope S.P.A. and of foreign companies in which the parent company holds the controlling share of the capital.

The financial statements of the companies included in the consolidation scope are assumed on a line-by-line basis.

These companies are listed below:

Company Name	HEAD OFFICE	% HOLDING	% CONSOLIDATED
Fope Usa Inc	USA - 19801, WILMINGTON (DE) 1201 ORANGE STREET	100	TOTAL
Fope Jewellery Ltd	UK - B91 2AA SOLIHULL 2ND FLOOR, RADCLIFFE HOUSE, BLENHEIM COURT	75	TOTAL
Fope Deutschland GmbH	DE - AM NORDPARK 1-3, 41069 MÖNCHENGLADBACH	100	TOTAL

It should be noted that there are cases of companies consolidated by the proportional method.

The company Fope Services Dmcc was put into receivership in October 2020, and as such has not been included in the scope of consolidation.

The company Milano 1919 S.r.l., owned by the Parent Company with a minority share of 20% and in respect of which Fope S.p.A. does not exercise a dominant influence was not included in the consolidation.

REFERENCE DATE

The draft consolidated financial statements of the individual Companies as at 30 June 2023, reclassified and adjusted to adapt them to the accounting standards and presentation criteria adopted by the Group, were used for consolidation.

The main consolidation criteria adopted for preparing the consolidated financial statements were the following:

- The book value of the holdings in consolidated Companies is written off against the corresponding fraction of equity in regard to the assumption of the assets and liabilities, according to the global line-by-line basis;
- The differences resulting from the write-off are allocated to the individual financial statement items which justify them and, for the remainder:
- if positive, at the item in fixed assets denominated "Difference from consolidation";
- if negative, at an item in equity denominated "Consolidation reserve";
- the financial and economic relationships between the Companies included in the consolidation scope have been completely derecognised;
- the conversion of the financial statements of foreign companies into the reporting currency (euros) was carried out by applying the spot exchange rate at the end of the financial year to the assets and liabilities and to the entries in the Income Statement the average exchange rate for the period. The net effect of the translation of the financial statements of the company owned into the reporting currency is found in "Translation differences reserve".

The rates indicated in the table below were applied for the conversion of financial statements expressed in foreign currency:

Currency	**EXCHANGE RATE AT 30/06/2023**	**AVERAGE EXCHANGE RATE OVER YEAR**
US Dollar	1.0866	1.0807
UAE Dirham	3.9905	3.9687
UK Pound Sterling	0.8583	0.8764

A. General criteria

Accounting standards and valuation criteria were applied in a uniform way to all the consolidated companies. The criteria used in the consolidation presentation are those used in the financial statements of the parent company Fope S.p.A. and comply with the laws in force. The criteria used in the financial year that has just closed are the same as those same used for processing data relating to the previous year. The financial statement items were measured in accordance with the general principles of prudence and accrual basis accounting, with a view to going concern assumptions. For the purposes of accounting entries, prevalence is mainly given to the economic substance of transactions rather than with their legal form.

B. Value adjustments and reinstatements

The value of tangible and intangible assets whose useful life is limited over time and adjusted downward by means of the depreciation instrument. The same assets and the other components of the asset are written down whenever a loss of value impairment is identified; the original value is restored when the reasons for the previous devaluation are deemed to no longer exist. The analytical depreciation and write-down methods adopted are described below in these notes to the financial statements.

C. Revaluations and exceptions

During the financial year no revaluations and exceptions were made to the measurement criteria laid down by the legislation on statutory and consolidated financial statements.

THE MOST SIGNIFICANT PRINCIPLES AND CRITERIA WERE AS FOLLOWS:

FIXED ASSETS

INTANGIBLE

Intangible fixed assets consist of installation and expansion costs, goodwill, rights to use intellectual works, trademarks and other fixed assets represented by software and leasehold improvements.

These are recorded at the purchase price and entered net of depreciation made during the financial years and charged directly to the individual entries. The amortisation process, which starts from the moment in which the asset is ready for use, occurs in equal instalments based on the rates which are considered representative of the asset's estimated useful life.

The installation and expansion costs and goodwill costs with a useful life of more than one year were entered in the assets with the consent of the Board of Statutory Auditors and amortised within a period not exceeding, respectively, five years and ten years.

Industrial patents and rights to use intellectual property, licenses, concessions and trademarks are amortised over 5 years.

The other rates used are: 8.63% for leasehold improvements.

These are entered at their purchase cost and adjusted by the corresponding depreciation funds. Account has been taken of ancillary charges in the carrying value. The depreciation amounts, entered in the Income Statement, have been calculated on the basis of economic-technical rates deemed suitable to distribute the carrying value of tangible fixed assets during their useful life. If the recoverable amount of an asset is less than its net book value, the fixed asset is entered in the financial statements at this lower value charging the difference in the income statement as an impairment loss. If the conditions for the write-down are no longer met in subsequent years, the original value is restored.

Ordinary maintenance costs are charged in full to the income statement. Maintenance costs of an incremental nature are attributed to the asset to which they relate and amortised according to the remaining possibility of use of the asset itself.

The depreciation rates, unchanged compared to the previous year, used are:

Buildings	3.00%
Plant and machinery	12.50%
Industrial and commercial equipment	35.00%
Waste water treatment systems	15.00%
Office furniture and equipment	12.00%
Mobile telephones	20.00%
Goods with a value less than € 516,46	100.00%
Motor cars	20.00%

In the year in which the asset is acquired, the depreciation is reduced to approximately half; the use of the reduced rate does not entail any significant value deviations with respect to the application of the full rate redistributed over the months of possession. Fixed assets acquired free of charge are entered at the presumable market value plus the costs incurred or to be incurred to insert the assets in the production process in a lasting and useful way.

Financial fixed assets
Shareholdings not falling within the consolidation scope are recorded at purchase cost and represent a lasting investment by the Parent Company. In the case of impairment losses, a write-down is performed and in the year in which the conditions for the write-down no longer apply, it is restored to the pre-write-down value.

It should be noted that, in application of paragraph 2 of Legislative Decree No. 127/1991, the holding in the related company has been measured on a historical cost basis. Similarly, the other holdings are recorded at purchase cost possibly corrected for impairment losses. Financial fixed assets are not entered at a value higher than their fair value. Receivables entered in financial fixed assets are recorded at the presumed realisable value; considering the limited importance, the application of the amortised cost method would not produce appreciable differences in the measurement.

WAREHOUSE STOCK

Inventories are measured at the lowest value between the purchase or manufacture cost and the presumed realisable value can be deduced from market trends. The cost is determined based on the following criteria:

- weighted average cost for fine gold stocks;
- average purchase cost, including additional charges (transport, customs costs and other directly attributable costs) for other raw and ancillary materials;
- production cost, determined with the criterion of average cost for finished and unfinished products.

The production cost includes all direct costs and indirect costs for the share reasonably attributable to the product relating to the production period and up to the moment from which the good can be marketed.

For the purposes of determining the presumed realisable value, account is be taken, where applicable, of the obsolescence rate and stock movement times.

RECEIVABLES

Receivables are recognised in the financial statements at amortised cost, taking account of the time factor and the presumed realisable value.

In the initial recognition of receivables at amortised cost, the time factor is respected by comparing the actual interest rate with market interest rates. If the actual interest rate is significantly different from the market interest rate, the latter is used for discounting future cash flows arising from the receivable in order to determine its initial book value.

At the close of the financial year, the value of the receivables measured at amortised cost is equal to the current value of future cash flows discounted at the effective interest rate. In the case where the contractual rate is a fixed rate, the effective interest rate determined on initial recognition is not recalculated. If, on the other hand, it is a variable rate and configured to market rates, then the future cash flows are restated periodically to reflect changes in market interest rates, by recalculating the effective interest rate.

The amortised cost criterion has not been applied, and the discounting of receivables has not been performed for receivables with a maturity of less than twelve months as the effects are irrelevant in order to give a true and accurate representation. Receivables with a maturity of less than twelve months, therefore, are recorded at the estimated realisable value.

The receivables are removed from the financial statements when the contractual rights to the cash flows arising from the receivable are extinguished or in the case in which all risks relating to the receivable subject to disposal are transferred.

ACCRUALS AND DEFERRALS

These are calculated on an accrual basis.

FUNDS FOR RISKS AND CHARGES

Provisions for risks and charges are intended to cover liabilities whose existence is certain or likely, however, the amount of which and/or date of occurrence cannot be determined at the year-end.

In evaluating such provisions, general criteria of prudence and accruals were adhered to, and no provisions for generic risks that lack economic justification was made.

Potential liabilities have been recognised in the financial statements and entered in funds as deemed likely and the amount of the related charge can be reasonably estimated.

SEVERANCE PAY FUND

Severance pay covers sums due and reserves concerning commitments incurred up to the closing date of the financial year, to employees in the application of laws, work contracts and any business agreements in force.

PAYABLES

These are recognised at amortised cost, taking account of the time factor. In the initial recognition of payables at amortised cost, the time factor is respected by comparing the actual interest rate with market interest rates.

At the close of the financial year, the value of the payables measured at amortised cost is equal to the current value of future cash flows discounted at the effective interest rate. As provided for in art. 12, paragraph 2 of Legislative Decree 139/2015, the amortised cost criterion was not applied to payables entered in the financial statements prior to the financial year commencing on 1 January 2016.

The amortised cost criterion, moreover, has not been applied to short-term payables (duration of less than twelve months) and to payables with irrelevant transaction costs with respect to the par value as the effects are irrelevant for the purpose of providing a true and accurate representation. In these cases, payables are recorded at par value.

The item “Advances” includes advances received from customers concerning supplies of goods and services not yet carried out.

“Payables to suppliers” all with a maturity of less than 12 months, are entered at par value net of trade discounts; cash discounts are reported at the time of payment.

The par value of these payables has been adjusted, on the occasion of returns or discounts (invoice adjustments), to the extent corresponding to the amount defined by the counter party.

FINANCIAL DERIVATIVES

The parent company of the Group uses financial derivatives with the sole intention of managing and hedging its exposure to the price fluctuations risk of strategic raw materials, interest rates and exchange rates of currencies other than the euro. Financial derivatives, even if incorporated in other financial instruments, have been initially recognised when the company acquired the rights and obligations; they have been measured at fair value either on the initial recognition date or on each closing date of the financial statements.

Derivatives are only classified as hedging instruments when, at the start of the hedge, there is a close and documented correlation between the characteristics of the hedged item and those of the hedging instrument and the hedging relationship is formally documented and the effectiveness of the hedge is high and is regularly checked.

Financial derivatives with a positive fair value have been entered in current assets based on their financial derivative nature to hedge a highly likely transaction.

Financial derivatives with a negative fair value have been entered in the financial statements in Funds for risks and charges.

Changes in the fair value of the effective component of cash flow hedging financial derivatives have been entered in the reserve for expected cash flow hedging transactions, net of deferred tax effects.

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES

Commitments, not resulting from the balance sheet, represent obligations undertaken by the company in respect of third parties that originate from legal transactions with certain mandatory effects but not yet carried out by either party. The amount of the commitments is the par value determined from the documentation.

REVENUE

Revenue from the sales of products is recognised at the time of the transfer of the risks and benefits, which is normally identified with the delivery or shipment of the goods. Revenue of a financial nature and that deriving from service provisions is recognised on an accrual basis. Revenue and income, costs and charges related to foreign currency transactions are calculated at the rate ruling on the date the related transaction took place.

COSTS

Costs are recognised on an accrual basis. The costs for purchasing goods are recognised in the Income Statement on an accrual basis when the significant risks and benefits related to ownership of the goods are transferred to the buyer. The costs for purchasing goods are recorded in the Consolidated Income Statement net of returns, rebates, trade discounts and premiums relating to the quantity. Costs for services are recognised on an accrual basis when received. The heading Staff costs includes the entire expenditure for employees including merit-based pay increases, category transfers, cost of living increases, cost of holiday not taken and legal provisions and those of collective agreements.

With regard to depreciation, it is specified that it has been calculated based on the useful life of the asset and its use in the production phase.

The write-down of receivables included in current assets has been calculated on the basis of criteria of prudence and according to estimates of the recoverability of the receivables.

INCOME TAX

Taxes are set aside on an accruals basis, and therefore represent:

A. Accruals for taxes paid or outstanding for the year, determined in accordance with the rates and regulations in force;

B. The amount of deferred or prepaid taxes calculated based on the rates in force at the time in which the temporary differences are transferred.

Deferred taxes for the year are directly recognised in the Income Statement, with the exception of those relating to items directly recognised in shareholders' equity, in which case the related deferred taxes are also recorded at the same time, without being recognised in the Income Statement.

FINANCE LEASES

As of 30 June 2023, the group has no finance leases in effect. The normal value of assets related to contracts concluded in the previous years is entered in tangible fixed assets. This value is systematically amortised, in accordance with the rates set out in the tangible fixed assets section.

The average number subdivided by category of employees of the companies included in the consolidation is reported separately on a line-by-line basis.

Category	AVERAGE NUMBER
Executives	9
Middle managers	2
Clerical staff	36
Manual workers	31
Other employees	
Total Employees	78

INTANGIBLE FIXED ASSETS

The table below describes the composition of the item in detail.

	START-UP AND EXPANSION COSTS	DEVELOPMENT COSTS	INDUSTRIAL PATENT AND INTELLECTUAL PROPERTY RIGHTS	CONCESSIONS, LICENSES, TRADEMARKS AND SIMILAR RIGHTS	GOODWILL	INTANGIBLE ASSETS IN PROCESS AND ADVANCES	OTHER INTANGIBLE ASSETS	TOTAL INTANGIBLE FIXED ASSETS
Year opening balance								
Cost			957,295	518,797	574,453	422,833	647,383	3,120,761
Revaluations								
Amortisation (amortisation fund)				37			79,688	79,725
Write-downs								
Balance sheet value			**957,295**	**518,760**	**574,453**	**422,833**	**567,695**	**3,041,036**
Changes during the year								
Increases for purchases			14,075	1,934		296,692	339,332	652,033
Reclassifications (of the balance sheet value)			506,862	(506,862)		(83,200)	83,200	
Decreases for transfers and disposals (of the balance sheet value)								
Revaluations during the year								
Depreciation/amortisation for the year			229,188	2,519	76,316		95,358	403,381
Write-downs during the year								
Other changes			(4)				4,589	4,585
Total changes			291,745	(507,447)	(76,316)	213,492	331,763	253,237
Year closing balance								
Cost			1,249,361	11,313	498,137	636,324	993,708	3,388,843
Revaluations								
Amortisation (amortisation fund)			321				94,250	94,571
Write-downs								
Balance sheet value			**1,249,040**	**11,313**	**498,137**	**636,324**	**899,458**	**3,294,272**

Industrial patents and rights to use intellectual property, licences, concessions and trademarks are amortised at an annual rate of 20%.

Note that in 2020, the parent company made use of the option provided for by art. 110 of Law 126/2020 to revaluate the patent covering the “Flex’it” elastic mesh chain. The patent was revalued at a value of €1.49 million. This value was determined through evaluation by an independent expert, and does not exceed the maximum value attributable to the patent.

Goodwill relates to the purchase, by the company Vesco e Sambo di Anita Vesco and C. S.a.s., of the branch of the company that was previously leased. Goodwill is amortised within the 10-year limit provided by OIC 24 and by art. 2426 paragraph 1, no. 6 of the Civil Code based on its estimated useful life.

The item “Intangible assets in process and advances” for a total amount of €636,324 is primarily related to the costs incurred for the second phase of implementation of the new ERP SAP S/4HANA system, which has not concluded yet.

The item “Other intangible assets” for a total amount of €899,458 includes the costs incurred for improving lease and rental properties and, in particular, for the restructuring project of the single-brand store in Venice. These costs are amortised on the bases of the duration of the rental contract for the property, which is less than the period of future utility of the costs themselves.

This item also encompasses the costs incurred for designing and furnishing the single brand store in Old Bond Street 1, London, opened as a joint-venture with our sales partner The Watches of Switzerland, the costs incurred for the Solihull headquarters (UK), and the costs relative to the store inaugurated in Tokyo in June.

ANALYSIS OF CHANGES IN TANGIBLE ASSETS

This item is broken down as follows.

	LAND AND BUILDINGS	PLANT AND MACHINERY	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER TANGIBLE FIXED ASSETS	TANGIBLE FIXED ASSETS IN PROCESS AND ADVANCES	TOTAL TANGIBLE FIXED ASSETS
Year opening balance						
Cost	9,830,016	5,463,418	3,099,362	1,683,569	174,456	20,250,821
Revaluations						
Amortisation (amortisation fund)	2,675,027	3,876,055	2,641,792	1,083,641		10,276,515
Write-downs			116			116
Balance sheet value	**7,154,989**	**1,587,363**	**457,454**	**599,928**	**174,456**	**9,974,190**
Changes during the year						
Increases for purchases	32,096	61,335	461,789	48,211	88,710	692,141
Reclassifications (of the balance sheet value)		38,543	36,077		(118,059)	(43,439)
Decreases for transfers and disposals (of the balance sheet value)				81,000		81,000
Revaluations during the year						
Depreciation/ amortisation for the year	153,430	182,016	180,554	77,054		593,054
Write-downs during the year						
Other changes	(3,853)	(118)	(355)	72,065		67,739
Total changes	(125,187)	(82,256)	316,957	(37,778)	(29,349)	42,387
Year closing balance						
Cost	9,782,477	5,558,261	3,584,672	1,641,711	145,107	20,712,228
Revaluations						
Amortisation (amortisation fund)	2,752,675	4,053,154	2,810,261	1,079,562		10,695,652
Write-downs						
Balance sheet value	**7,029,802**	**1,505,107**	**774,411**	**562,149**	**145,107**	**10,016,576**

The item “Land and buildings” comprises the building that houses the parent company’s headquarters.

The value attributed to the land on which the building stands, amounting to €1,027,985, has been identified on the reference date of 31 December 2005 based on a flat-rate criterion estimate up to 30% of the original cost of the property net of capitalised incremental cost and any revaluations applied.

Consequently, as of the financial year ended 31 December 2006, the appropriation of the depreciation amounts relating to the value of the above-mentioned land no longer applies, as it is considered, based on the updated estimates, a company asset not subject to degradation and having an unlimited useful life. These criteria were applied to determine the value of the land also for the portion of the building purchased in 2012.

The item "Other assets", for an overall amount of €562,149 includes furniture and fixtures for an amount of €421,253, IT equipment for an amount of €93,837, motor cars for an amount of €31,199, sundry office equipment for an amount of €12,764 and assets for an amount of €3,096.

The amount of €145,107 posted for the item "Tangible fixed assets in process and advances" relates primarily to advances paid to machinery construction companies.

HOLDINGS

Name	CITY (IF IN ITALY) OR COUNTRY (IF NOT IN ITALY)	ITALIAN TAX NUMBER (FOR ITALIAN BUSINESSES)	CAPITAL IN EUROS	PROFIT (LOSS) FOR THE LAST YEAR IN EUROS	SHAREHOLDERS' EQUITY IN EUROS	SHARES HELD IN EUROS	SHARE HELD IN %	BALANCE SHEET VALUE OR CORRESPONDING RECEIVABLE
Fope Services Dmcc	UAE - DUBAI		12,210	13,461	164,828	164,828	100	53,480
Total								**53,480**

The holding in Fope Services Dmcc, a company incorporated under UAE law, is entered in the balance as the value of incorporation plus the value of the payments made to the capital account. The amounts, originally in legal tender in the United Arab Emirates, were converted at the exchange rates in force on the date of the corresponding payments.

The draft financial statements at 31 December 2020 of the UAE company showed a profit of AED 56,464 (amounting to €13,461) and equity of AED 742,798 (amounting to €164,828).

The company Fope Services Dmcc was put into liquidation in October 2020.

Name	CITY (IF IN ITALY) OR COUNTRY (IF NOT IN ITALY)	ITALIAN TAX NUMBER (FOR ITALIAN BUSINESSES)	CAPITAL IN EUROS	PROFIT (LOSS) FOR THE LAST YEAR IN EUROS	SHAREHOLDERS' EQUITY IN EUROS	SHARES HELD IN EUROS	SHARE HELD IN %	BALANCE SHEET VALUE OR CORRESPONDING RECEIVABLE	PRODUCTION VALUE
Milano 1919 s.r.l.	MILANO	06412160969	137,500	(425,064)	248,381	27,500	20		614,796

The item "Shareholdings in associates" relates to the holding in the company Milano 1919 S.r.l., of which Fope S.p.A. detains 20% of share capital.

The acquisition of the afore-mentioned shareholding was the result of agreements undersigned with Borromeo Vitaliano, the majority shareholder of Milano 1919 and owner of the Antonini brand, a historical producer of prestigious jewellery founded in Milan and still based in this city today. The 2022 financial statements of Milano 1919 S.r.l. reported a production value of €614,796 and shareholders' equity of €248,381. The holding was entirely written down in 2019.

The item "Other shareholdings entered as financial fixed assets" relates to the small number of shares which the companies of the group detain in national consortia and trade fairs.

NON-CURRENT RECEIVABLES

Description	BOOK VALUE
Lloyds credit card security deposit	27,962
Other security deposits	12,413
DE - USA rental advances	20,304
Total	**60,679**

As at 30 June 2023, there are no receivables relating to transactions with the obligation of repurchase on expiry.

OTHER SECURITIES

This item includes bonds purchased in 2022 from Cornèr Bank Ltd. for a total of €750,000 and expiring on 19 August 2025.

INVENTORIES

The analysis of inventories is summarised in the following table:

	YEAR OPENING BALANCE	CHANGES DURING THE YEAR	YEAR CLOSING BALANCE
Raw materials, supplies and consumables	10,729,981	3,104,956	13,834,937
Work-in-progress and semi-finished products	1,374,062	131,908	1,505,970
Finished products and goods	1,818,594	439,352	2,257,946
Advances	0	108,442	108,442
Total inventory	**13,922,637**	**3,784,658**	**17,707,295**

Inventories are measured at the lowest value between the purchase or manufacture cost and the presumed realisable value can be deduced from market trends. The cost is determined based on the following criteria:

- weighted average cost for gold stocks;
- average purchase cost, including additional charges (transport, customs costs and other directly attributable costs) for other raw and ancillary materials;
- production cost, determined with the criterion of average cost for finished and unfinished products.

The production cost includes all direct costs and indirect costs for the share reasonably attributable to the product relating to the production period and up to the moment from which the good can be marketed.

To ensure correct representation, the value of the inventory of precious stones and pearls has been reduced by the inventory obsolescence provision, with an amount of €121,474.

The balances of the consolidated receivables, after removing intra-group values, are divided in accordance with maturities:

	YEAR OPENING BALANCE	CHANGES DURING THE YEAR	YEAR CLOSING BALANCE	AMOUNT DUE WITHIN THE YEAR	AMOUNT DUE BEYOND THE YEAR
Receivables included among current assets					
Customer receivables	12,361,591	5,458,344	17,819,935	17,819,935	
Receivables due from subsidiaries	2,200	(2,200)			
Receivables due from associates					
Receivables from parent companies					
Receivables paid by companies controlled by parent companies					
Tax credits	1,410,509	203,285	1,613,794	1,613,794	
Pre-paid tax assets	849,741	69,500	919,241		
Other receivables	486,683	(332,020)	154,663	154,546	117
Total receivables included among current assets	**15,110,724**	**5,396,909**	**20,507,633**	**19,588,275**	**117**

Receivables entered in current assets have been recognised in the balance sheet at amortised cost, as defined by art. 2426, paragraph 2 of the Italian Civil Code, taking account of the time factor and the presumed realisable value. The adjustment to the presumed realisable value was performed by the establishment of a provision for bad debts.

For receivables for which the irrelevance of the application of the amortised cost and/or discounting method has been checked, for the purposes of needing to provide a true and fair representation of the company's financial and economic situation, entering according to the presumed realisable value has been maintained.

The receivables are removed from the financial statements when the contractual rights to the cash flows arising from the receivable are extinguished or in the case in which all risks relating to the receivable subject to disposal are transferred.

The item "Receivables from customer entered in current assets" is recorded net of the related write-down fund.

The item "Tax credits", for an amount of €1,613,794, consists primarily of the tax credit accrued by the parent company in accordance with art. 48-bis Legislative Decree 34/2020 (€1,010,417). This item also includes receivables from the Italian Treasury for R&D and investments in assets, and direct taxes paid by the American subsidiary.

Receivables for pre-paid taxes amount to €919,241. Receivables for pre-paid taxes were only recognised in so far as there is a reasonable certainty of taxable income in future periods which permit re-absorption.

The item "Receivables from others" refers mainly to advances paid to suppliers.

It should be noted that there are no receivables maturing after five years, nor receivables relating to transactions with a repurchase on expiry obligation.

The percentage distribution of receivables by geographical area is shown below:

Customer receivables	
Customers in Italy	19.69%
EU area customers	20.36%
Non-EU area customers	59.95%

The table shows the movements in the period to the receivables write-down fund:

Description	WRITE-DOWN FUND IN ACCORDANCE WITH ART. 2426 OF THE CIVIL CODE	WRITE-DOWN FUND IN ACCORDANCE WITH ART. 106 OF DPR 917/1986	TOTAL
Balance as at 31/12/2022	291,024	82,144	373,168
Usage during the year			
Annual provision			
Balance as at 30/06/2023	**291,024**	**82,144**	**373,168**

Changes to the item “Receivables for pre-paid taxes” are described in the table below:

	VALUE AS AT 31/12/2022	APPROPRIATION DURING YEAR	USAGE DURING THE YEAR	VALUE AS AT 30/06/2023
Receivables for pre-paid taxes	319,162	35,545	116,156	238,551
Tax effect of hedging	126,695	181,666	126,695	181,666
Pre-paid tax Fope Inc				
Deferred (pre-paid) taxes due to consolidation adjustments	403,884	95,139		499,023
Rounding		1		1
Total receivables for pre-paid taxes	**849,741**	**312,351**	**242,851**	**919,241**

CURRENT FINANCIAL ASSETS

	YEAR OPENING BALANCE	CHANGES DURING THE YEAR	YEAR CLOSING BALANCE
Non-current derivative financial instrument assets	132,082	76,204	208,286
Total financial assets that do not constitute assets	**132,082**	**76,204**	**208,286**

As at 30 June 2023, the companies of the Group have no extant investments which are not destined for long-term use and, therefore, are subject to negotiation.

Financial derivatives, even if incorporated in other financial instruments, have been initially recognised when the companies acquired the rights and obligations; they have been measured at fair value either on the initial recognition date or on each closing date of the financial statements.

The parent company of the Group uses financial derivatives with the sole intention of managing and hedging its exposure to the price fluctuations risk of strategic raw materials, interest rates and exchange rates of currencies other than the euro.

Derivatives are only classified as hedging instruments when, at the start of the hedge, there is a close and documented correlation between the characteristics of the hedged item and those of the hedging instrument and the hedging relationship is formally documented and the effectiveness of the hedge is high and is regularly checked.

Financial derivatives with a positive fair value have been entered in current assets based on their financial derivative nature to hedge a highly likely planned operation.

Financial derivatives with a negative fair value have been entered in the financial statements in Funds for risks and charges.

Changes in the fair value of the effective component of cash flow hedging financial derivatives have been entered in the reserve for expected cash flow hedging transactions, net of deferred tax effects.

CASH AND CASH EQUIVALENTS

The item "Bank and postal deposits" primarily includes bank overdrafts that the Companies hold with national and foreign credit institutions.

The criteria used for valuing and converting the values expressed in foreign currency are indicated in the first part of these notes to the financial statements.

	YEAR OPENING BALANCE	CHANGES DURING THE YEAR	YEAR CLOSING BALANCE
Bank and postal accounts	11,510,093	(5,802,139)	5,707,954
Cheques	1,937	(1,937)	
Cash and equivalents on hand	9,507	(2,632)	6,875
Total cash and cash equivalents	**11,521,537**	**(5,806,708)**	**5,714,829**

The year-end value reflects the companies' operational requirements that they need to hold adequate stocks in bank accounts to settle payments due at the start of the following financial year.

	YEAR OPENING BALANCE	CHANGES DURING THE YEAR	YEAR CLOSING BALANCE
Accrued income			
Pre-paid expenses	347,937	569,544	917,481
Total accrued expenses and deferred income	347,937	569,544	917,481

These items measure revenues and expenses which accrue before they manifest in monetary and/or documented form; these are independent of the date of receipt or payment of the relative revenues or expenses, common to two or more years, and the amount of which varies exclusively over time.

This item is broken down as follows.

Description	AMOUNT
Directors' fees, 2nd year-half	318,563
Couture Las Vegas trade fair	141,726
Participation in trade fairs	74,155
Advertisement pages, July	73,562
General insurance policies	57,294
Services connected to listing in Euronext Growth Milan stock market	57,253
Theft insurance	55,210
Insurance	32,128
Use and technical support software licenses	29,798
Rental fees	18,879
Costs relating to Fope Branch	18,675
Motor car leasing	11,488
Rental of Hotel Ritz window space	10,486
DPO appointment	7,770
Rental and surveillance	6,663
Other costs of non-significant amounts	3,831
Total	**917,481**

There are no active accrued expenses or deferred income with a duration exceeding five years.

The following table highlights a summary of the differences between the financial statements of the Parent Company and the consolidated financial statements with respect to items that have an impact on the profit for the year and on equity:

	SHAREHOLDERS' EQUITY (EXCLUDING PROFIT)	PROFIT
Shareholders' equity and profit as posted in the Parent Company's financial statements for the year	28,782,154	5,622,989
Adjustments made when applying accounting standards		
Elimination of carrying value of consolidated shareholdings:		
a) difference between carrying value and pro-rata value of	1,327,469	
b) pro-rata results attained by shareholdings		207,656
c) capital gains/losses attributed at date of acquisition of shareholdings		
d) difference from consolidation		
Other consolidation entries	(1,044,506)	(245,750)
Elimination of effects of transactions between Subsidiaries	26,479	(26,479)
Group share of operating result	29,091,596	5,558,416
and third-party share of operating result	171,065	16,458
Shareholders' equity and consolidated net profit	29,262,661	5,574,874

The statement of change in the Group's consolidated shareholders' equity is as follows:

		ALLOCATION OF THE PREVIOUS YEAR'S PROFIT		OTHER CHANGES				
	YEAR OPENING BALANCE	ALLO-CAT-ION OF DIVIDENDS	OTHER ALLOCA-TIONS	INCREASES	DECREASES	RECLASSIFICA-TIONS	PROFIT FOR THE YEAR	YEAR CLOSING BALANCE
Capital	5,399,608							5,399,608
Share premium reserve	3,433,505							3,433,505
Revaluation reserve	1,469,295							1,469,295
Legal reserve	1,202,499							1,202,499
Statutory reserves								
Other reserves								
Extraordinary reserve	12,233,285		6,419,721	236,187				18,889,193
Profits on unrealised exchange rates reserve								
Consolidation reserve								
Various other reserves	(965,893)			(90,957)				(1,056,850)
Other reserves - Translation differences reserve	128,466			(86,636)				41,830
Total other reserves	11,395,858		6,419,721	58,594				17,874,173
Reserve for hedging operations of expected cash flows	(164,769)				(122,717)			(287,486)
Profit (loss) carried forward								
Net profit (loss) for year	10,739,407	(4,319,686)	(6,419,721)				5,558,417	5,558,417
Loss covered over the year								
Negative reserve for treasury shares								
Capital and third-party reserves	72,448		92,755	5,863				171,066
Third-party profit (loss)	92,755		(92,755)				16,458	16,458
Consolidated total	**33,640,606**	**(4,319,686)**		**64,457**	**(122,717)**		**5,574,875**	**34,837,535**

CHANGES TO THE RESERVE FOR HEDGING OPERATIONS OF EXPECTED CASH FLOWS

The reserve is changed by accounting for future cash flows arising from derivatives that are intended as “cash flow hedging instruments” and is shown net of the tax effect.

FUNDS FOR RISKS AND CHARGES

This item is broken down as follows.

	PROVISIONS FOR PENSION LIABILITIES AND SIMILAR OBLIGATIONS	DEFERRED TAX PROVISION	PASSIVE DERIVATIVE FINANCIAL INSTRUMENTS	OTHER PROVISIONS	TOTAL PROVISIONS FOR RISKS AND CHARGES
Year opening balance	863,934	123,145	473,647	89,455	1,550,181
Changes during the year					
Annual provision	20,875	96,486	697, 911		815,272
Usage during the year		60,406	473,647	68,000	602,053
Other changes		(2)			(2)
Total changes	20,875	36,078	221,261	(68,000)	213,217
Year closing balance	**884,809**	**159,223**	**697,911**	**21,455**	**1,763,398**

The pension fund refers to the supplementary customer indemnity fund for agents constituted by the Parent Company.

As regards Italian agents, the provisions for the year have been determined in accordance with the Economic Agreements in the sector of the industry (AEC) and are commensurate with services actually delivered by the agent. It should be noted that, compared to the previous year, the fund’s amount has been adequately increased to take account of the merit-based allowance that from 1 April 2017, must also be recognised in agency contracts concluded before 1 January 2004 (art. 11 of the AEC). For foreign agents, considering the different reference legislation, the value of the provision is estimated taking account of the presumed charge that the Company could incur if it chose to terminate the relationship.

Derivative instrument liabilities relate to the mark-to-market valuation communicated by the reference banks of hedging derivative contracts on exchange rates and commodities opened at the end of the period.

The item “Other provisions”, amounting to €21,455 includes the “product guarantee” fund. The tax provision concerns deferred tax allocated to temporary differences between statutory values and tax values.

The table below describes changes to the deferred tax provision:

	31/12/2022	APPROPRIATION DURING YEAR	USAGE DURING THE YEAR	30/06/2023
Deferred tax provision	7,321	12,993		20,314
Tax effect of hedging	60,409	82,927	60,409	82,927
Deferred tax on leases	265	43		308
Deferred taxes, Fope Jewellery LTD	29,695			29,695
Deferred taxes, Fope USA Inc	25,455			25,455
Differences due to exchange rate		523		523
Rounding		1		1
Total deferred tax provision	**123,145**	**96,487**	**60,409**	**159,223**

PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES

The following table shows the changes in the period.

	PROVISION FOR EMPLOYEE SEVERANCE INDEMNITIES
Year opening balance	1,186,417
Changes during the year	
Annual provision	110,657
Usage during the year	
Other changes	(47,233)
Total changes	63,424
Year closing balance	**1,249,841**

This concerns a payable related to employees of the Parent Company and represents the payable actually due to employees pursuant to law and current labour agreements in Italy, taking into account any type of remuneration paid on a continuous basis.

The provision is the total of the individual entitlements accrued by employees at the balance sheet date, net of advances paid, and is equal to the amount that would be due to employees should their employment relationship cease on such date.

The breakdown of payables based on maturity is as follows:

	YEAR OPENING BALANCE	CHANGES DURING THE YEAR	YEAR CLOSING BALANCE	AMOUNT DUE WITHIN THE YEAR	AMOUNT DUE BEYOND THE YEAR
Bonds payable					
Convertible bonds					
Payables due to shareholders					
Payables to banks	10,020,547	667,087	10,687,634	5,598,698	5,088,936
Payables to other lenders	209,678	(26,845)	182,833	182,833	
Advances	26,333	(25,467)	866	866	
Payables to suppliers	4,688,627	37,286	4,725,913	4,725,913	
Payables represented by negotiable instruments					
Payables to subsidiaries	332,159	(184,754)	147,405	147,405	
Payables to associates					
Payables to parent companies					
Payables to companies controlled by parent companies					
Taxes payable	2,548,707	2,005,253	4,553,960	4,553,960	
Payables to social security institutions	279,825	(25,645)	254,180	254,180	
Other payables	451,210	261,183	712,393	712,393	
Total payables	**18,557,086**	**2,708,098**	**21,265,184**	**16,176,248**	**5,088,936**

The overall bank debt balance of €10,687,634 as at 30 June 2023 is broken down as follows:

	AMOUNT
overdrawn current accounts	1,000,000
loans	9,687,634
Total	**10,687,634**

With regard to existing loans with banks, the following table summarises the main aspects, while, for a more thorough analysis of the debt ratio with credit institutions, refer to that highlighted in the Consolidated Report on Operations.

Credit institute	ORIGINAL AMOUNT	EXPIRY	RESIDUAL AMOUNT AS AT 30/06/2023	AMOUNT WITHIN 12 MONTHS	AMOUNT BEYOND 12 MONTHS
Simest SpA	400,000	31/12/2025	200,000	80,000	120,000
Simest SpA	1,300,000	16/04/2024	325,000	325,000	
Unicredit SpA	3,000,000	31/03/2026	2,764,150	968,497	1,795,653
Unicredit SpA	2,000,000	30/11/2024	1,001,125	667,171	333,954
Banco di Desio e della Brianza SpA	2,000,000	10/12/2025	1,676,964	640,203	1,036,761
Credem SpA	2,000,000	10/05/2025	1,617,116	788,276	828,840
Intesa SanPaolo SpA	4,000,000	28/05/2025	1,903,278	929,551	973,727
Intesa SanPaolo SpA	1,200,000	15/12/2023	200,000	200,000	
Total			**9,687,633**	**4,598,698**	**5,088,935**

The afore-mentioned loans are not backed by secured guarantees on assets of the Group, and the loan for the amount of €400,000 from Simest SpA is subject to a loan covenant which has been fulfilled.

For the analysis of the debt to the credit institutions referred to in the table above, refer to that highlighted in the Report on Operations.

The item “Advances” includes advances received from customers concerning supplies of goods and services not yet carried out.

Payables to suppliers, all with a maturity of less than 12 months, are entered at par value net of trade discounts; cash discounts are reported at the time of payment.

The par value of these payables has been adjusted, on the occasion of returns or discounts (invoice adjustments), to the extent corresponding to the amount defined by the counter party.

Payables to subsidiaries refer to ordinary commercial transactions with the company Fope Services Dmcc.

The item “Tax payables” mainly includes the payables that the Parent Company owes to the National Treasury. These payables relate to withholding tax on remuneration for employees and independent contractors amounting to €101,899, withholding tax paid to IRES for an amount of €2,649,115 and withholding tax paid to IRAP for an amount of €443,656. This item also includes payables to the Italian Treasury for withholding tax on dividends amounting to €387,869, and payables for VAT generated by e-commerce sales, for an amount of €7,131. The amount of €964,291 relates to the payables to the Italian Treasury accrued by the non-Italian companies of the group.

It is noted that there are no extant payables with a duration exceeding five years.

The distribution of payables by geographical area is insignificant.

ACCRUED EXPENSES AND DEFERRED INCOME

	YEAR OPENING BALANCE	CHANGES DURING THE YEAR	YEAR CLOSING BALANCE
Accrued expenses	88,787	(26,740)	62,047
Deferred income	165,795		165,795
Total accrued expenses and deferred income	**254,582**	**(26,740)**	**227,842**

This item is broken down as follows.

Description	AMOUNT
Tax credit in accordance with L.160/19	165,795
SACE credit insurance	38,434
Commission on loans for use	13,905
Bank commission and interest	6,824
Costs relating to Fope Branch	2,774
Other	110
Total	**227,842**

It is also noted that the total amount of accrued expenses and deferred income with a duration exceeding five years is €8,131.

PRODUCTION VALUE

This item is broken down as follows.

Description	30/06/2023	30/06/2022	VARIAZIONI
Revenues from sales and services	34,677,637	27,664,613	7,013,024
Changes in product inventory	460,863	420,651	40,212
Other revenue and income	352,433	200,730	151,703
Total	**35,490,933**	**28,285,994**	**7,204,939**

The percentage distribution of revenue by geographical area is detailed as follows:

Revenue by area	%
Customers in Italy	15.38%
EU area customers	36.37%
Non-EU customers	48.25%

Revenue from the sales of products is recognised at the time of the transfer of the risks and benefits, which is normally identified with the delivery or shipment of the goods.

Revenue of a financial nature and that deriving from service provisions is recognised on an accrual basis.

Revenue and income, costs and charges related to foreign currency transactions are calculated at the rate ruling on the date the related transaction took place.

The allocation of revenue by category is insignificant.

For the detailed description of the increase in the production value as well as the subsequent section referring to Production costs, refer to that highlighted in the Consolidated Report on Operations.

B) PRODUCTION COSTS

This item is broken down as follows.

Description	30/06/2023	30/06/2022	VARIAZIONI
Raw materials, supplies and goods	18,181,144	14,023,268	4,157,876
Services	7,951,605	7,277,127	674,478
Use of third-party assets	530,431	305,368	225,063
Wages and salaries	2,135,578	1,576,516	559,062
Social security contributions	539,590	444,347	95,243
Employee severance indemnity	110,656	114,766	(4,110)
Pensions and similar costs	10,964		10,964
Other staff costs	51,183	20,939	30,244
Amortisation of intangible fixed assets	403,381	398,219	5,162
Amortisation of tangible fixed assets	593,054	540,137	52,917
Write-downs of current assets receivables			
Changes in inventories of raw materials	(3,214,621)	(2,176,379)	(1,038,242)
Provisions for risks			
Other provisions			
Other operating expenses	111,679	51,249	60,430
Total	**27,404,644**	**22,575,557**	**4,829,087**

The increase in the costs for raw materials, supplies, consumables and goods and the costs for services are closely related to that set out in the Consolidated Report on Operations and the developments of point A (Production value) of the Income Statement.

The item “Use of third-party assets” includes the rent for single-brand stores and showrooms.

The item “Staff costs” includes the entire expenditure for employees including merit-based pay increases, category transfers, cost of living increases, cost of holiday not taken and legal provisions and those of collective agreements.

With regard to depreciation, it is specified that it has been calculated based on the useful life of the asset and its use in the production phase.

FINANCIAL INCOME AND CHARGES

The following tables illustrate the nature and amount of the financial income and charges reported during the year.

	FINANCIAL INCOME
From shareholdings in subsidiaries	
From shareholdings in other companies	
Revenues other than the above	51,263
Total	**51,263**

Income other than the above relates to interest earned.

	INTEREST AND OTHER FINANCIAL EXPENSES
From bond loans	
From payables to banks	167,773
From others	16,502
Total	**184,275**

FOREIGN-EXCHANGE GAINS AND LOSSES

The table of “Foreign-exchange gains and losses” is given below:

	FOREIGN-EXCHANGE GAINS	FOREIGN-EXCHANGE LOSSES	NET BALANCE
Realised component	399,987	632,356	(232,369)
Unrealised component	84,640	106,206	(21,566)
Total	**484,627**	**738,562**	**(253,935)**

INCOME TAXES FOR THE YEAR

Taxes	BALANCE AS AT 30/06/2023	BALANCE AS AT 30/06/2022	CHANGES
Current taxes:	2,125,958	1,653,411	472,547
IRES	1,704,120	1,328,022	376,098
IRAP	331,924	259,551	72,373
Tax on leases		50	(50)
Current taxes, Fope USA Inc.	20,660	6,545	14,115
Current taxes, Fope Jewellery Ltd.	21,944	59,243	(37,299)
Current taxes, Fope Deutschland Gmbh	47,310		47,310
Taxes relating to prior periods		(499,508)	499,508
Deferred (pre-paid) taxes	(1,492)	(127,932)	126,440
IRES	95,008	4,590	90,418
IRAP	(1,404)	181	(1,585)
Deferred (pre-paid) taxes due to consolidation adjustments	(95,096)	(132,703)	37,607
Total	**2,124,466**	**1,025,971**	**1,098,495**

Taxes are set aside on an accruals basis, and therefore represent:

- Accruals for taxes paid or outstanding for the year, determined in accordance with the rates and regulations in force;
- The amount of deferred or prepaid taxes calculated based on the rates in force at the time in which the temporary differences are transferred.

Deferred tax asset and liability rates for the year are directly recognised in the Income Statement, with the exception of those relating to items directly recognised in shareholders' equity, in which case, the related deferred taxes are also recorded at the same time, without being recognised in the Income Statement.

To better illustrate the reconciliation between the hypothetical tax charges and the effective tax charges reported in the statement, the reconciliation statement between the hypothetical tax rate and the effective tax rate as at 30 June 2022 is given below.

	30/06/2023		30/06/2022	
	TAXABLE	TAX	TAXABLE	TAXES
Net operating profit before tax (parent company)	7,820,637		5,917,596	
IRES - Hypothetical tax charge (24% tax rate)		(1,876,953)		(1,420,223)
IRAP - Hypothetical tax charge (3.9% tax rate on EBIT)		(325,527)		(228,100)
Total taxes		(2,202,480)		(1,648,323)
Hypothetical tax rate		(28,16%)		(27,85%)
Differences in IRES				
Permanent increases	223,435	(53,624)	81,957	(19,667)
Increases causing increases in pre-paid taxes	142,257	(34,142)	139,400	(33,456)
Increases causing adjustments to deferred taxes	160,150	(38,436)	160,150	(38,436)
Total increases	525,842	(126,202)	381,507	(91,559)
Permanent decreases	(609,354)	146,245	(449,716)	107,932
Decreases causing adjustments to pre-paid taxes	(551,984)	132,476	(113,987)	27,357
Decreases causing increases in deferred taxes	(84,640)	20,314	(201,967)	48,472
Decreases	(1,245,978)	299,034	(765,670)	183,760
Differences in IRAP				
Staff costs	28,539	(1,113)	345,573	(13,477)
Receivables provision and write-down				
Other permanent increases	498,372	(19,437)	465,524	(18,155)
Total increases causing increases in pre-paid taxes	36,006	(1,405)	36,006	(1,404)
Total increases	562,917	(21,954)	847,103	(33,036)
Permanent decrease	(398,889)	15,557		
Decreases causing adjustments to pre-paid taxes			(40,645)	1,585
Total decreases	(398,889)	15,557	(40,645)	1,585
Total IRES current taxes		(1,704,121)		(1,328,022)
Total IRAP current taxes		(331,924)		(259,551)
Taxes relating to prior periods				499,508
Taxes paid by foreign subsidiaries		(89,914)		(65,788)
Fiscal effect of recognition of leased assets		(43)		(50)
Deferred (pre-paid) taxes, parent company		(93,604)		(4,771)
Deferred (pre-paid) taxes, foreign subsidiaries				
Deferred (pre-paid) taxes due to consolidation adjustments		95,140		132,703
Total taxes owed for the year		(2,124,466)		(1,025,971)
Net operating profit before tax (consolidated)		7,699,341		5,726,461
Effective tax rate		**27.16%**		**17.34%**

For the methods used to calculate and report deferred/pre-paid taxes, see the introduction of these Notes.

The cash flow statement as at 30 June 2023 has been drafted according to the indirect method as required by the standard OIC 10, adjusting the operating profit reported in the Income Statement.

During the first half of 2023, the total cash flow generated by the Group amounted to (€5,806,708). The total for cash and cash equivalents has gone from €11,521,537 posted at closure of the previous year to €5,714,829 as at 30 June 2023.

A) Cash flows arising from operations

The Group closed the first half of 2023 with net operating profits of €5,574,875 (€10,832,162 as at 31 December 2022). Taxes owed for the period amount to €2,124,466. See the specific comments section in the Notes for more information.

Cash flows arising from operations, which indicate the liquidity generated or absorbed by the operational activities of the Group (consisting of the normal production process), amount to a negative value of €1,023,353. This value is markedly less than the value of €5,324,116 posted at closure of the previous year.

Among the total adjustments for non-monetary items that were not offset in the net working capital are:

- The provisions for funds amounting to €142,495 relate to provisions for the customer indemnity fund and other funds.
- Amortisation, depreciation and write-downs of financial fixed assets amounting to €996,435, which is lower than the figure posted on closure of the previous financial year.

In total, changes in net working capital amounted to (€9,835,421). In particular, increases were seen in receivables from customers and inventory.

Other adjustments, related primarily to interests paid during the half-year, amounted to €159,215.

B) Cash flows arising from investing activities

Cash flows arising from investing activities, which indicate the liquidity generated or absorbed by investment activities (in other terms new acquisitions or disposals) amounted to a negative value of €1,130,756.

This negative result is primarily attributable to investments made by the Group in tangible and intangible fixed assets.

C) Cash flows arising from financial activities

Cash flows arising from financial activities, which indicate the liquidity generated or absorbed by activities related to financing (in other terms, new loans acquired and repayment of payables and loans) amounted to a negative value of €3,652,599.

Regarding loan capital, a new loan for the amount of €3,000,000 has been acquired and principal capital repayments of €2,315,147 have been made.

Concerning cash flows arising from loan capital, during the period considered, dividends of €4,319,686 were distributed, and the remaining profit was allocated to equity reserves.

INFORMATION ON THE FAIR VALUE OF FINANCIAL DERIVATIVES

Pursuant to the art. 2427 bis of the Civil Code, the following information is provided.

Derivative	PURPOSE	UNDERLYING RISK	FAIR VALUE AT 30/06/2023	FAIR VALUE AT 31/12/2022	DIFFERENCE
Commodity swap	HEDGING DERIVATIVE	PRECIOUS METALS	(155,002)	(277,774)	122,772
Currency options	HEDGING DERIVATIVE	USD/EUR EXCHANGE RATE	(329,527)	(63,790)	(265,737)
Interest Rate Swap	HEDGING DERIVATIVE	INTEREST RATES	98,304	110,509	(12,205)

The Company performs forward hedging on currency risks arising from its commercial activities, in order to protect the industrial operating profit from unfavourable fluctuations in exchange rates and prices of strategic raw materials.

The Company therefore uses derivatives within the scope of its “risk management” activities while derivatives or the like are not used and held for the mere purpose of negotiation.

COMMODITY PRICE RISK

The objective of this type of hedge is to minimise the change to cash flows generated by the purchase of the raw materials used in the production process. In order to stabilise the purchase price, the Company fixes the price once the metal has been removed with financial hedging operations. The operations, which do not last more than 24 months, are carried out in rotation for a share of the requirement calculated based on the Company’s budget.

EXCHANGE RATE RISK

The Company, operating at international level, is exposed to the exchange rate risk associated with different currencies, including primarily the US dollar and the British pound. The exchange rate risk arises from commercial transactions linked to normal operations, and stems from exchange rate fluctuations between the moment in which the commercial relationship is established and the moment of collection.

INTEREST RATE RISK

In order to manage the interest rate risk associated with medium-/long-term borrowing, on 30 June 2023, the Company has a number of Interest Rate Swap operations in place which allow financing to be transformed from a variable rate to a fixed rate. This instrument provides notional values and maturities aligned with those of the underlying financing hedged.

INFORMATION RELATING TO FEES PAYABLE TO THE STATUTORY AUDITOR

	VALUE
Statutory audit of annual accounts of Fope SpA	20,370
Statutory audit of annual accounts of Fope Jewellery Ltd	6,561
Statutory audit of annual accounts of Fope USA Inc	23,231
Tax consulting services	
Other auditing services provided	
Services other than auditing	11,573
Total remuneration payable to statutory auditor or auditing body	**61,735**

The assignment for the statutory audit of the consolidated accounts has been entrusted to the auditing company BDO ITALIA S.p.A.

Other services other than auditing refer to cost certification and other consulting activities.

INFORMATION RELATING TO THE FEES PAYABLE TO DIRECTORS AND STATUTORY AUDITORS

Pursuant to the law, the total fees payable to Directors and members of the Board of Statutory Auditors of the parent company, including those for the carrying out such functions also in other companies included in the consolidation, are highlighted.

	DIRECTORS	STATUTORY AUDITORS
Remuneration	478,859	17,900

It should be noted that there are no advances, loans and guarantees in respect of Directors and Statutory Auditors.

INFORMATION RELATING TO FINANCIAL FIXED ASSETS ENTERED AT A VALUE HIGHER THAN FAIR VALUE

Financial fixed assets are not entered in the financial statements at a value higher than their fair value.

INFORMATION RELATIVE TO TRANSACTIONS WITH RELATED PARTIES

No significant transactions took place between Group companies and related parties.

REVENUE OR COST ITEMS OF EXCEPTIONAL MAGNITUDE OR SIGNIFICANCE

In accordance with that provided for by number 13, paragraph 1, of art. 2427, it is noted that the Income Statement does not include income or expense items that impact on the profit for the year, they are not repeatable over time.

OFF-BALANCE SHEET ARRANGEMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT RESULTING FROM THE BALANCE SHEET

Group companies do not have any agreements that do not appear in the Balance Sheet.

Commitments made by the parent company to third parties are related to the value of gold on loan for use amounting to €12,303,066.

INFORMATION ON SIGNIFICANT MATTERS OCCURRING AFTER CLOSURE OF THE FIRST HALF OF 2023

Pursuant to art. 2427 No. 22 quater of the Civil Code, it is declared that no significant matters of an administrative nature have occurred since closure of the first half-year.

These consolidated Financial Statements, comprising the Balance Sheet, the Income Statement and the notes to the financial statements, represent a true and accurate representation of the assets and liabilities and financial situation as well as the economic performance and correspond with the findings in the regularly kept accounting records of the parent company and the information provided by the companies included in the consolidation.

Diego Nardin
CEO Fope S.p.A

AUDITOR'S REPORT

Fope S.p.A.

Consolidated Financial Statements as at June 30, 2023

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of International Readers

BDO

INDEPENDENT AUDITOR'S INTERIM REVIEW REPORT

To Shareholders of
Fope S.p.A.

Report on Review of Consolidated Interim Financial Statements

Introduction

We have reviewed the accompanying Consolidated Interim Financial Statements of FOPE S.p.A. and its subsidiaries (FOPE Group) comprising the balance sheet as of June 30, 2023, and the income statement, the statement of changes in equity and the statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim consolidated financial statements in accordance with Italian Accounting Principle OIC 30, governing interim financial information. Our responsibility is to express a conclusion on these Interim Consolidated Financial Statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information 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 a full-scope 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 Consolidated Interim Financial Statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Consolidated Interim Financial Statements do not give a true and fair view of the financial position of FOPE Group as of June 30, 2023, and of its financial performance and its cash flows for the six-month period then ended in accordance with Italian Accounting Principle OIC 30, governing interim financial information.

Verona, September 29, 2023

BDO Italia S.p.A.

Signed by

Marco Giuseppe Troiani
Partner

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VICENZA

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