FOPE GROUP

Consolidated Financial Statement as of December 31, 2023

CONSOLIDATED FINANCIAL STATEMENT AS OF DECEMBER 31, 2023

This document is a courtesy translation from Italian into English.
In case of any inconsistency between the two versions, the Italian original version shall prevail.

FOPE GROUP REG. IMP. 00163880248 REA 114378

Dear Shareholders,

The consolidated financial statements of the FOPE S.p.A. Group for the year ended 31 December 2023, showing a profit of Euro 10,075,118, is presented to you for your perusal.

Net revenues stood at Euro 66.77 million, an increase of Euro 4.61 million (+7.41%) compared to the previous financial year. 85.06% of revenues were generated by sales made on foreign markets.

The positive sales results achieved are consistent with the budget expectations outlined at the beginning of 2023, which reflected a complex international economic scenario, as confirmed by indicators that slowed down particularly in the second half of the year. Growth was witnessed in foreign markets as well as in the Italian market, the latter standing out in 2023 for its excellent sales performance driven both by the Venice-based boutique and in general by our retailers, with a strong presence of foreign tourists in Italy also playing a role.

The financial hedging policy on gold requirements neutralised fluctuations in gold prices and the primary margin on sales did not deviate from budget figures. Overall profitability also remained in line with the good percentages posted in financial year 2022, despite higher costs incurred for new marketing and communication activities as compared to the previous year.

Growth was seen in all markets, including countries with tourist flows. The collections presented at the beginning of the year – two of them made with new meshes developed by the production technology departments, and the Luna and Aria collections – showed a highly successful impact at our retailers.

In the pursuit of the key strategy of brand visibility and awareness across the markets, two new single-brand boutiques were opened during the year in locations viewed as most attractive for the jewellery industry: the first in Tokyo Ginza, opened in June, and the second in Kuala Lumpur, opened in November 2023. Both boutiques were set up in cooperation with our local retailers.

During 2023, the Company maintained a major commitment to marketing and advertising activities to support the distribution network, with a significant and innovative focus on digital activities. In line with the market presence strategies and alongside with the single-brand boutiques, new Shop in Shops (customised corners within existing retail shops) were opened, and more are scheduled to open in 2024.

The FOPE collections are designed and manufactured by relying on a cycle of processes carried out entirely in-house. The production departments worked with maximum efficiency. Moreover, the productivity increase driven by process optimisation and the hiring of new staff, also enabled them to process the acquired order volumes in compliance with our service quality levels in terms of delivery and scheduled times.

Ethics and sustainability issues are always a priority and focus for the Company as it continues to strive to improve its position, while showing attention for each business activity.

With special reference to environmental sustainability, in 2023 – based on FY 2022 data – we achieved a major milestone, i.e. the “Neutral Carbon Footprint Company” certification issued by the assigned third-party body.

The important and positive results for the period were achieved thanks to the experience, passion and commitment of the FOPE team, to whom I wish to express our sincere appreciation for the work done and for sharing our ideals and our development plan, which combines the strength of values consolidated over time with a strong innovative drive.

The Consolidated Financial Statements were audited by the auditing firm BDO Italia S.p.A.

Diego Nardin
FOPE S.p.A CEO

GROUP PROFILE

FOPE S.p.A., the parent company and the three subsidiaries operate in the jewellery industry as a manufacturer and distributors of high-end jewellery under their own brand name. FOPE is an international brand whose turnover in 2023 consisted of sales on foreign markets to the extent of 85.06%. In addition to developing new product "collections", the Group is historically also focused on the innovation process to efficiently combine its goldsmith tradition with the best industrial production techniques whereby jewellery featuring elegant and sophisticated designs is made.

Its headquarters, offices and workshop are located in Vicenza, in one of Italy's main 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.

1929 – Umberto Cazzola opened the first handmade jewellery workshop in the city of Vicenza in Contrà Sant'Ambrogio, with the name Fabbrica Italiana Cinturini Metallici (FICM), specialising in the production of extendible metal watch straps.

1960 – Odino Cazzola founded the FOPE brand giving the company new momentum by focusing efforts on the export of gold cases and bracelets for watches, with his customers base including the greatest Swiss Houses of Haute Horlogerie.

1970 – His children, Ines and Umberto, held management positions within the company and revitalised development endeavours. Production was renovated, and precious jewels started to be created. In those years, the Novecento mesh – still in production today – was designed and continued to become a FOPE jewellery classic.

1980 – The product range expanded during those years to meet the needs of an increasingly large and demanding clientele. New productive criteria were introduced in order to meet strict quality standards and ensure compliance with product warranty and international certification.

1997 – The company changed into an Italian limited liability company under the name of FOPE S.r.l.

2000 – FOPE launched significant advertising campaigns, redefining its commercial strategies as it did away with distributors and created a direct relationship with the Jewellery market.

2007 – FOPE launched on the market the extendible Flex'it mesh designed by the company and covered by an international invention patent, crafted entirely in gold. The jewels created with this particular mesh became "extendible" thanks to microscopic gold springs inserted between each element of the mesh.

FOPE pursued its international commitment very strongly during those years, resulting in sales volumes of foreign markets exceeding those of the domestic market. The current Governance and Organisation structure was established.

2013 – FOPE launched the "A Tale of Beauty" communication project centring on the essence of Italian character of the brand, with actress Anna Valle acting as its Brand Ambassador.

2014 – The establishment of FOPE Services Dmcc Dubai, a company incorporated under UAE law, enabled the allocation of a FOPE commercial resource dedicated to the development and direct support of the areas of greatest interest in the Gulf countries and South-East Asia.

2015 – Opening, in November, of the Company's first single-brand FOPE boutique in Piazza San Marco in Venice. On December 15th, the Shareholders' Meeting resolved to change FOPE S.r.l. into an Italian law public limited company.

2016 – FOPE S.p.A. listed on the AIM (Alternative Investment Market), currently Euronext Growth Milan, of Borsa Italiana (Italian Stock Exchange). November 30th, 2016 is the first day of trading of the Company's shares on the stock market.

2017 – Acquisition of a minority share (20%) in Milano 1919 S.r.l., a company owning the Antonini jewellery brand. Antonini, a historical and known house of high-quality Italian jewellery – established and still based in Milan –, produces and distributes prestigious collections of exquisitely and exclusively designed jewellery.

2018 – FOPE Jewellery Limited was established, a company incorporated under English law whose registered office is in Birmingham with a mandate from FOPE S.p.A. to sell the brand's collections and provide operational support to distributors for the English-speaking UK and Irish market, i.e. one of the Group's main markets.

2019 – The new FOPE Boutique in the prestigious Old Bond Street in London opened at the end of November. The purpose of the ambitious project was to showcase the FOPE brand in a location with international standing, such as London, to gain a strong brand awareness effect for the British market and even more for the international market.

2020 – As a result of the lockdown imposed by the health emergency due to COVID-19, the Parent Company closed its headquarters from 14 March to 4 May 2020. During the lockdown period, production and shipment operations stopped, while administrative, sales and marketing tasks continued through remote working.

The FOPE boutique in Kuala Lumpur in Malaysia officially opened at the end of 2020. The project was carried out in collaboration with our distributor in the city, with whom we enjoy a long-standing partnership.

2021 – The FOPE showroom opened in April in an upmarket location in the city of Dubai. In July, FOPE extended its design to men's jewellery and launched a specific collection. The collection, featuring Flex'it bracelets and the use of black diamonds, is designed for dynamic and confident men who travel, love comfort and convenience as well as elegance.

2022 – FOPE Deutschland GmbH was established as a wholly-owned subsidiary of FOPE S.p.A. The new company and the establishment of the resulting operating structure made it possible to revise the entire commercial organisation for the German market with a view to development.

June signed the opening of a new single-brand boutique in Japan, in the most prestigious shopping district of Tokyo, Ginza; confirming the investments in progress, aiming to develop the business in the Japanize market. In November a new boutique was opened also in Kuala Lumpur. Its grand opening took place in February 2024, within the new upscale department store "Seibu", located in the Exchange TRX mall of the Malaysian capital city. Both boutiques represent the Company's goal of reinforcing and promoting the brand in the international markets even more.

The business model is based on the following elements, which represent the Group's strengths:

- collections of products designed and manufactured in-house, at the headquarters in Vicenza and exclusively sold under the FOPE brand;
- distribution handled by multi-brand jewellers (FOPE S.p.A.'s customers) with medium-high positioning;
- direct sale to jewellers (as independent or group-owned customers) without intermediary agents or external distributors (with the exception of the two subsidiaries owned by the Group);
- strong brand and design characterisation and awareness;
- presence in international markets;
- special attention to product and process innovation, relying on patents for inventions developed by the Parent Company;
- direct control across the production chain, from the processing of raw material to finishing.

FOPE S.p.A. is responsible for research and technological development, the concept and creation of new collections, production, logistics as well as the Group's commercial and marketing organisation. All company departments, including production, are located at the headquarters of FOPE S.p.A., within a building constructed in 2000 and expanded during 2019, combining space rationality and efficiency with a modern, highly aesthetic architectural style. The absence of any harmful emissions from the production department has enabled the headquarters to remain in the urban context of the city of Vicenza.

FOPE USA Inc., headquartered in Boca Raton (Miami), is the Parent Company's distributor for the US market and agent for the Caribbean and South American markets.

FOPE S.p.A. – DMCC Branch, opened in October 2020 with headquarters in Dubai, is responsible for providing Customer Service to the Group's customers residing in Arab markets and in the South-East Asia area.

FOPE Jewellery Ltd, headquartered in Solihull (UK), a 75% subsidiary of FOPE S.p.A. with 25% capital owned by the company's three market development managers, is the Parent Company's distributor for the UK market.

FOPE Deutschland GmbH, a German company headquartered in Mönchengladbach (Germany), is a fully-owned subsidiary of FOPE S.p.A.

During the year, the new company FOPE Japan GK was established with a capital of JPY 5,600,000.

It became officially operational in 2024, and for such reason it is not part of the E.Y. 2023 consolidated financial statements.

FOPE S.p.A. holds 20% of the share capital of Milano 1919 S.r.l., the company owning the historic Antonini brand. Antonini, a historical and known house of high-quality Italian jewellery – established and still based in Milan –, produces and distributes prestigious collections of exquisitely and exclusively designed jewellery. The Antonini brand is positioned as a niche brand, expressing refined luxury through the superior craftsmanship that defines each of its creations.

FOPE S.p.A.'s equity investment in Milano 1919 S.r.l. is not included in the consolidation scope.

MISSION

Since 1929, we have been using cutting-edge technologies and proprietary patents to transform gold into jewels that go beyond the latest trends. Italian roots have always inspired our style, a standard appreciated by those who interpret life with refined, subtle elegance. All the activities of the Company and its affiliates comply with strict ethical and sustainability control criteria.

VISION

Inspire people who want to add a touch of discreet luxury to every experience in their lives.

VALUES

Vicenza pride

FOPE is an Italian brand. All jewellery is produced in Italy and the Vicenza office is the hub of all the Group's activities. From a creative point of view, the art and craftmanship typical of the Vicenza area are a constant source of inspiration, which we proudly project to the rest of the world.

Family Footprint

FOPE is first and foremost a family business. Umberto Cazzola opened his first goldsmith workshop in 1929 and several generations have taken turns over time. The original contribution of each generation led up to the listing on the stock exchange, the natural evolution of a successful journey that lasted almost a century and still continues.

Widespread Innovation

While this concept might appear abstract at first glance, every aspect of FOPE's business is permeated by it, starting from technology, i.e. the cornerstone of all production. Our high-quality jewellery often relies on the Flex'it system, a patented invention of FOPE. The tone of communication has always followed the same direction since the beginning.

Original Design

FOPE jewels are created in Vicenza where creativity and technique blend virtuously. The iconic Novecento mesh, being our signature line, characterises each collection through a precise and consistent stylistic identity over time. In addition to brand recognition, the design ensures longevity and versatility for every piece of jewellery.

Corporate Responsibility

FOPE's corporate and product policies are guided by the highest ethical values. The concept of corporate responsibility is a core value shared by all generations of the family-owned business. Indeed, as FOPE has entered the global luxury arena, it has a strong focus on issues such as sustainability, efficiency and respect, carefully considering the economic, environmental and social impact of each of its activities.

Understated Elegance

The FOPE collections are designed and built for everyday wear. Along with the intrinsic beauty of each piece, comfort is a key feature of FOPE jewellery. Through stylistic choices and thoughtful advertising, the brand promotes an idea of understated elegance that each individual is encouraged to express through their own uniqueness.

Ethical values

FOPE conducts its business based on standards of ethics, integrity, efficiency and respect. It endeavours to encourage all staff and associates to adopt positive behaviour, with a view to constantly improving product quality and empowering each person individually and as a team member.

The Company sees Italian legislation as a fundamental starting point and is committed to acting in compliance with it and with all the international rules applicable to its business. It also ensures that all its actions comply with the Universal Declaration of Human Rights.

The activities carried out by FOPE are based on:

- Respect for employees, associates, customers and suppliers with a view to a shared work ethic;
- The safety of the working environment and the health of those who work in it;
- A sense of social responsibility that is closely related to the role of entrepreneur;
- A commitment to adopt production methods strongly geared towards sustainability, consistent with the type of processing required.

FOPE rejects any form of discrimination, child labour and forced labour, and encourages anyone who does business with the Company to adopt the same principles. It also encourages its employees and associates to rely on good practices of conduct in all its business actions.

In 2020, the Company formally adopted its Code of Ethics, considered a pillar of crucial 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 owns, shares and promotes, as it believes that conduct inspired by the principles of integrity and responsibility is a key 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 corporate websites at *www.fope.com* and *www.fopegroup.com*. These Web pages also include the email address any FOPE stakeholder can use to share their suggestions or observations with the Company about any conduct that infringes 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. In turn these stakeholders have been encouraged to subscribe to the values, principles and rules of conduct outlined in the document.

Lastly, the Company has established an elective Ethics Committee responsible for overseeing and dealing with any complaints, reports of distress or suggestions by its employees. Reliance on the Committee may be either through named references or anonymously and support may be sought with the Committee as a whole or with one member at a time. The objective of the Ethics Committee, comprising three members, is to ensure that workers can count on unbiased listening of their concerns and access the tools required to tackle situations of any distress situations they have 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 their turn been awarded this certification. The RJC certificate remains valid for a period of three years, with an audit process being required to renew it.

RESPONSIBLE AND TRANSPARENT BUSINESS MANAGEMENT

The process of expansion and extension of the business pursued by the Group is based on a solid corporate governance model that governs all decision-making processes and the measurement of business performance, in full respect of the interests of stakeholders.

The management model adopted is a traditional one and includes the presence of a Board of Directors, with management functions, and a Board of Statutory Auditors, with control functions over management. Both bodies are appointed by the Shareholders' Meeting.

The high degree of diversity expressed by the Board of Directors of FOPE in terms of gender and skills ensures high levels of effectiveness and efficiency in the Group's management. Company chairmanship lies with the Cazzola family as founder and majority shareholder. Of the 5 members of the Board of Directors, 4 hold an executive office, while 1 is an independent director. The almost equal presence of men and women on the Board of Directors fully reflects the recommendations set out in the Borsa Italiana Corporate Governance Code, according to which at least one third of the Board of Directors should consist of members of the less represented gender. Following the adoption of the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 (231 Model), the Supervisory Board was appointed and made operational.

Composition of governing bodies by gender	**2023**			**2022**			**2021**		
	W	**M**	**TOTAL**	**W**	**M**	**TOTAL**	**W**	**M**	**TOTAL**
Board of Directors	2	3	5	2	3	5	2	3	5
Board of Statutory Auditors	1	2	3	1	2	3	1	2	3
Supervisory Board	1	0	1	1	0	1	1	0	1
Total	4	5	9	4	5	9	4	5	9
Percentage	44.44%	55.56%	100.00%	44.44%	55.56%	100.00%	44.44%	55.56%	100.00%

In April 2021, FOPE adopted the Organisation and Management Model pursuant to Italian Legislative Decree 231/2001[1], an essential tool for protecting entities and companies from their employees and directors committing the offences mentioned in the Decree.

The 231 Model has been formalised following a mapping of the company's processes, in order to identify the most at risk areas within the organisation. It also includes all the rules and procedures aimed at preventing the offences included in the aforesaid Law from being committed. The Law lists a whole range of offences covering proper business conduct and competitive practices, respect for environmental regulations as well as people and workers' rights.

Ad hoc audits are conducted periodically by a third party to ensure these procedures are respected by all employees and directors, and that the company operates in a context of full legality. During the reporting period, no corruption or other incidents related to the offences included in the 231 Model were recorded. Similarly, no legal action was taken against the Company in the context of anti-competitive behaviour, antitrust breaches, related monopolistic practices or breaches of human and/or workers' rights.

In the context of spreading the FOPE Organisational Model, as well as accountability and training for the prevention of corruption and money laundering, three training sessions were delivered to all 65 employees.

1 The 231 Model adopted by the Company can be viewed on FOPE's website at the following address: https://fopegroup.com/governance/modello-231/

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

- Product
  - Excellent quality, design and innovation of the collections offered;
  - Strong brand awareness – FOPE jewels feature design line enjoying high recognition;
  - Made-in-Italy (made-in-FOPE) manufacturing.

- Service
  - Support to retailers for end customer satisfaction;
  - Order management/commercial policies;
  - Training of sales team at retailers' site.

- Partnership with Jewellers
  - Involvement of retailers in marketing initiatives (campaigns designed to support stores – special events);
  - Involvement of retailers in events at FOPE's headquarters to convey the Company values.
- Markets
  - Focusing investment and marketing initiatives on markets where the Company's presence is already significant: America and Europe (in particular, Germany and the United Kingdom).

The results recorded, which show a good growth in sales volume in 2023, represent a valid indicator for expressing a positive opinion on the strategies pursued.

Actions on key success levers that have underpinned growth are long-term phenomena that have increasingly positive effects on the perception of the brand by the market while driving development.

SUSTAINABILITY STRATEGIES

Sustainability, in its broadest sense (i.e. including environmental, social and governance aspects), plays a key role in the strategic guidelines implemented by FOPE. Following a careful integration of ESG factors in the business model, the Organisation is able to develop technological, managerial and operational solutions such as:

- Maximising efficiency of business processes and activities, with clear benefits linked to strengthening its competitiveness in markets;
- Actively contributing to the sustainable development of its business from an environmental, economic and social perspective.

In recent years, the objective of transparency with respect to its own operations has meant that FOPE is committed to a process of reporting its initiatives linked to social responsibility. In this connection, 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 through these endeavours.

Starting with the financial year 2022, the Sustainability Report becomes a stand-alone document prepared and published independently of the Financial Statements.

As early as in 2019, this commitment to transparency and the increasing integration of environmental, social and governance factors (often referred to as "ESG factors") in business strategies and processes earned the Group the attainment of the AIM ESG award by IR TOP Consulting[2] and by the Department of International Trade (DIT) of the United Kingdom during the AIM Awards ceremony, the award-giving ceremony for SMEs listed on the AIM segment (now Euronext Growth Milan – EGM) of Borsa Italiana (Italian Stock Exchange).

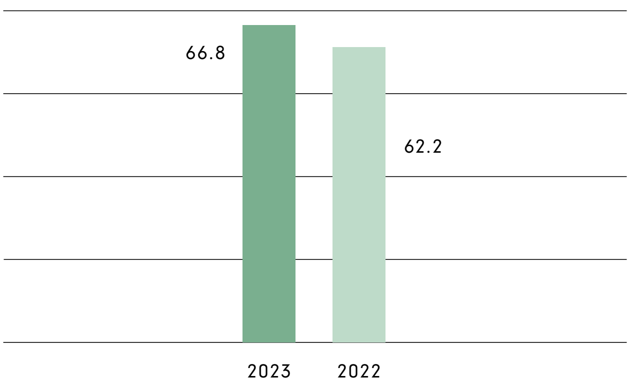
In 2023, the company also achieved the ESGe rating of the Cerved Rating Agency with an A score ("High ESGe Risk Management Capability"), showing an improvement compared to the previous rating (BBB). The analysis of the sustainability disclosure carried out on the data reported for 2022 by the rating agency revealed a score above the average for FOPE with reference to the "Accessories" cluster. In particular, it rewarded efforts made by the Company to reduce its environmental impact and initiatives to mitigate risks related to corporate governance implemented over the years. Progress was also highlighted with respect to inclusion and diversity of human resources and the consolidation of actions to protect FOPE products.

2 Italy's leading management consulting firm in the areas of Capital Markets and Investor Relations (http://irtop.com/).

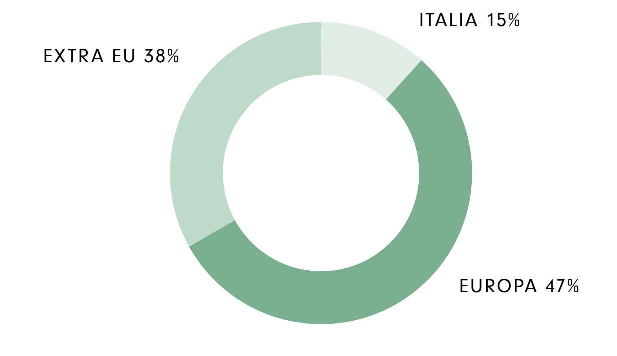
The following table shows the financial highlights of the Group's Consolidated Financial Statements compared to those of the previous year. Amounts are shown in Euro millions.

	2023 (DECEMBER 31ST)		2022 (DECEMBER 31ST)		2023 VS 2022	
Net Revenue	**66.77**	**100.0%**	**62.16**	**100.0%**	**4.61**	**7.41%**
Operating Costs	(49.82)		(46.33)		(3.49)	
EBITDA	**16.95**	**25.4%**	**15.83**	**25.5%**	**1.13**	**7.11%**
Depr. & Amortization	(2.29)		(1.92)		(0.37)	
EBIT	**14.66**	**22.0%**	**13.91**	**22.4%**	**0.75**	**5.42%**
Financial Incoms / (Costs)	(0.88)		(0.75)		(0.13)	
Earning Before Tax	**13.78**	**20.6%**	**13.16**	**21.2%**	**0.62**	**4.73%**
Tax	(3.71)		(2.33)		(1.38)	
Net Income	**10.08**	**15.0%**	**10.83**	**17.4%**	**(0.76)**	**-6.99%**
Asset	13.97		14.15		0.80	6.04%
Working Capital	28.43		20.72		6.94	32.29%
Funds	(2.32)		(2.74)		0.21	-8.25%
Net Invested Capital	**40.08**		**32.14**		**7.94**	**24.71%**
Equity	**40.05**		**33.64**		**6.41**	**19.06%**
Net Debt / (Cash)	**(0.03)**		**(1.50)**		**(1.53)**	**-101.98%**

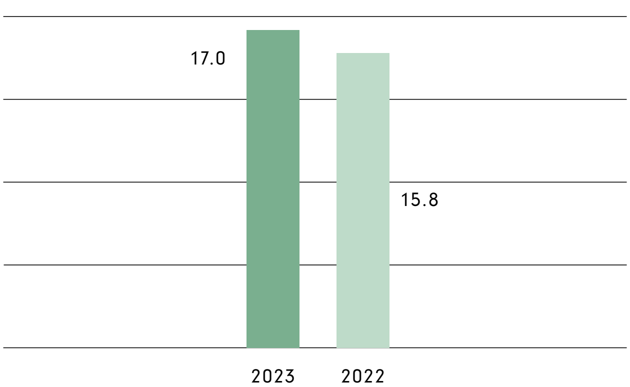
NET REVENUE



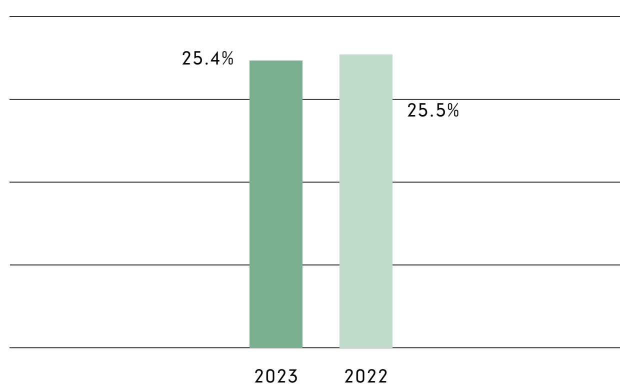
SALES



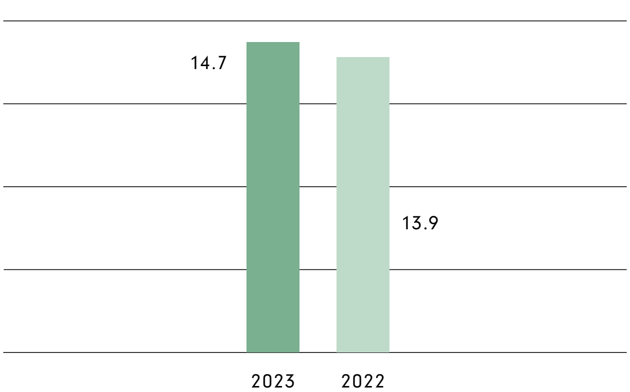
EBITDA



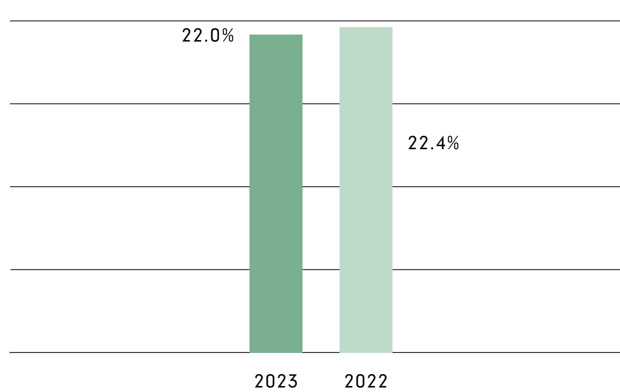
EBITDA MARGIN



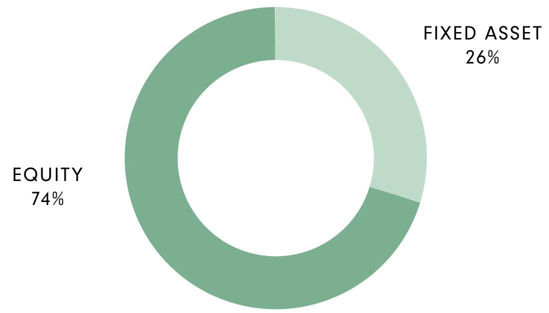
EBIT



EBIT MARGIN



2023



2023

The primary structure index (Fixed Assets over Net Worth) expresses a high level of capitalization and resources to plan further investment plans.

Similarly, the secondary structure index (Fixed Assets over Net Worth & Medium/ Long Loans) expresses a very broad level of coverage.

The following table shows the highlights of the four Group Companies; amounts are shown in Euro millions.

	FOPE SPA	FOPE USA INC	FOPE JEWELLERY LTD	DEUTSCHLAND GMBH
	2023 (DECEMBER 31ST)	**2023 (DECEMBER 31ST)**	**2023 (DECEMBER 31ST)**	**2023 (DECEMBER 31ST)**
Net Revenue	**60.51**	**13.88**	**9.18**	**0.68**
Operating Costs	(44.89)	(12.91)	(8.88)	(0.45)
EBITDA	**15.62**	**0.97**	**0.30**	**0.22**
Depr. & Amortization	(2.20)	(0.03)	(0.04)	(0.02)
EBIT	**13.42**	**0.94**	**0.26**	**0.20**
Financial Incoms / (Costs)	(0.88)	(0.00)	0.00	0.00
Earning Before Tax	**12.53**	**0.94**	**0.26**	**0.20**
Tax	(3.33)	(0.25)	(0.09)	(0.07)
Net Income	**9.20**	**0.69**	**0.17**	**0.14**
Asset	14.18	0.40	0.27	0.18
Working Capital	28.78	0.09	(0.28)	0.00
Funds	(2.32)	0.00	0.00	0.00
Net Invested Capital	**40.64**	**0.49**	**(0.01)**	**0.18**
Equity	**38.71**	**1.51**	**0.85**	**0.18**
Net Debt / (Cash)	**1.94**	**(1.02)**	**(0.86)**	**0.00**
Exchange rate		USD/EUR	GBP/EUR	
To 31/12/2023		1.105	0.869	
Average by year		1.081	0.870	

IMPACT ON CONFLICT MANAGEMENT IN UKRAINE AND ISRAEL

The Group operates by producing and distributing its own jewellery collections to shops that sell the FOPE brand, with revenues being generated by products sold during the year to the retailer, who in turn sells them to the end customer.

Revenues in 2023 stood at Euro 66.77 million, showing a 7.41% increase in sales volume compared to the previous year 2022.

On 24 February 2022, the Russia-Ukraine conflict broke out, leading to a series of sanctions against Russia. These sanctions will inevitably have effects on the global economy. At present, FOPE Group's business is not affected by the direct effects of these sanctions because the Company does not operate in the Russian market, has no Russian, Belarusian or Ukrainian customers, nor are there any Russian, Belarusian or Ukrainian suppliers in its supply chain. Furthermore, it should be noted that the shareholding structure of FOPE S.p.A. does not comprise any direct links with Russian, Belarusian or Ukrainian companies or even with natural persons who have nationality and/or residence in Russia, Belarus or Ukraine.

Similarly, we believe that the conflict in the Israeli-Palestinian area does not adversely affect the Group's business and that the higher transport costs generated by the changes in shipping routes as a result of the war events do not significantly affect the Companies' overall transport costs.

Since the Group does not operate in the markets where the aforesaid conflicts are taking place, estimates for the financial year 2023 do not include sales assumptions in these markets. While it is not possible to rule out a potential indirect negative effect on the business, caused by a general deterioration of the economy in the Eurozone due to the escalation and continuation of the aforesaid conflict, no such direct phenomena are identified at present as to hinder a positive development of the activities and business for the current year.

Below is an assessment of the impacts with respect to:

- Economic and financial situation
- Development strategies and key markets.

ECONOMIC AND FINANCIAL IMPACT

The volume of orders collected in the first few months of 2024 confirms the forecast of a positive performance for the year, with adequate profit margins.

Customer receipts during 2023 did not show any critical issues and good turnover ratios were maintained. The net financial position recorded in 2023, standing at Euro (0.03) million, with net liquid assets totalling Euro 11.25 million, shows the Group's ability to generate positive cash flows net of commitments under the investment plan carried out and the loan repayment plan. Moreover, there is no evidence that, in relation to ongoing geopolitical tensions, cash management could be adversely affected.

DEVELOPMENT STRATEGIES AND KEY MARKETS

The results for the year, showing an increase in sales volume over the past few years, are a valid indicator to give a positive opinion on the Group's business model and strategies pursued to date, respectively described in the following paragraphs of the Report on Operations. Actions on key success levers that have underpinned growth are long-term phenomena that have increasingly positive effects on the perception of the brand by the market, while driving the Group's development process.

CORPORATE BODIES

BOARD OF DIRECTORS

Umberto Cazzola	Chairman
Ines Cazzola	Vice - Chairwoman
Elisa Teatini	Director
Davide Angelo Francesco Molteni	Indipendent Director
Diego Nardin	CEO

BOARD OF STATUTORY AUDITORS

Marina Barbieri	Chairman
Cesare Rizzo	Statutory Auditor
Silvio Cesare Rizzini Bisinelli	Statutory Auditor

AUDITING COMPANY

BDO Italia S.p.A.

SUPERVISORY BOARD

Stefania Centorbi

LISTED SHARES:

Ordinary shares FPE ISIN Code ISIN IT0005203424

REVIEW OF THE MAIN ECONOMIC DATA

Below is the Group's reclassified Consolidated Income Statement compared with the previous year (figures shown in Euro):

INCOME STATEMENT	31/12/2023	31/12/2022	CHANGES
Net revenues	**66,768,113**	**62,161,398**	**4,606,715**
Other income	870,112	590,183	279,929
External costs	44,967,118	42,345,010	2,622,108
Added value	**22,671,107**	**20,406,571**	**2,264,536**
Labour costs	5,720,099	4,576,359	1,143,740
EBITDA	**16,951,008**	**15,830,212**	**1,120,796**
Depreciation and amortisation	**2,291,380**	**1,919,114**	**372,266**
EBIT	**14,659,628**	**13,911,098**	**748,530**
Financial income and charges	(879,371)	(753,462)	(125,909)
Pre-tax profit/(loss)	**13,780,257**	**13,157,636**	**622,621**
Income tax	3,705,140	2,325,474	1,379,666
Net profit/(loss)	**10,075,117**	**10,832,162**	**(757,045)**

SALES REVENUES

Commercial results for 2023 were positive, with net sales revenues totalling Euro 66.77 million, showing a 7.41% increase compared to the amount posted in the previous year (Euro 4.61 million).

Sales refer to the FOPE jewellery collections, which are made, as known, in-house exclusively under the FOPE brand and are distributed in multi-brand shops, i.e. to customers and retailers of the brand. In addition to this business model, starting in 2015 there are sales made to the end consumers at the boutique in Venice. Sales to end consumers are also processed through the Parent Company's e-commerce website.

The FOPE collections are also showcased in the single-brand boutiques in London, Kuala Lumpur and Tokyo. The boutique in Venice is managed directly by the Parent Company, while the others are managed in collaboration with retailers.

The new collections presented in 2023 directly to the shops from the distribution network achieved excellent results, while the "time less" pieces and collections that have been present on the market for several years continued to be very popular.

Retailers, mostly consisting of medium to high level multi-brand shops, are present on the market on a global scale, with 85.06% of the total turnover in 2023 being recorded in foreign countries, a percentage in line with the previous year.

OPERATING COSTS

Operating costs, excluding labour costs, which increased by 6.19% compared to the previous year, include the variable industrial cost elements proportional to sales volumes, in respect of which margins were in line with the expected figures, while structural operating costs did not change significantly compared 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 initiative plan was fully expensed in the financial year and saw a greater economic commitment in the first six months of 2023 than in the previous year to support the various activities implemented and instrumental to business development. Expenses 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 jewellery retailers.

During 2023, digital communication endeavours continued to be underpinned by social media channels.

The international trade fairs in which FOPE participates include the two editions of Vicenzaoro, which grew in terms of volume of business generated, the Centurion event in Arizona and the Las Vegas trade fair. It should be noted that, during trade fairs, FOPE presents collections but above all it collects sales orders.

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

FOPE's work team increased compared to last year; the 24.99% increase in cost is mainly due to new resources being hired to support production activities.

According to the Group's operating model, it should be noted that the affiliated distribution companies, which deal with the marketing of the collections, are responsible for costs of a commercial nature and specific marketing activities, in addition to labour costs, while the operating costs of the product production and distribution cycle, in respect of areas not covered by the subsidiaries and other support functions, lie with the Parent Company.

AMORTISATION, DEPRECIATION AND OTHER PROVISIONS

The portion of amortisation/depreciation charged to the financial year (19.40% compared to the figure posted in 2022) includes the portions relating to investments made in the year and in previous years.

Provisions for Employee Severance Pay, as well as Provisions for Agent Severance Pay, were calculated in accordance with the statutory provisions.

EBITDA came in at Euro 16.95 million, increasing by Euro 1.12 million compared to the figure posted in 2022. Similarly, EBIT rose to Euro 14.66 million despite a Euro 0.37 million increase in depreciation and amortisation.

Pre-tax profit/(loss) stood at Euro 13.78 million, in line with the same figure posted in the previous year, while the profit for the year totalling Euro 10.08 million showed a decrease compared to the previous year's profit (Euro 10.83 million). The change is due to the different tax rate from which 2022 benefited as a result of a reduction in the tax burden to the extent of Euro 1,250,000, pursuant to Article 48-bis of Italian Law Decree 34 of 19 May 2020.

ANALYSIS OF THE MAIN BALANCE SHEET AND FINANCIAL DATA

MAIN BALANCE SHEET DATA

Below is the Group's reclassified Balance Sheet compared with the previous year (figures shown in Euro):

RECLASSIFIED BALANCE SHEET	31/12/2023	31/12/2022	CHANGES
Net intangible fixed assets	3,470,784	3,041,035	429,749
Net tangible fixed assets	10,409,865	9,974,191	435,674
Equity investments and other financial fixed assets	**882,502**	**1,138,729**	**(256,227)**
Non-current assets	14,763,151	14,153,955	609,196
Changes in inventories	15,718,227	13,922,637	1,795,590
Trade receivables	14,375,399	12,361,591	2,013,808
Other receivables	3,354,540	3,097,071	257,469
Expected cash flow hedging trans. cr. position	695,148	132,082	563,066
Short-term assets for the year	**34,143,314**	**29,513,381**	**4,629,933**
Trade payables	4,110,521	4,688,627	(578,106)
Other payables	2,072,647	4,102,494	(2,029,847)
Short-term liabilities for the year	**6,183,168**	**8,791,121**	**(2,607,953)**
Net working capital	**27,960,146**	**20,722,260**	**7,237,886**
Provisions for Employee Severance Pay	(1,237,074)	(1,186,417)	(50,657)
Provisions for Agent Severance Pay and other provisions	(1,256,345)	(1,076,534)	(179,811)
Provisions for expected cash flow hedging transactions	(148,845)	(473,647)	324,802
Total provisions	**(2,642,264)**	**(2,736,598)**	**94,334**
Net invested capital	40,081,033	32,139,617	7,941,416
Share capital and shareholders' equity reserve	(39,630,831)	(33,805,375)	(5,825,456)
Reserve for expected cash flow hedging transactions	(420,499)	164,769	(585,268)
Shareholders' equity	**(40,051,330)**	**(33,640,606)**	**(6,410,724)**
Medium/long-term financial position	(5,386,365)	(4,997,325)	(389,040)
Short-term financial position	5,356,662	6,498,315	(1,141,653)
Net Financial Position	(29,703)	1,500,990	(1,530,693)
Shareholders' equity and Net Financial Position	**40,081,033**	**32,139,616**	**7,941,417**

FIXED ASSETS

Investments in tangible and intangible fixed assets made during the year under review, totalling Euro 866,000, relate to the technological devices and equipment used in the production process, as well as goods supporting the sales activity. Commercial investments include the contribution provided to the retailer partner for the completion of the boutique opened in June 2023 in Tokyo Ginza and the deployment of SiS (FOPE customised furniture corners inside retailer shops). Fixed assets include the progress of the project to implement the new information system started in 2021. The system start-up plan included several release steps of the technological platform throughout 2022 and 2023. The first step was successfully implemented at the beginning of January 2022, while a further step was implemented in 2023.

TRADE RECEIVABLES AND TRADE PAYABLES

Amounts due from customers did not change in terms of deferment payment ratios compared to financial year 2022. The increase in the balance compared to the previous year is commensurate with and due to the growth in sales volumes. As to suppliers, the payment policies did not change and the balances shown as at 31 December are due to some payments made as scheduled. Assets from derivative financial instruments are reflected in the reclassified statement under “Expected cash flow hedging trans. cr. position” while the relevant liabilities are held under “Provisions for expected cash flow hedging transactions”.

INVENTORIES

The growth in the value of inventories totalling Euro 1.80 million (+12.90%) is attributable to the raw materials (gold and diamonds). The stock of finished products at 31 December was increased to support sales activities and to enable the delivery of orders planned for early 2024. It should be noted that production only works based on orders and not on stock.

AMOUNTS OWED TO CREDIT INSTITUTIONS AND FINANCIAL POSITION

During the year, a Euro 6.00 million loan was taken out to replace similar positions that had been exhausted, the purpose being to optimise cash costs and invest in the stock of gold and diamonds.

The Net Financial Position, cash negative in the amount of Euro 0.03 million, decreased compared to the position as at 31 December 2022, when it stood at Euro 1.50 million. The individual cash flow entries are recorded and commented on in the Statement of Cash Flows, on page 30.

SHAREHOLDERS’ EQUITY AND HIGHLY LIKELY PLANNED TRANSACTION HEDGING RESERVES

During the year, dividends to the extent of Euro 4,319,686 were distributed, with the remaining profit being allocated to shareholders’ equity reserves.

In accordance with the accounting standard OIC 32 (June 2016), the effects of cash flow hedging transactions recorded at 31 December 2023 were recognised under assets or liabilities. Specifically, they refer exclusively to hedging transactions, carried out by the Parent Company with a view to stabilising the purchase price of gold or stabilising currency exchange rates.

The calculated effects of transactions were held under assets if they implied a positive effect and under liabilities if they implied a negative effect, and were reported as a balance in the reserve for “Expected cash flow hedging transactions”.

At 31 December 2023, FOPE S.p.A. did not hold and did not dispose of any treasury shares and therefore no specific Shareholders’ Equity reducing entry was reflected under liabilities pursuant to and for the purposes of Article 2357-ter of the Italian Civil Code.

Summary of consolidated cash flow statement as at 31 December 2023 (in Euro):

CASH FLOWS	31/12/2023	31/12/2022	CHANGES
Profit for the year	10,075,118	10,832,162	(757,044)
Portion of amortisation/depreciation	2,291,380	1,919,114	372,266
Change in Provisions for Employee Severance Pay and Agent Severance Pay	116,521	(336,624)	453,145
Gross self-financing	**12,483,019**	**12,414,652**	**68,367**
Change in trade receivables	(2,017,571)	(3,039,977)	1,022,406
Change in other short-term receivables	(139,461)	(1,953,904)	1,814,443
Change in inventories	(1,795,590)	(3,613,828)	1,818,238
Change in short-term payables	(2,490,247)	888,129	(3,378,376)
Changes in net working capital	**(6,442,869)**	**(7,719,580)**	**1,276,711**
Net inflow from operating activities	**6,040,150**	**4,695,072**	**1,345,078**
Change in tangible and intangible fixed assets	(3,156,802)	(2,258,323)	(898,479)
Changes in financial fixed assets	138,219	(892,180)	1,030,399
Repayment of M/L-term loans	(3,718,419)	(4,356,236)	637,817
Uses	**(6,737,002)**	**(7,506,739)**	**769,737**
Acquisition of Financing	6,000,000	4,000,000	2,000,000
Convertible bond issue			
Changes in shareholders' equity reserve	(4,249,661)	(2,312,039)	(1,937,622)
Sources	1,750,339	1,687,961	62,378
Change in expected cash flow hedging trans. cr. position	(563,066)	662,911	(1,225,977)
Changes in provisions for expected cash flow hedging transactions	(324,802)	451,716	(776,518)
Changes in reserves for expected cash flow hedging transactions	585,268	(721,379)	1,306,647
Changes in expected cash flow hedging transaction positions	(302,600)	393,248	(695,848)
Net cash flow	**750,887**	**(730,458)**	**1,481,345**
Net credit/(debit) banking transactions 31/12/2023	11,254,658		11,254,658
Net credit/(debit) banking transactions 31/12/2022	10,503,771	10,503,771	
Net credit/(debit) banking transactions 31/12/2021		11,234,228	(11,234,228)
Change in net debit/(credit) position	**750,887**	**(730,457)**	**1,481,344**

Self-financing generated by the result of operations, together with a prudent management of working capital, produced a negative net cash flow totalling Euro 0,75 million, which allowed cash flows to be managed without putting pressure on liquidity needs.Self-financing and the funding resulting from new M/L-term loans made it possible to meet the financial commitments required to finance the investment plan, while complying with the amortisation schedule for repayment of outstanding loans.

The net financial position at 31 December 2023 and at the end of the previous year was as follows (figures shown in Euro):

NET FINANCIAL POSITION	31/12/2023	31/12/2022	CHANGES
Net position for short-term bank transactions and cash in hand	11,254,658	11,503,771	(249,113)
Short-term loans	(5,897,996)	(5,005,456)	(892,540)
Net short-term financial position	5,356,662	6,498,315	(1,141,653)
Long-term loans	(5,386,365)	(4,997,325)	(389,040)
Net financial position	**(29,703)**	**1,500,990**	**(1,530,693)**

During the year, new loans were taken out and outstanding loans were repaid to the extent of Euro 6.00 million and Euro 3.72 million, respectively.

The quantity of circulating gold necessary to meet the manufacturing cycle demand is partially provided by credit institutions on the basis of “loan for use” contracts. As of December 31st 2023, the availability of gold owned by the Credit Institutions, based on the aforementioned contracts, is equal to Euro 10.2 million.

INTERCOMPANY TRANSACTIONS

During the year under review, the parent company FOPE S.p.A. entered into the following intercompany transactions (figures shown in Euro):

- FOPE Usa Inc
- FOPE Jewellery Ltd
- FOPE Deutschland GmbH
- FOPE Japan GK

Company	RECEIVABLES	PAYABLES	REVENUES	COSTS
FOPE Usa Inc	4,316,422	114,729	8,718,424	773,012
FOPE Jewellery Ltd	4,390,947	8,541	6,490,305	133,888
FOPE Deutschland GmbH	1,995	44,022	1,114	676,924
FOPE Japan GK	0	0	0	0

The above transactions, which do not include any atypical and/or unusual transactions, were governed by the arm’s length principle.

STAFF

The staff employed at the Group companies as at 31 December 2023 comprised 83 people: 44 women and 39 men.

No significant accidents occurred during the year.

ENVIRONMENT

The Group carries out its business in compliance with the provisions on environmental protection. During the year, monitoring activities on compliance with gas and liquid emission standards were carried out on a regular basis by the designated contractors, testing negative at all times. A "Sustainability Report" was drafted for the sixth consecutive year at the level of the Parent Company FOPE S.p.A.

RESEARCH AND DEVELOPMENT EFFORTS

During financial year 2023, the Group carried on its research and development efforts, gearing its efforts towards projects that it considers particularly innovative as listed below:

01. Study, design and experimental development of new product lines and types of meshes for jewellery and development of new collections:
- New Bubble Bracelet collection;
- Expansion of Luna collection;
- Expansion of Eka collection;
- Expansion of Solo collection;
- Expansion of Flex'it Must-Have (Bicolor) bracelet collection.

02. Activities related to the protection and preservation of intellectual property
These projects were carried out at FOPE S.p.A. headquarters. For the development of the above-mentioned projects, the Company incurred costs to the extent of Euro 490,454, in respect of which it plans to seek tax relief for research, development, technological innovation, design and aesthetic conception activities as under Article 1, sections 198-209 of Italian Law No. 160 of 27 December 2019.

We trust that the successful outcome of these efforts will enable the Group to gain a competitive edge with favourable economic spin-offs.

Research efforts will continue in financial year 2024.

FOPE S.p.A. did not consider it appropriate to capitalise the costs related to the above research and development efforts, as they were fully accounted for in the year they were incurred.

INFORMATION RELATING TO RISKS AND UNCERTAINTIES PURSUANT TO ARTICLE 2428, SECTION 2(6-BIS) OF THE ITALIAN CIVIL CODE

In accordance with Article 2428, section 2(6-bis) of the Italian Civil Code, information is provided below regarding the use of financial instruments insofar as relevant to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year under review.

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

- Financial hedges to stabilise the purchase price of raw materials (gold);
- Financial hedges to stabilise the currency risk of countries in the US Dollar, Pound Sterling, Australian Dollar and Japanese Yen areas;
- Financial hedges to prevent the interest rate risk on medium-term loans.

CREDIT RISK

The amount of provisions for doubtful receivables affords adequate hedging of credit risk.

LIQUIDITY RISK

With regard to liquidity risk, it should be noted that:

- Group companies do not hold financial assets related to a liquid market, such assets being readily saleable to meet cash requirements;
- Borrowing instruments or other lines of credit are available to meet cash needs (e.g. overdraft arrangements and factoring of trade receivables with banks);
- The Parent Company holds financial assets that are not related to a liquid market but from which cash flows (principal or interest) are expected to be available to meet cash requirements;
- The Parent Company holds deposits with credit institutions to meet its cash requirements;
- 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 industry and a significant risk class applies to the volatility of valuations on the international gold market (gold being used as a raw material) and to the ensuing purchase price.

In order to stabilise the purchase price, the Parent Company fixes the end price by relying on financial hedging transactions. The transactions, which do not have a duration of more than 24 months, are carried out on a rotation basis for a portion of the total estimated requirements.

ORGANISATIONAL MODEL PURSUANT TO ITALIAN LEGISLATIVE DECREE 231/2001 AND PRIVACY COMPLIANCE

During the 2021 financial year, the set of procedures, activities and documents necessary to lead the Board of Directors to adopt the Organisation, Management and Control Model pursuant to Italian Legislative Decree 231/2001 was implemented. This model was resolved upon and made operational in April 2021, with the appointment of the Supervisory Board to complete the process. This made it possible to adopt the best measures to ensure security and transparency in their activities.

The processing of data is carried out in accordance with the provisions set out in Regulation EU 2016/679 (GDPR), as well as with the national legislation on the protection of personal data set out in Italian Legislative Decree No. 196 of 30 June 2003, as amended by Italian Legislative Decree No. 101 of 10 August 2018 and subsequent regulations.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

ESTABLISHMENT OF FOPE JAPAN G.K.

In January 2024, activities to establish the new company FOPE Japan G.K. were completed.

At the reporting date, FOPE Japan G.K. was owned by FOPE S.p.A. (80%) and SwissPrimeBrands Ltd. (20%), a partner of the Group that has been responsible for the distribution of FOPE products in Japan.

FOPE Japan G.K. is a Tokyo-based company incorporated under Japanese law that acts as a distributor of FOPE Group products in the Japanese market and provides retailers with sales support and customer care, and implements marketing and communication activities in the market, in cooperation with the Group marketing and communication department.

Gaining a stronger foothold in foreign markets is part of the policy pursued by the Group in recent years as it endeavours to have a direct commercial presence in areas considered strategic, such as Japan, which FOPE views as an emerging market with significant growth potential.

BUSINESS OUTLOOK

In addition to the detailed disclosure provided in the previous paragraphs of this Report, it should be noted that on the basis of the forecast data for financial year 2024, an increase in sales volume and a positive result of operations are forecast.

The results of the first few months of 2024 bear out these forecasts and, consequently, the above-mentioned expectations.

Diego Nardin
FOPE S.p.A CEO

CONSOLIDATED FINANCIAL STATEMENT FOR F.Y. 2023

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

Balance Sheet – Assets	31/12/2023	31/12/2022
A) Unpaid share capital		
Called-up share capital		
Share capital to be called up		
Total Unpaid share capital (A)		
B) Fixed assets		
I - Intangible fixed assets		
1) plant and expansion costs		
2) development costs		
3) industrial patent and intellectual property rights	2,209,258	957,295
4) concessions, licenses, trademarks and other similar rights	16,271	518,760
5) goodwill	421,820	574,453
6) assets under construction and payments on account	56,472	422,833
7) others	766,963	567,695
Total intangible fixed assets	3,470,784	3,041,036
II - Tangible fixed assets		
1) land and buildings	6,713,746	7,154,989
2) plant and machinery	1,964,715	1,587,363
3) industrial and commercial equipment	875,387	457,454
4) other assets	590,697	599,928
5) assets under construction and payments on account	265,321	174,456
Total tangible fixed assets	10,409,866	9,974,190
III - Financial fixed assets		
1) equity investments held in		
a) subsidiaries	35,024	103,601
b) associated companies		
c) parent companies		
d) companies subject to the control of parent companies		
d-bis) other companies	5,374	10,055
Total equity investments	40,398	113,656
2) receivables		
a) amounts due from subsidiaries		
within the following year		118,008
after the following year		
Total amounts due from subsidiaries		118,008
b) amounts due from associated companies		
within the following year		
after the following year		
Total amounts due from associated companies		
c) amounts due from parent companies		
within the following year		
after the following year		
Total amounts due from parent companies		
d) amounts due from companies subject to the control of parent companies		
within the following year		
after the following year		
Total amounts due from companies subject to the control of parent companies		
d-bis) amounts due from others		
within the following year	49,696	46,556
after the following year		
Total long-term receivables from others	49,696	46,556
Total receivables	49,696	164,564
3) other securities	750,000	750,000
4) derivative financial instrument assets	42,407	110,509
Total financial fixed assets	882,501	1,138,729

Balance Sheet – Assets	31/12/2023	31/12/2022
Total fixed assets (B)	14,763,151	14,153,955
C) Current assets		
I - Inventory		
1) raw materials, auxiliary materials and consumables	11,700,518	10,729,981
2) unfinished products and semi-finished products	1,141,867	1,374,062
3) contract work in progress		
4) finished products and goods	2,867,998	1,818,594
5) payments on account (advances)	7,844	
Total inventory	15,718,227	13,922,637
Tangible fixed assets for sale		
II - Receivables		
1) trade receivables		
within the following year	14,375,399	12,361,591
after the following year		
Total trade receivables	14,375,399	12,361,591
2) amounts due from subsidiaries		
within the following year		2,200
after the following year		
Total amounts due from subsidiaries		2,200
3) amounts due from associated companies		
within the following year		
after the following year		
Total amounts due from associated companies		
4) amounts due from parent companies		
within the following year		
after the following year		
Total amounts due from parent companies		
5) amounts due from companies subject to the control of parent companies		
within the following year		
after the following year		
Total amounts due from companies subject to the control of parent companies		
5-bis) amounts due from Inland Revenue		
within the following year	1,513,837	1,410,509
after the following year		
Total amounts due from Inland Revenue	1,513,837	1,410,509
5-ter) deferred tax assets	762,165	849,741
5-quater) amounts due from others		
within the following year	551,133	472,834
after the following year	13,693	13,849
Total amounts due from others	564,826	486,683
Total receivables	17,216,227	15,110,724
III - Financial assets other than fixed assets		
1) equity investments held in subsidiaries		
2) equity investments held in associated companies		
3) equity investments held in parent companies		
3-bis) equity investments held in companies subject to the control of parent companies		
4) other equity investments		
5) derivative financial instrument assets	695,148	132,082
6) other securities		
Financial assets for cash pooling management		
Total financial assets other than fixed assets	695,148	132,082
IV - Cash and cash equivalents		
1) bank and postal deposits	11,246,304	11,510,093
2) cheques	329	1,937

Balance Sheet – Assets	**31/12/2023**	**31/12/2022**
3) cash and securities on hand	8,538	9,507
Total cash and cash equivalents	11,255,171	11,521,537
Total current assets (C)	44,884,773	40,686,980
D) prepayments and accrued income	513,712	347,937
Total assets	**60,161,636**	**55,188,872**

Balance Sheet – Liabilities	31/12/2023	31/12/2022
A) Group Shareholders' equity		
I - Share capital	5,399,608	5,399,608
II - Share premium reserve	3,433,505	3,433,505
III - Revaluation reserves	1,469,295	1,469,295
IV - Legal reserve	1,202,499	1,202,499
V - Statutory reserves		
VI - Other reserves, separately stated		
Extraordinary reserve	18,889,189	12,233,285
Reserve for derogation under Article 2423 of Italian Civil Code		
Reserve for shares held by parent company		
Investment revaluation reserve		
Payments for capital increase		
Payments for future capital increase		
Capital contribution payments		
Payments to cover losses		
Reserve for reduction of share capital		
Merger surplus reserve		
Reserve for unrealised gains on exchange rates		
Profit adjustment reserve		
Consolidation reserve		
Currency exchange reserve	56,927	128,466
Total other sundry reserves	(1,063,947)	(965,893)
Total other reserves	17,882,169	11,395,858
VII - Reserve for expected cash flow hedging transactions	420,499	(164,769)
VIII - Profit/(loss) carried forward		
IX - Profit/(loss) for the year	10,031,422	10,739,407
Loss covered during the year		
X - Negative reserve for treasury shares		
Total shareholders' equity	39,838,997	33,475,403
Minority interests		
Minority interests and reserves	168,640	72,448
Profit/(loss) for the year attributable to third parties	43,696	92,755
Total minority interests	212,336	165,203
Total consolidated shareholders' equity	40,051,333	33,640,606
B) Provisions for risks and charges		
1) pension and kindred outlays fund	929,798	863,934
2) provisions for taxes, including deferred tax liabilities	305,092	123,145
consolidation fund for future risks and charges		
3) derivative financial instrument liabilities	148,845	473,647
4) others	21,455	89,455
Total provisions for risks and charges	1,405,190	1,550,181
C) Employee severance pay	1,237,074	1,186,417
D) Payables		
1) bonds		
within the following year		
after the following year		
Total bonds		
2) convertible bonds		
within the following year		
after the following year		
Total convertible bonds		
3) shareholders' loans		
within the following year		
after the following year		

Balance Sheet – Liabilities	31/12/2023	31/12/2022
Total shareholders' loans		
4) amounts due to banks		
within the following year	5,898,509	5,023,222
after the following year	5,386,365	4,997,325
Total amounts due to banks	11,284,874	10,020,547
5) amounts due to other financial institutions		
within the following year	60,236	209,678
after the following year		
Total amounts due to other financial institutions	60,236	209,678
6) payments on account (advances)		
within the following year	22,570	26,333
after the following year		
Total payments on account	22,570	26,333
7) trade payables		
within the following year	4,110,521	4,688,627
after the following year		
Total trade payables	4,110,521	4,688,627
8) payables in the form of securities		
within the following year		
after the following year		
Total payables in the form of securities		
9) amounts due to subsidiaries		
within the following year		332,159
after the following year		
Total amounts due to subsidiaries		332,159
10) amounts due to associated companies		
within the following year		
after the following year		
Total amounts due to associated companies		
11) amounts due to parent companies		
within the following year		
after the following year		
Total amounts due to parent companies		
11-bis) amounts due to companies subject to the control of parent companies		
within the following year		
after the following year		
Total amounts due to companies subject to the control of parent companies		
12) amounts due to Inland Revenue		
within the following year	945,737	2,548,707
after the following year		
Total amounts due to Inland Revenue	945,737	2,548,707
13) amounts due to social security and welfare institutions		
within the following year	271,760	279,825
after the following year		
Total amounts due to social security and welfare institutions	271,760	279,825
14) other payables		
within the following year	569,025	451,210
after the following year		
Total other payables	569,025	451,210
Total payables	17,264,723	18,557,086
E) Accrued expenses and deferred income	203,316	254,582
Total liabilities	**60,161,636**	**55,188,872**

Income statement	31/12/2023	31/12/2022
A) Production Value		
1) revenues from sales and services	66,768,113	62,161,398
2) changes in inventories of unfinished, semi-finished and finished products	706,812	794,639
3) changes in contract work in progress		
4) increase in fixed assets from in-house production		
5) other income and revenues		
contributions for operating expenses	49,627	24,055
others	820,486	566,128
Total other income and revenues	870,113	590,183
Total production value	68,345,038	63,546,220
B) Costs of production		
6) raw materials, auxiliary materials, consumables and goods	28,973,629	30,208,456
7) services	16,672,605	14,973,889
8) use of third-party assets	866,970	568,930
9) labour costs		
a) salaries and wages	4,320,660	3,259,212
b) social security contributions	1,099,605	834,139
c) employee severance pay	220,456	283,988
d) pensions and kindred outlays		
e) other costs	79,378	199,021
Total labour costs	5,720,099	4,576,360
10) amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	1,138,640	800,276
b) depreciation of tangible fixed assets	1,152,741	1,118,839
c) other write-down of fixed assets		
d) doubtful receivables held under current assets and losses on cash and cash equivalents	89,285	61,265
Total amortisation, depreciation and write-downs	2,380,666	1,980,380
11) changes in inventories of raw materials, auxiliary materials, consumables and goods	(1,084,159)	(2,820,040)
12) provisions for risks		
13) other provisions		
14) sundry operating charges	155,600	147,149
Total production costs	53,685,410	49,635,124
Difference between production value and costs (A - B)	14,659,628	13,911,096
C) Financial income and charges		
15) income from equity investments		
from subsidiaries	84,957	
from associated companies		
from parent companies		
from companies subject to the control of parent companies		
others		5,246
Total income from equity investments	84,957	5,246
16) other financial income		
a) from receivables held under fixed assets		
from subsidiaries		
from associated companies		
from parent companies		
from companies subject to the control of parent companies		
others		
Total financial income from receivables held under fixed assets		
b) from securities held under fixed assets as other than equity investments		
c) from securities held under current assets as other than equity investments		
d) income other than as stated above		
from subsidiaries		
from associated companies		

Income statement	31/12/2023	31/12/2022
from parent companies		
from companies subject to the control of parent companies		
others	259,437	31,006
Income other than as stated above	259,437	31,006
Total other financial income	259,437	31,006
17) Interest and other financial charges		
due to subsidiaries		
due to associated companies		
due to parent companies		
due to companies subject to the control of parent companies		
others	527,017	117,655
Total interest and other financial charges	527,017	117,655
17-bis) Exchange rate gains/(losses)	(696,747)	(672,057)
Total financial income and charges (15 + 16 - 17 + - 17-bis)	(879,370)	(753,460)
D) Value adjustments of financial assets and liabilities		
18) write-ups		
a) of equity investments		
b) of financial fixed assets other than equity investments		
c) of securities held under current assets as other than equity investments		
d) of derivative financial instruments		
of financial assets for cash pooling management		
Total write-ups		
19) write-downs		
a) of equity investments		
b) of financial fixed assets other than equity investments		
c) of securities held under current assets as other than equity investments		
d) of derivative financial instruments		
of financial assets for cash pooling management		
Total write-downs		
Total value adjustments of financial assets and liabilities (18 - 19)		
Pre-tax profit/(loss) (A - B +/- C +/- D)	13,780,258	13,157,636
20) Current taxes and deferred tax assets and liabilities		
current taxes	3,744,459	3,741,862
taxes pertaining to previous years	(74,797)	(1,266,003)
deferred tax assets and liabilities	35,478	(150,385)
income (expense) from participation in the tax consolidation/fiscal transparency scheme		
Total current taxes and deferred tax assets and liabilities	3,705,140	2,325,474
21) Net profit/(loss) for the year	10,075,118	10,832,162
Group profit/(loss)	10,031,422	10,739,407
Profit/(loss) for the year attributable to third parties	43,696	92,755

Statement of cash flow, indirect method	31/12/2023	31/12/2022
A) Cash flow from operations (indirect method)		
Profit/(loss) for the year	10,075,118	10,832,162
Income tax	3,705,140	2,325,474
Interest expense/(income)	267,580	86,651
(Dividends)		
(Capital gains)/Capital losses from asset disposal	(38,389)	
(1) Profit/(loss) for the year before income tax, interest, dividends, and capital gains/losses from disposals	14,009,449	13,244,287
Adjustments for non-monetary items that did not affect net working capital		
Allocations to provisions	510,536	669,855
Depreciation/amortisation of fixed assets	2,291,380	1,919,114
Write-downs for impairment losses		
Value adjustments of financial assets and liabilities of derivative financial instruments that do not involve monetary transactions		
Other upward/(downward) adjustments for non-monetary items		
Total adjustments for non-monetary items that did not affect net working capital	2,801,916	2,588,969
2) Cash flow before changes in net working capital	16,811,365	15,833,256
Changes in net working capital		
Decrease/(increase) in inventories	(1,795,590)	(3,613,828)
Decrease/(increase) in trade receivables	(2,015,371)	(3,042,177)
Increase/(decrease) in trade payables	(1,031,481)	369,858
Decrease/(increase) in prepayments and accrued income	(165,775)	(133,286)
Increase/(decrease) in accrued expenses and deferred income	(51,266)	160,844
Other decreases/(increases) in net working capital	(102,179)	(836,211)
Total changes in net working capital	(5,161,662)	(7,094,800)
3) Cash flow after changes in net working capital	11,649,703	8,738,456
Other adjustments		
Interest received/(paid)	(267,580)	(86,651)
(Income tax paid)	(4,978,646)	(2,513,503)
Dividends received		
(Use of provisions)	(604,175)	(814,186)
Other receipts/(payments)	38.389	
Total other adjustments	(5,812,012)	(3,414,340)
Cash flow from operations (A)	5,837,691	5,324,116
B) Cash flow from investments		
Tangible fixed assets		
(Investments)	(1,714,602)	(1,530,546)
Disposals	126,187	
Intangible fixed assets		
(Investments)	(1,568,389)	(727,778)
Disposals		
Financial fixed assets		
(Investments)	(35,024)	(1,010,188)
Disposals	143,129	
Current financial assets		
(Investments)		
Disposals		
(Acquisition of business units net of cash and cash equivalents)		
Disposal of business units net of cash and cash equivalents		
Cash flow from investments (B)	(3,048,699)	(3,268,512)
C) Cash flows from servicing of finance		
Loan capital		
Increase/(decrease) in short-term bank loans	(1,017,253)	264,551
New loans	6,000,000	4,000,000
(Loan repayments)	(3,718,419)	(4,356,236)

Statement of cash flow, indirect method	31/12/2023	31/12/2022
Shareholders' equity		
Rights issue	(24.888)	
(Capital repayments)		
Sale/(purchase) of treasury shares		
(Dividends and interim dividends paid)	(4,294,798)	(2,429,824)
Cash flow from servicing of finance (C)	(3,055,358)	(2,521,509)
Increase/(decrease) in cash and cash equivalents (A ± B ± C)	(266,366)	(465,905)
Exchange rate effect on cash and cash equivalents		
Cash and cash equivalents at beginning of year		
Bank and postal deposits	11,510,093	11,981,120
Cheques	1,937	
Cash and securities on hand	9,507	6,322
Total cash and cash equivalents at beginning of year	11,521,537	11,987,442
Of which not freely usable		
Cash and cash equivalents at end of year		
Bank and postal deposits	11,246,304	11,510,093
Cheques	329	1,937
Cash and securities on hand	8,538	9,507
Total cash and cash equivalents at end of year	**11,255,171**	**11,521,537**
Statement of cash flow, indirect method		
Of which not freely usable		
Acquisition or disposal of subsidiaries		
Total fees paid or received		
Part of fees consisting of cash and cash equivalents		
Cash and cash equivalents acquired or disposed of through acquisition/disposal of subsidiaries		
Book value of assets/liabilities acquired or disposed of		


FOPE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT AS OF 31 DECEMBER 2023

GROUP PROFILE

FOPE S.p.A., the parent company, and its subsidiaries operate both in Italy and abroad in the goldsmith industry with a focus on medium/high-end gold and jewellery-making.

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

STRUCTURE AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements, consisting of the Balance Sheet, Income Statement, Statement of Cash Flows and Notes to the Financial Statements, were prepared in accordance with the Article 29 of Italian Legislative Decree 127/91, as shown in these Notes, which were prepared pursuant to Article 38 thereof.

Moreover, such additional information as deemed necessary to provide more comprehensive disclosure on the Group's state of affairs, profit or loss and assets and liabilities was prepared, with special reference to the Reconciliation of movements in the Parent Company's Profit and Shareholders' Equity, and the consolidated Profit and Shareholders' Equity of the reporting period.

BASIS OF PREPARATION

These Financial Statements were prepared taking into account the regulatory changes introduced by Italian Legislative Decree 139/2015 applicable as of financial year 2016 and the ensuing update of the accounting standards issued by the Italian Accounting Standard Board (OIC).

For each item reflected in the Balance Sheet and the Income Statement, the corresponding figures from the previous year are shown.

In 2016, the new national accounting standards issued by the OIC became effective and were required to be adopted by 1 January 2016. Since 1 January 2023, a number of OIC Amendments have been published:

- OIC 9 Write-downs for impairment losses of tangible and intangible fixed assets;
- OIC 28 Shareholders' equity;
- OIC 35 Accounting standard on third sector entities (ETS).

These amendments shall apply to financial statements with 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 above standard governs the manner in which the first financial statements prepared in accordance with the provisions of the Italian Civil Code and National Accounting Standards is drafted by a company that previously prepared its financial statements in accordance with other standards.

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

Document	UPDATE	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 the Notes to the Financial Statements and Report on Operations			X
OIC 4 Mergers and demergers		JANUARY 2007	
OIC 5 Financial statements for companies undergoing liquidation procedures		JUNE 2008	
OIC 6 Debt restructuring and disclosures			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 Statement of cash flows	DECEMBER 2016		
OIC 11 Financial statements, objectives and assumptions	MARCH 2018		
OIC 12 Financial Statement Composition and Layouts	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 Equity investments	DECEMBER 2017		
OIC 22 Memorandum accounts			X
OIC 23 Contract work in progress	DECEMBER 2016		
OIC 24 Intangible fixed assets	DECEMBER 2017		
OIC 25 Income taxes	DECEMBER 2017		
OIC 26 Transactions, assets and liabilities in foreign currency	DECEMBER 2016		
OIC 28 Shareholders' equity	JANUARY 2023		
OIC 29 Changes to accounting policies, accounting estimates, errors and events after the reporting period	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 34 Revenues	APRIL 2023		
OIC 35 Accounting standard on third sector entities (ETS)	MARCH 2023		

The Financial Statements for the year ended 31 December 2023, of which these Notes form an integral part pursuant to Article 2423, section 1 of the Italian Civil Code, reflect the accounting records duly kept and were prepared in accordance with Articles 2423 et seq. thereof. The figures in the financial statements are shown in Euro units, with the relevant amounts being rounded off. Any rounding-off differences were reflected in the "Euro rounding-off reserve" under Shareholders' Equity. Pursuant to Article 2423, section 6 of the Italian Civil Code, the Notes were prepared in Euro units.

In accordance with Article 2423-ter, section 5 of the Italian Civil Code, adjustments were made to certain items of the previous year in order to make their actual dynamics understandable.

The Notes present the information related to items in the Balance Sheet and in the Income Statement according to the order in which items are shown in the respective layouts.

CONSOLIDATION SCOPE AND METHODS

As per the aforesaid regulatory provisions, the consolidation scope includes the financial statements for the period of FOPE S.p.A. and the foreign companies in which the Parent Company holds a controlling share of their capital.

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

Below is a list of these companies:

Company name	HEADQUARTERS	% OF OWNERSHIP	% OF CONSOLIDATION
FOPE Usa Inc	USA - 33431 - Florida, Boca Raton, 2500 North Military Trail, St. 210	100	FULL
FOPE Jewellery Ltd.	UK - B91 2AA Solihull 2nd Floor, Radcliffe House, Blenheim Court	75	FULL
FOPE Deutschland Gmbh	DE - 41069 Monchengladbach, Am Nordpark, 1-3	100	FULL

It should be noted that no company was consolidated using the proportional method.

During the year under review, the liquidation of FOPE Services DMCC, a company incorporated under Emirates law that had been put into liquidation in October 2020, was completed.

The newly established company FOPE Japan G.K. is a Tokyo-based company incorporated under Japanese law that acts as a distributor of FOPE Group products in the Japanese market and provides retailers with sales support and customer care, and implements marketing and communication activities in the market, in cooperation with the Group marketing and communication department.

It was not included in the scope of consolidation in FY 2023.

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

REPORTING DATE

For the purpose of consolidation, reliance was made on the draft financial statements of each company for the year ended 31 December 2023, such statements being reclassified and adjusted accordingly with the accounting standards and the basis of presentation adopted by the Group.

The main consolidation principles adopted for preparing the Consolidated Financial Statements included:

- The book value of equity investments held in consolidated companies is written off against the corresponding portion of Shareholders' Equity when assets and liabilities are accounted for, according to the global line-by-line method;
- The differences resulting from the write-off are allocated to the relevant balance sheet items, while the remainder:
  - is held under fixed assets as "Consolidation difference", if positive;
  - is held under shareholders' equity as "Consolidation reserve", if negative;
- Financial and economic transactions between the companies included in the consolidation scope are entirely derecognised;
- The financial statements of foreign companies are translated into the reporting currency (Euro) by applying the spot exchange rate at the end of the financial year to the assets and liabilities, while the average exchange rate for the period is applied to income statement entries. The net effect of the translation of the financial statements of the investee into the reporting currency is reflected in "Currency exchange reserve".

The rates in the table below were applied for the translation of financial statements shown in foreign currency:

Currency	EXCHANGE RATE AT 31/12/2023	ANNUAL AVERAGE EXCHANGE RATE
US Dollar	1.10500	1.08130
UAE Dirham	4.05810	3.97100
Pound Sterling	0.86905	0.86979

BASIS OF MEASUREMENT

A. General Standards

Accounting standards and the basis of measurement were applied consistently to all consolidated companies. The standards relied upon in the preparation of the consolidated financial statements are those used in the financial statements of the parent company FOPE S.p.A. and are in compliance with current legal provisions. The standards relied upon in the financial year just ended are the same as those relied upon 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 accounting purposes, preference is given to the economic substance of transactions rather than their legal form.

B. Value adjustments and write-backs

The value of tangible and intangible assets, whose useful life is limited over time, is adjusted downward through depreciation/amortisation. These assets and other asset items are written down whenever an impairment is identified; the original value is written back when the grounds for the previous write-down are deemed to no longer exist. The analytical depreciation, amortisation and write-down methods adopted are described in the following paragraphs of these Notes to the Financial Statements.

C. Write-ups and exceptions

During the year under review, no write-ups and exceptions were made to the basis of measurement laid down by the legislation on statutory and consolidated financial statements.

THE MOST SIGNIFICANT PRINCIPLES AND STANDARDS WERE AS FOLLOWS:

FIXED ASSETS

INTANGIBLE FIXED ASSETS

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 (i) recorded at the purchase price, (ii) stated net of amortisation made during the financial years and (iii) reflected directly under the individual entries. With regard to the amortisation process, which begins upon the asset being ready for use, the straight-line method was used based on the rates that are considered to reflect the asset's estimated useful life.

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

Industrial patent and intellectual property rights, licences, concessions and trademarks are amortised over 5 years.

Leasehold improvements are depreciated over the duration of the contract.

TANGIBLE FIXED ASSETS

These are entered at their purchase cost and adjusted by the corresponding depreciation. The book value also reflects ancillary charges. Depreciation rates, shown in the Income Statement, were calculated on the basis of economic-technical rates deemed suitable to distribute the book value of tangible fixed assets during their useful life. If the recoverable amount of an asset is less than its net book value, then the fixed asset is stated in the Financial Statements at such lower value, holding the difference under the Income Statement as an impairment loss. If the conditions for the write-down are no longer met in subsequent years, then the original value is restored.

Ordinary maintenance costs are fully charged to the Income Statement. Maintenance costs of an incremental nature are allocated to the asset to which they relate and are depreciated over the remaining useful life of the asset.

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%
Purification systems	15.00%
Office furniture and machinery	12.00%
Mobile phones	20.00%
Assets under Euro 516.46	100.00%
Vehicles	20.00%

In the year in which the asset is acquired, depreciation is reduced to approximately half; the use of the reduced rate does not result in any significant value deviations compared to the application of the full rate redistributed over the months of possession.

Fixed assets acquired free of charge are stated at their estimated market value plus costs incurred or to be incurred to permanently and usefully incorporate the assets in the production process.

FINANCIAL FIXED ASSETS

Equity investments not falling within the consolidation scope are recorded at purchase cost and represent a long-term investment by the Parent Company. In the event of impairment, an impairment loss is recognised and in the year in which the conditions for impairment are no longer met, the value prior to the impairment loss is restored.

It should be noted that, in accordance with section 2 of Italian Legislative Decree 127/1991, the equity investment held in the associated company was recognised on a historical cost basis. Similarly, the other equity investments were recorded at purchase cost adjusted for impairment losses, where applicable. Financial fixed assets are not entered at a value higher than their fair value. Receivables held under financial fixed assets were recorded at their estimated salvage value; considering their limited impact, the application of the amortised cost method would not produce significant differences in the measurement.

INVENTORIES

Inventories are measured at the lower of the purchase or manufacture cost and the estimated salvage value according to market trends. The cost is determined based on the following criteria:

- Weighted average cost for fine gold inventories;
- Average purchase cost, including ancillary charges (shipping costs, customs duties and other directly attributable costs) for other raw and ancillary materials;
- Production cost, determined based on the average cost criterion, pertaining to finished and unfinished products.

The cost of production includes all direct costs and indirect costs for the portion reasonably attributable to the product related to the period of production and up to the moment from which the goods can be marketed.

For the purposes of determining the estimated salvage value, account is be taken, where applicable, of the obsolescence rate and stock turnover time-frames.

RECEIVABLES

Receivables are recognised in the Financial Statements at amortised cost, taking account of the time factor and their estimated salvage value.

In the initial recognition of receivables at amortised cost, the time factor requirement is met 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 receivables in order to determine their initial book value.

At year-end, the value of receivables measured at amortised cost is equal to the present 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, the rate is variable and linked to market rates, then the future cash flows will be restated periodically to reflect changes in market interest rates, with the effective interest rate being recalculated.

The amortised cost criterion was not applied, and the discounting of receivables was not performed for receivables with a maturity of less than twelve months as the effects are irrelevant in order to give a true and fair view. Receivables with a maturity of less than twelve months, therefore, were recognised at their estimated salvage value.

Receivables are written off from the Financial Statements when the contractual rights to the cash flows arising therefrom are extinguished or when all risks relating to receivables being assigned are transferred.

ACCRUALS AND DEFERRALS

They are calculated on an accrual basis.

PROVISIONS FOR RISKS AND CHARGES

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

In measuring such provisions, reliance was made on general criteria of prudence and accruals, and no provisions for generic risks that lack economic justification was made.

Potential liabilities were recognised in the financial statements and entered in provisions insofar as they were deemed likely and the amount of the related charge could be reasonably estimated.

PROVISIONS FOR EMPLOYEE SEVERANCE PAY

Employee Severance pay covers sums due, and reserves concerning commitments incurred up to the reporting date, to employees in accordance with laws, work contracts and any business agreements in force.

PAYABLES

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

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

The amortised cost criterion, moreover, was not applied to short-term payables (with a maturity of less than twelve months) and to payables with irrelevant transaction costs compared to face value as the effects are insignificant for the purpose of giving a true and fair view. In these cases, payables are recognised at face value.

“Payments on account (advances)” includes advanced payments received from customers concerning supplies of goods and services not yet completed.

“Trade payables”, all having a maturity of less than 12 months, were booked at face value net of trade discounts; cash discounts are recognised at the time of payment.

The face value of these payables was adjusted for returns or allowances (billing adjustments) to the extent of the amount agreed upon with the counterparty.

DERIVATIVE FINANCIAL INSTRUMENTS

The Parent Company uses derivative financial instruments solely for the purpose of managing and hedging its exposure to the risk of fluctuations in the prices of strategic commodities, interest rates and exchange rates of currencies other than the Euro. Derivative financial instruments, even if embedded in other financial instruments, were initially recognised when the Company acquired the related rights and obligations; they were measured at fair value both on initial recognition and at each reporting date.

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.

Derivative financial instruments with a positive fair value were held under current assets based on their financial derivative nature to hedge a highly likely transaction.

Derivative financial instruments with a negative fair value were held under Provisions for risks and charges.

Changes in the fair value of the effective component of cash flow hedging derivative financial instruments were reflected in the reserve for expected cash flow hedging transactions, net of deferred tax effects.

GUARANTEES AND CONTINGENT LIABILITIES

Commitments, not resulting from the Balance Sheet, are obligations undertaken by the Group 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 face value as shown in the relevant documentation.

REVENUES

Revenues from the sales of products are recognised when the risks and benefits are transferred, usually occurring at the time of delivery or shipment of the goods. Revenues of financial nature and revenues from service delivery are recognised on an accrual basis. Revenues and income, costs and charges related to foreign currency transactions are calculated at the rate applicable 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 quantity. Costs for services are recognised on an accrual basis when delivered. Labour Costs include the entire cost incurred for employees, including merit-based pay raises, promotions, cost of living increases, cost of holiday not taken and provisions required by law and under collective labour agreements.

With regard to depreciation, it should be noted that it was calculated based on the useful life of the asset and its use in the production phase.

Doubtful receivables held under current assets were calculated based on a prudent approach and according to estimates of the recoverability of receivables.

INCOME TAXES

Taxes are set aside on an accrual basis; they therefore include:

- Provisions for taxes paid or to be paid during the year, calculated according to current rates and legislation;
- The amount of deferred tax assets or liabilities calculated based on the tax rates in force when the temporary differences are charged back.

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 December 31st 2023, the Group has financial leasing contracts in place which were indicated in the financial statements accordingly with the "finance method".

EMPLOYMENT DATA

The average number of employees of the companies consolidated on a line-by-line basis is shown separately by category.

Category	AVERAGE NUMBER
Executives	9
Managers	2
White collars	38
Blue collars	34
Other employees	
Total employees	83

INTANGIBLE FIXED ASSETS

A breakdown of this item is provided in the table below.

	INSTALLATION AND EXPANSION COSTS	DEVELOPMENT COSTS	INDUSTRIAL PATENT AND INTELLECTUAL PROPERTY RIGHTS	CONCESSIONS, LICENCES, TRADEMARKS AND SIMILAR RIGHTS	GOODWILL	INTANGIBLE FIXED ASSETS UNDER CONSTRUCTION AND PAYMENTS ON ACCOUNT	OTHER INTANGIBLE FIXED ASSETS	TOTAL INTANGIBLE FIXED ASSETS
Amount at the beginning of year								
Cost			957,295	518,797	574,453	422,833	647,383	3,120,761
Write-ups								
Amortisation (Amortisation fund)				37			79,688	79,725
Write-downs								
Book value			**957,295**	**518,760**	**574,453**	**422,833**	**567,695**	**3,041,036**
Changes during the year								
Increases from acquisitions			1,158,461	11,281		56,472	339,332	1,565,546
Reclassifications (of book value)			846,495	(506,862)		(422,833)	83,200	
Decreases for disposals and disinvestments (of book value)								
Write-ups during the year								
Amortisation for the year			752,999	6,908	152,633		226,100	1,138,640
Write-downs during the year								
Other changes			6				2,835	2,841
Total changes			1,251,963	(502,489)	(152,633)	(366,361)	199,267	429,747
Amount at the end of the year								
Cost			3,414,505	704,714	1,450,010	56,472	1,667,350	7,293,051
Write-ups								
Amortisation (Amortisation fund)			1,205,247	688,443	1,028,190		900,387	3,822,267
Write-downs								
Book value			**2,209,258**	**16,271**	**421,820**	**56,472**	**766,963**	**3,470,784**

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

It should be noted that in 2020 the Parent Company exercised the right laid down in Article 110 of Italian Law 126/2020 to write up the patent that distinguishes the elastic “Flex’it” mesh. This item was written up to the extent of Euro 1.49 million. The value was determined by an appraisal prepared by an independent expert and did not exceed the maximum amount attributable to the patent.

The increase in this item relates to costs incurred for the SAP S/4HANA ERP system project.

Goodwill relates to the purchase, by Vesco e Sambo di Anita Vesco e C. S.a.s., of the previously leased business unit. Goodwill is amortised within the 10-year limit under OIC 24 and Article 2426, Section 1 (6) of the Italian Civil Code based on its estimated useful life.

“Intangible fixed assets under construction and payments on account”, totalling Euro 56,472, relate mainly to costs incurred for the Tagetik software and the new website that will be implemented in 2024, as well as costs related to the design of the new Milan showroom.

“Other intangible fixed assets”, totalling Euro 766,963, include costs incurred for leasehold improvements, with special reference to those related to the renovation of the single-brand shop in Venice. These costs are amortised based on the term of the lease on the property, such term being at any rate shorter than the future lifespan of such costs.

The costs incurred for the design and furnishing of the single-brand shop in London at Old Bond Street 1 opened in cooperation with our business partner The Watches of Switzerland, the costs incurred for the headquarters in Solihull (UK) and those for the shop opened in Tokyo in June were also held under the same account.

TANGIBLE FIXED ASSETS

ANALYSIS OF CHANGES IN TANGIBLE FIXED 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 UNDER CONSTRUCTION AND PAYMENTS ON ACCOUNT	TOTAL TANGIBLE FIXED ASSETS
Amount at the beginning of year						
Cost	9,830,016	5,463,418	3,099,362	1,683,569	174,456	20,250,821
Write-ups						
Depreciation (Depreciation fund)	2,675,027	3,876,055	2,641,792	1,083,641		10,276,515
Write-downs			116			116
Book value	**7,154,989**	**1,587,363**	**457,454**	**599,928**	**174,456**	**9,974,190**
Changes during the year						
Increases from acquisitions	32,096	681,597	655,967	158,292	293,164	1,821,116
Reclassifications (of book value)	(216,820)	101,742	109,169	(9,861)	(201,046)	(216,816)
Decreases for disposals and disinvestments (of book value)				126,187		126,187
Write-ups during the year						
Depreciation for the year	256,519	405,792	346,627	143,803		1,152,741
Write-downs during the year						
Other changes		(195)	(576)	112,328	(1,253)	110,304
Total changes	(441,243)	377,352	417,933	(9,231)	90,865	435,676
Amount at the end of the year						
Cost	9,594,682	6,222,286	3,863,589	1,703,761	265,321	21,649,639
Write-ups						
Depreciation (Depreciation fund)	2,880,936	4,257,571	2,988,202	1,113,064		11,239,773
Write-downs						
Book value	**6,713,746**	**1,964,715**	**875,387**	**590,697**	**265,321**	**10,409,866**

“Land and buildings” comprise the building where the Parent Company’s headquarters are located.

The value attributed to the land on which the building stands, i.e. Euro 1,027,985, was identified at the reporting date of 31 December 2005 on the basis of a lump-sum appraisal criterion corresponding to 30% of the original cost of the building, net of capitalised incremental costs and any revaluations applied.

Consequently, starting from the financial year ended 31 December 2006, depreciation allowances are no longer allocated to the value of the aforesaid land, since it is considered, based on updated company estimates, as an asset not subject to degradation and having an unlimited useful life. These criteria were applied to determine the value of the land also in respect of the portion of the building purchased in 2012.

“Other assets”, totalling Euro 590,697, include the following items:

Description	31/12/2023	31/12/2022	CHANGES
Furniture and furnishings	393,136	448,380	(55,244)
Computer equipment	92,978	94,286	(1,308)
Vehicles	88,777	51,963	36,814
Miscellaneous equipment	1,413	1,451	(38)
Others	14,393	3,849	10,544
Total other tangible assets	590,697	599,929	(9,232)

The amount shown in “Tangible fixed assets under construction and payments on account”, totalling Euro 265,321, mainly refers to advanced payments made to machinery manufacturers.

FINANCIAL FIXED ASSETS

SHAREHOLDINGS

Name	CITY, IF IN ITALY, OR FOREIGN COUNTRY	TAX IDENTIFICATION NUMBER (FOR ITALIAN COMPANIES)	SHARE CAPITAL (IN EURO)	PROFIT/ (LOSS) IN PREVIOUS YEAR (IN EURO)	SHAREHOLDERS' EQUITY (IN EURO)	SHARE HELD (IN EURO)	SHARE HELD (IN %)	BOOK VALUE OR CORRESPONDING CREDIT	PRODUCTION VALUE
Milano 1919 s.r.l.	MILAN	06412160969	137,500	(425,064)	248,381	27,500	20	250,000	614,796
Provision for loss in equity investments								(250,000)	

"Equity investments held in associated companies" refers to the equity investment held in Milano 1919 S.r.l., in which FOPE S.p.A. owns 20% of the share capital.

The equity investment was purchased following agreements signed with Borromeo Vitaliano, a key shareholder of Milano 1919 and owner of the Antonini brand, a historical high-quality jewellery production brand founded and present in Milan. The 2022 financial statements of Milano 1919 S.r.l. show a production value of Euro 614,796, while shareholders' equity stands at Euro 248,381. The equity investment was fully written down in 2019.

"Other equity investments held under financial fixed assets" relates to the small shares the companies of the Group hold in national trade fairs and associations.

LONG-TERM RECEIVABLES

Description	BOOK VALUE
Lloyds credit cards guarantee deposit	27,615
Various security deposits	15,468
Lease advance	6,613
Total	49,696

As of December 31st 2023, there were no receivables related to repurchase agreements.

OTHER SECURITIES

This item includes bonds purchased in 2022 from Cornèr Bank Ltd. totalling Euro 750,000 and maturing on 19 August 2025.

ACTIVE DERIVATIVE FINANCIAL INSTRUMENTS

The Group has recorded active derivative financial instruments for Euro 42,407 among financial fixed assets as they are related to the hedging of cash flows and the fair value of liabilities classified over the following financial year. For the details of the financial instruments issued by the Group required by art. 2427, first paragraph, number 19 of the Civil Code, please refer to the specific paragraph of this Note.

INVENTORIES

A breakdown of inventories is provided in the table below:

	AMOUNT AT THE BEGINNING OF THE YEAR	CHANGES DURING THE YEAR	AMOUNT AT THE END OF THE YEAR
Raw materials, auxiliary materials and consumables	10,729,981	970,537	11,700,518
Unfinished products and semi-finished products	1,374,062	(232,195)	1,141,867
Finished products and goods	1,818,594	1,049,404	2,867,998
Advanced payments on goods		7,844	7,844
Total inventory	**13,922,637**	**1,795,590**	**15,718,227**

Inventories are measured at the lower of the purchase or manufacture cost and the estimated salvage value according to market trends. The cost is determined based on the following criteria:

- Weighted average cost for gold inventories;
- Average purchase cost, including ancillary charges (shipping costs, customs duties and other directly attributable costs) for other raw and ancillary materials;
- Production cost, determined based on the average cost criterion, pertaining to finished and unfinished products.

The value of inventories of finished products and under-manufacturing-process products includes the cost of production and external services for production, while the value of the raw materials, gold and diamonds, is represented separately and indicated as “raw materials”.

The cost of production includes all direct costs and indirect costs for the portion reasonably attributable to the product related to the period of production and up to the moment from which the goods can be marketed.

To ensure a fair view, the value of inventories of stones and pearls is reduced by the allowance for obsolete inventory account, amounting to Euro 121,474.

The value of the loan for use as at 31 December 2023 stood at Euro 10,179,574.

Please note that the migration of the stock inventories to the new SAP management system was completed during the year.

The customizations and implementations integrated to SAP ERP allow a stock inventories management in compliance with FOPE’s production and distribution profile, with a more precise definition and enhancement of the level of processing achieved in semi-finished products.

The balances of consolidated receivables, after derecognition of intercompany values, are broken down as follows based on maturities:

	AMOUNT AT THE BEGINNING OF THE YEAR	CHANGES DURING THE YEAR	AMOUNT AT THE END OF THE YEAR	PORTION DUE WITHIN THE YEAR	PORTION DUE AFTER THE YEAR
Receivable recognised under current assets					
Trade receivables	12,361,591	2,013,808	14,375,399	14,375,399	
Amounts due from subsidiaries	2,200	(2,200)			
Amounts due from associated companies					
Amounts due from parent companies					
Amounts due from companies subject to the control of parent companies					
Amounts due from Inland Revenue	1,410,509	103,328	1,513,837	1,513,837	
Deferred tax assets	849,741	(87,576)	762,165		
Amounts due from others	486,683	78,143	564,826	551,133	13,693
Total receivables held under current assets	**15,110,724**	**2,105,503**	**17,216,227**	**16,440,369**	**13,693**

Receivables held under current assets were reflected in the financial statements at amortised cost, as pursuant to Article 2426, section 2 of the Italian Civil Code, taking account of the time factor and their estimated salvage value. The adjustment to the estimated salvage value was made by allocating a provision for doubtful receivables.

Regarding receivables for which the application of the amortised cost method and/or discounting was determined to be irrelevant for the purpose of giving a true and fair view of the state of affairs and the profit or loss of the Company for the year under review, recognition at estimated salvage value was maintained.

Receivables are written off from the financial statements when the contractual rights to the cash flows arising therefrom are extinguished or when all risks relating to receivables being assigned are transferred.

“Trade receivables held under current assets” were shown net of the related provisions for doubtful receivables.

“Amounts due from Inland Revenue”, totalling Euro 1,513,837, mainly includes the tax credit accrued by the Parent Company pursuant to Article 48-bis of Italian Law Decree 34/2020 (Euro 760,417). This item also includes amounts due from the Italian tax authorities for R&D activities and capital expenditure, as well as advance payments made by the US subsidiary.

Deferred tax assets stood at Euro 762,165. Deferred tax assets were recognised only insofar as there is a reasonable certainty of taxable income in future years that would allow them to be unwound.

“Amounts due from others” refers mainly to advanced payments made to suppliers.

It should be noted that there were no receivables with a maturity of more than five years, nor were there any receivables relating to repurchase agreements.

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

Trade receivables	
Customers in Italy	6.88%
Customers in EU Area	6.90%
Customers outside of the EU Area	86.23%

The table below shows changes in provisions for doubtful receivables during the year:

Description	PROVISIONS FOR DOUBTFUL RECEIVABLES PURSUANT TO ARTICLE 2426 OF THE ITALIAN CIVIL CODE	PROVISIONS FOR DOUBTFUL RECEIVABLES PURSUANT TO ARTICLE 106 OF ITALIAN PRESI-DENTIAL DECREE 917/1986	TOTAL
Balance at 31/12/2022	291,024	82,144	373,168
Use during the year	(13,413)		(13,413)
Accrual for the year	89,285		89,285
Balance at 31/12/2023	**366,896**	**82,144**	**449,040**

Changes in “Deferred tax assets” are described in the table below:

	AMOUNT AT 31/12/2022	PROVISIONS FOR THE YEAR	USE DURING THE YEAR	AMOUNT AT 31/12/2023
Deferred tax assets	319,162	92,906	116,156	295,912
Tax effect arisen from hedging	126,695	35,881	126,695	35,881
FOPE Inc. deferred tax assets				
Deferred tax (assets) liabilities from consolidated adjustments	403,884	26,487		430,371
Rounding		1		1
Total deferred tax assets	**849,741**	**155,275**	**242,851**	**762,165**

The table below indicates the composition of credits from prepaid taxes as of December 31st 2023.

Description	31/12/2023	PREPAID IRES 24%	PREPAID IRAP 3,9%	PREPAID TAXES TOTAL
Advance On Agents’ Allowance	45,619	10,949	1,779	12,728
Advance On Products Warranty	21,455	5,149	837	5,986
Devaluation Of Credits	82,144	19,715	0	19,715
Raw Materials Provision	121,474	29,154	4,737	33,891
Goodwill Depreciation	100,000	24,000	3,900	27,900
Non Compensated Directors	54,880	13,171	0	13,171
Exchange Rate Estimated Loss	248,516	59,644		59,644
Goodwill Depreciation	438,073	105,138	17,085	122,223
Commodity - Active Derivatives	4,085	980	159	1,139
Currencies Interest Rate - Active Derivatives	144,760	34,742		34,742
Profit In Stock Reversal - Consolidation Entries	1,542,548	370,212	60,159	430,371
Exchange Rate Rounding %		656	(1)	655
Total	**2,803,554**	**673,510**	**88,655**	**762,165**

FINANCIAL ASSETS OTHER THAN FIXED ASSETS

The Group has registered among the financial assets, that do not constitute fixed assets, active derivative financial instruments for Euro 695,148 as they are intended to hedge cash flows and the fair value of assets recorded in current assets.

For the information required by art. 2427, first paragraph number 19 of the Civil Code, please refer to the specific section of this Note.

CASH AND CASH EQUIVALENTS

"Bank and postal deposits" primarily include active bank accounts that the companies hold with national and foreign credit institutions. The criteria adopted in measurement and translation of figures shown in foreign currencies are set out in the first part of these Notes to the Financial Statements.

	AMOUNT AT THE BEGINNING OF YEAR	CHANGES DURING THE YEAR	AMOUNT AT THE END OF THE YEAR
Bank and postal deposits	11,510,093	(263,789)	11,246,304
Cheques	1,937	(1,608)	329
Cash and other securities on hand	9,507	(969)	8,538
Total cash and cash equivalents	**11,521,537**	**(266,366)**	**11,255,171**

The year-end figure reflects the operational requirements of the Group as it needs to hold adequate balances in bank accounts to meet payments due at the beginning of the following year.

PREPAYMENTS AND ACCRUED INCOME

	AMOUNT AT THE BEGINNING OF YEAR	CHANGES DURING THE YEAR	AMOUNT AT THE END OF THE YEAR
Accrued income			
Prepayments	347,937	165,775	513,712
Total prepayments and accrued income	347,937	165,775	513,712

They measure income and charges that are accounted for earlier or later than the actual date of payment and/or documentary evidence; they are reflected irrespectively of the date of receipt or payment of the relevant income and charges, common to two or more years and prorated over the applicable timeframe.

Below is a breakdown of this item.

Description	AMOUNT
Theft insurance	145,955
Advertising pages	131,900
Participation in trade fairs	78,696
Services related to the listing on the Euronext Growth Milan market	56,042
Licenses of use, technical and software support contracts	40,961
Lease fees	23,559
DPO assignment	9,100
Car leasing	8,906
Sundry insurance policies	7,461
Others	6,455
Ritz Hotel shop window rental	4,348
Rental and surveillance	239
Other minor costs	90
Total	**513,713**

No prepayments and accrued income having a maturity in excess of five years were recognised.

SHAREHOLDERS' EQUITY

The following table provides an overview 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/(loss) for the year and on sharehol-ders' equity:

	SHAREHOLDERS' EQUITY (EXCLUDING PROFIT/ LOSS FOR THE YEAR)	PROFIT/(LOSS) FOR THE YEAR
Shareholders' equity and profit/(loss) for the year as shown in the Parent Company's financial statements	29,506,287	9,199,252
Adjustments made in accordance with the accounting standards		
Write-off of book value of consolidated investees:		
a) difference between the book value and the pro-rata value of shareholders' equity	1,291,563	
b) Pro-rata profit/(loss) made by investees		956,720
c) Gains/losses allocated on the date of acquisition of the investees		
d) consolidation difference		
Other consolidation entries	(1,051,486)	(63,339)
Write-off of the effects of transactions between Subsidiaries	61,211	(61,211)
Shareholders' equity and profit/(loss) for the year pertaining to the Group	29,807,575	10,031,422
Shareholders' equity and profit/(loss) for the year attributable to third parties	168,640	43,696
Consolidated shareholders' equity and net profit/(loss)	29,976,215	10,075,118

Statement of changes in the Group's consolidated Shareholders' Equity:

	ALLOCATION OF PROFIT FROM THE PREVIOUS YEAR			OTHER CHANGES				
	AMOUNT AT THE BEGINNING OF YEAR	ALLOCATION OF DIVIDEND	OTHER ALLOCATIONS	INCREASES	DECREASES	RECLASSIFICATIONS	PROFIT/ (LOSS) FOR THE YEAR	AMOUNT AT THE END OF THE YEAR
Capital	5,399,608							5,399,608
Share premium reserve	3,433,505							3,433,505
Revaluation reserves	1,469,295							1,469,295
Legal reserve	1,202,499							1,202,499
Statutory reserves								
Other reserves								
Extraordinary reserve	12,233,284		6,419,721	236,184				18,889,189
Reserve for unrealised gains on exchange rates								
Consolidation reserve								
Other sundry reserves	(965,892)				98,055			(1,063,947)
Other sundry reserves – Currency exchange reserve	128,466				71,539			56,927
Total other reserves	11,395,858		6,419,721	236,184	169,594			17,882,169
Reserve for expected cash flow hedging transactions	(164,769)			585,268				420,499
Profit/(loss) carried forward								
Profit/(loss) for the year	10,739,407	(4,319,686)	(6,419,721)				10,031,422	10,031,422
Loss covered during the year								
Negative reserve for treasury shares								
Capital and third-party reserves	72,448		92,755		3437			168,640
Third-party profit/(loss)	92,755		(92,755)				43,696	43,696
Total consolidated shareholders' equity	33,640,606	(4,319,686)		821,452	166,157		10,075,118	40,051,333

CHANGES IN RESERVE FOR EXPECTED CASH FLOW HEDGING TRANSACTIONS

This reserve changed to account for future cash flows from derivative instruments that are designated as "cash flow hedging instruments" and is shown net of the tax effect.

PROVISIONS FOR RISKS AND CHARGES

Below is a breakdown of this item.

	PENSION AND KINDRED OUTLAYS FUND	PROVISIONS FOR TAXES, INCLUDING DEFERRED TAX LIABILITIES	FINANCIAL DERIVATIVE INSTRUMENT LIABILITIES	OTHER PROVISIONS	TOTAL PROVISIONS FOR RISKS AND CHARGES
Amount at the beginning of year	863,934	123,145	473,647	89,455	1,550,181
Changes during the year					
Accrual for the year	65,864	249,677			315,541
Use during the year		67,730	324,802	68,000	460,532
Other changes					
Total changes	65,864	181,947	(324,802)	(68,000)	(144,991)
Amount at the end of the year	**929,798**	**305,092**	**148,845**	**21,455**	**1,405,190**

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

With reference to Italian agents, provisions for the year were determined in accordance with the provisions of the Economic Agreements of the Industry Sector (A.E.C.) and were commensurate with the services actually provided by the agent. It should be noted that, compared to the previous year, the amount of the fund was adequately increased to take account of the merit-based allowance that, effective 1 April 2017, must also be recognised in agency contracts executed before 1 January 2004 (Article 11 of the A.E.C.). With regard to foreign agents, considering the different reference legislation, the amount of the fund was estimated taking account of the estimated cost that the Group might incur in the event the business relationship ended.

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

"Other provisions", totalling to Euro 21,455, include the "product warranty" fund.

Provisions for taxes refer to deferred tax allocated to temporary differences between statutory values and fiscal values.

The table below describes changes in provisions for deferred taxes:

	31/12/2022	PROVISIONS FOR THE YEAR	USE DURING THE YEAR	31/12/2023
Provisions for deferred taxes	7,321	6,958	7,321	6,958
Effect arisen from hedging	60,409	204,093	60,409	204,093
Deferred tax liabilities from leases	266	86		352
FOPE Jewellery LTD deferred tax liabilities	29,695	29,988		59,683
FOPE Usa Inc deferred tax liabilities	25,454	9,004		34,458
Translation exchange differences		(454)		(454)
Rounding		2		2
Total provisions for deferred taxes	**123,145**	**249,677**	**67,730**	**305,092**

EMPLOYEE SEVERANCE PAY

The following table shows the changes in the period.

	EMPLOYEE SEVERANCE PAY
Amount at the beginning of year	1,186,417
Changes during the year	
Accrual for the year	220,456
Use during the year	169,104
Other changes	(695)
Total changes	50,657
Amount at the end of the year	1,237,074

This item refers to an amount due to employees of the Parent Company and reflects the actual amount due to employees pursuant to law and current labour agreements in Italy, taking into account any type of remuneration paid on a continuous basis.

This fund reflects the total amount of the individual entitlements accrued by employees at the balance sheet date, net of advances paid, and corresponds to the amount that would be due to employees should their employment relationship cease on such date.

Below is a breakdown of amounts due based on maturity:

	AMOUNT AT THE BEGINNING OF YEAR	CHANGES DURING THE YEAR	AMOUNT AT THE END OF THE YEAR	PORTION DUE WITHIN THE YEAR	PORTION DUE AFTER THE YEAR
Bonds					
Convertible bonds					
Shareholders' loans					
Amounts due to banks	10,020,547	1,264,327	11,284,874	5,898,509	5,386,365
Amounts due to other financial institutions	209,678	(149,442)	60,236	60,236	
Advances	26,333	(3,763)	22,570	22,570	
Trade payables	4,688,627	(578,106)	4,110,521	4,110,521	
Payables in the form of securities					
Amounts due to subsidiaries	332,159	(332,159)			
Amounts due to associated companies					
Amounts due to parent companies					
Amounts due to companies subject to the control of parent companies					
Amounts due to Inland Revenue	2,548,707	(1,602,970)	945,737	945,737	
Amounts due to social security and welfare institutions	279,825	(8,065)	271,760	271,760	
Other payables	451,210	117,815	569,025	569,025	
Total payables	**18,557,086**	**(1,292,363)**	**17,264,723**	**11,878,358**	**5,386,365**

Below is a breakdown of the balance of total amounts due to banks as at 31 December 2023, standing at Euro 11,284,874.

	AMOUNT
accounts overdraft	1,000,000
loans	10,284,361
other amounts due	513
Total	**11,284,874**

With regard to existing loans with banks, the following table provides an overview of the main aspects. For a more detailed analysis of the debt ratio with credit institutions, reference should be made to information provided in the Consolidated Report on Operations.

Credit institution	ORIGINAL AMOUNT	MATURITY	RESIDUAL AMOUNT AT 31/12/2023	PORTION WITHIN 12 MONTHS	PORTION AFTER 12 MONTHS
Simest S.p.A.	400,000	31/12/2025	160,000	80,000	80,000
Simest S.p.A.	1,300,000	16/04/2024	162,500	162,500	
Unicredit S.p.A.	2,000,000	30/11/2024	667,667	667,667	
Unicredit S.p.A.	3,000,000	31/03/2026	2,284,974	989,001	1,295,973
Banco di Desio e della Brianza S.p.A.	2,000,000	10/12/2025	1,349,877	666,528	683,349
Credem S.p.A.	2,000,000	10/05/2025	1,228,365	808,953	419,412
Credem S.p.A.	3,000,000	12/10/2026	3,000,000	571,719	2,428,281
Intesa SanPaolo S.p.A.	4,000,000	28/05/2025	1,430,978	951,628	479,350
Total			**10,284,361**	**4,897,996**	**5,386,365**

It should be noted that these loans are not secured by collateral on Group assets and that the loan of Euro 400,000 granted by Simest S.p.A. includes a financial covenant that has been met.

The quantity of circulating gold necessary to cover for the production cycle demand is partially provided by credit institutions on the basis of “loan for use” contracts. As of December 31st 2023, the availability of gold owned by the Credit Institutions, based on the aforementioned contracts, is equal to Euro 10.2 million.

With regard to the analysis of amounts due to Credit Institutions as shown in the table above, reference should be made to the information provided in the Report on Operations.

“Payments on account advances” include advanced payments received from customers concerning supplies of goods and services not yet completed.

Trade payables, all having a maturity of less than 12 months, were booked at face value net of trade discounts; cash discounts are recognised at the time of payment.

The face value of these payables was adjusted for returns or allowances (billing adjustments) to the extent of the amount agreed upon with the counterparty.

“Amounts due to Inland Revenue” mainly refer to (i) withholding taxes on employees and self-employed persons totalling Euro 191,326, (ii) VAT payable resulting from e-commerce sales totalling Euro 20,957 and (iii) the amounts due by foreign companies to the tax authorities totalling Euro 733,349.

It should also be noted that there are no payables with a maturity of more than five years.

The breakdown of payables by geographical area is not significant.

ACCRUED EXPENSES AND DEFERRED INCOME

	AMOUNT AT THE BEGINNING OF YEAR	CHANGES DURING THE YEAR	AMOUNT AT THE END OF THE YEAR
Accrued expenses	88,787	(20,725)	68,062
Deferred income	165,795	(30,541)	135,254
Total accrued expenses and deferred income	**254,582**	**(51,266)**	**203,316**

Below is a breakdown of this item.

Description	AMOUNT
Tax credit under Italian Law 160/19	135,254
Bank fees and interest	47,063
Loan for use fees	18,865
Others	2,134
Total	**203,316**

It should also be noted that accrued expenses and deferred income over five years stood at Euro 17,258.

A) PRODUCTION VALUE

Below is a breakdown of this item.

Description	31/12/2023	31/12/2022	CHANGES
Revenues from sales and services	66,768,113	62,161,398	4,606,715
Changes in product inventories	706,812	794,639	(87,827)
Other income and revenues	870,113	590,183	279,930
Total	**68,345,038**	**63,546,220**	**4,798,818**

Below is the percentage breakdown of revenues by geographical area.

Revenues by area	%
Customers in Italy	14.94%
Customers in EU Area	31.33%
Non-European customers	53.73%

Revenues from the sales of products are recognised when the risks and benefits are transferred, usually occurring at the time of delivery or shipment of the goods.

Revenues of financial nature and revenues from service delivery are recognised on an accrual basis.

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

The breakdown of revenues by category is not significant.

For a detailed description of the increase in the production value and the subsequent section referring to Costs of production, reference should be made to the information provided in the Consolidated Report on Operations.

Below is a breakdown of this item.

Description	31/12/2023	31/12/2022	CHANGES
Raw materials, auxiliary materials and goods	28,973,629	30,208,456	(1,234,827)
Change in inventories of raw materials	(1,084,159)	(2,820,040)	1,735,881
Services	16,672,605	14,973,889	1,698,716
Use of third-party assets	866,970	568,930	298,040
Salaries and wages	4,320,660	3,259,212	1,061,448
Social security contributions	1,099,605	834,139	265,466
Employee severance pay	220,456	283,988	(63,532)
Pension and kindred outlays fund			
Other labour costs	79,378	199,021	(119,869)
Amortisation of intangible fixed assets	1,138,640	800,276	338,364
Depreciation of tangible fixed assets	1,152,741	1,118,839	33,902
Other write-down of fixed assets			
Doubtful receivables held under current assets	89,285	61,265	28,020
Provisions for risks			
Other provisions			
Sundry operating charges	155,600	147,149	8,451
Total	**53,685,410**	**49,635,124**	**4,050,286**

The services item includes 355 thousand of Loan Commissions.

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

“Labour costs” include the entire cost incurred for employees, including merit-based pay raises, promotions, cost of living increases, cost of holiday not taken and provisions required by law and under collective labour agreements.

With regard to depreciation, it should be noted that it was calculated based on the useful life of the asset and its use in the production phase.

FINANCIAL INCOME AND CHARGES

The tables below show the nature and amount of financial income and charges recognised during the year.

	FINANCIAL INCOME
From equity investments in subsidiaries	84,957
From equity investments in other companies	
Other income other than as stated above	259,437
Total	**344,394**

Income from equity investments in subsidiaries refers to the sale of the equity investment held in FOPE Services DMCC, which was completed during the year.

Income other than as stated above is related to interest income.

	INTEREST AND OTHER FINANCIAL CHARGES
From bonds	
From amounts due to banks	478,263
From others	48,754
Total	**527,017**

EXCHANGE GAINS/(LOSSES)

	EXCHANGE GAINS	EXCHANGE LOSSES	NET BALANCE
Realised component	627,920	1,117,445	(489,525)
Unrealised component	76,995	284,217	(207,222)
Total	**704,915**	**1,401,662**	**(696,747)**

Taxes	BALANCE AT 31/12/2023	BALANCE AT 31/12/2022	CHANGES
Current taxes:	3,744,458	3,741,862	2,596
IRES (corporate income tax)	2,836,332	3,006,723	(170,391)
IRAP (regional income tax)	550,340	519,839	30,501
Lease taxes			
FOPE Usa Inc. current taxes	233,464	122,318	111,146
FOPE Jewellery Ltd. current taxes	56,916	92,982	(36,066)
FOPE Deutschland Gmbh current taxes	67,406		67,406
Taxes pertaining to previous years	(74,797)	(1,266,003)	1,191,206
Deferred tax (assets) liabilities	35,479	(150,385)	185,864
IRES (corporate income tax)	25,694	(125,739)	151,433
IRAP (regional income tax)	(2,808)	533	(3,341)
Other deferred tax (assets) liabilities	38,993	4,962	34,031
Deferred tax (assets) liabilities from consolidation adjustments	(26,400)	(30,141)	3,741
Total	**3,705,140**	**2,325,474**	**1,379,666**

Taxes are set aside on an accrual basis; they therefore include:

- Provisions for taxes paid or to be paid during the year, calculated according to current rates and legislation;
- The amount of deferred tax assets or liabilities calculated based on the tax rates in force when the temporary differences are charged back.

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 provide a more detailed view of reconciliation between theoretical tax burden and actual tax burden recognised in the financial statements, below is reconciliation of the theoretical tax rate consolidated with the actual rate for the year compared with that for the year ended 31 December 2022.

	31/12/2023		31/12/2022	
	TAXABLE AMOUNT	**TAXES**	**TAXABLE AMOUNT**	**TAXES**
Pre-tax profit/(loss) for the year (Parent Company)	12,531,292		12,419,401	
IRES - Theoretical tax burden (24% rate)		(3,007,510)		(2,980,656)
IRAP - Theoretical tax burden (3,9% rate on EBIT)		(521,998)		(470,902)
Total taxes		(3,529,508)		(3,451,558)
Theoretical tax rate		-28.17%		-27.79%
IRES differences				
Permanent increases	180,329	(43,279)	121,931	(29,263)
Increases feeding into deferred tax assets	375,408	(90,098)	623,996	(149,759)
Increases adjusting deferred tax liabilities	30,503	(7,321)	160,150	(38,436)
Total increases	586,240	(140,698)	906,077	(217,458)
Permanent decreases	(718,509)	172,442	(608,308)	145,994
Decreases adjusting deferred tax assets	(551,984)	132,476	(158,659)	38,078
Decreases feeding into deferred tax liabilities	(28,992)	6,958	(30,503)	7,321
Decreases	(1,299,485)	311,876	(797,470)	191,393
IRAP differences				
Labour costs	295,373	(11,520)	232,294	(9,059)
Provisions and doubtful receivables				
Other permanent increases	438,204	(17,090)	1,114,088	(43,449)
Total increases feeding into deferred tax assets	72,012	(2,808)	72,012	(2,808)
Total increases	805,589	(31,418)	1,418,394	(55,317)
Permanent decreases	(78,860)	3,076	(78,292)	3,053
Decreases adjusting deferred tax assets			(85,317)	3,327
Total decreases	(78,860)	3,076	(163,609)	6,380
Total current IRES taxes		(2,836,331)		(3,006,722)
Total current IRAP taxes		(550,340)		(519,838)
Taxes from previous financial years		74,797		1,266,003
Taxes paid by foreign subsidiaries		(357,786)		(215,300)
Tax effect of lease accounting				(98)
Deferred tax (assets) liabilities of parent company		(22,886)		125,303
Deferred tax (assets) liabilities of foreign subsidiaries		(39,692)		(4,962)
Deferred tax (assets) liabilities from consolidation adjustments		26,400		30,141
Total taxes for the year		(3,705,838)		(2,325,473)
Profit/(loss) for the year before taxes (consolidated)		13,780,258		13,157,636
Actual tax rate		29.57%		17.67%

Regarding the calculation and measurement methods of deferred tax assets/liabilities, reference should be made to the information provided in the introduction section of these Notes to the Financial Statements.

The financial statements for the year ended 31 December 2023 were prepared in accordance with the indirect method as under OIC 10, adjusting the profit for the year shown in the Income Statement. During 2023, the cash flows generated by the Group totalled Euro (266,366). Cash and cash equivalents decreased from Euro 11,521,537 as at the reporting date of the previous year to Euro 11,255,171 as at 31 December 2023.

A) Cash flow from operations

The Group closed 2023 with a profit for the year of Euro 10,075,118 (Euro 10,832,162 for the year ended 31 December 2022). Taxes for the year totalled Euro 3,705,140 (see specific comment section of the Notes to the Financial Statements).

Cash flow from operations, where cash inflows/outflows from the Group's operations (consisting of a normal operating process) are shown, came in at Euro 5,837,691, up compared to the previous financial year (Euro 5,324,116).

The main adjustments for non-monetary items that did not have a balancing entry in net working capital include:

- Provisions to the extent of Euro 510,536 referring to provisions for supplementary customer indemnity fund and other funds.
- Depreciation and amortisation of fixed assets, totalling Euro 2,291,380, showing a decrease compared to the previous year-end.

Changes in net working capital totalled Euro (5,161,662), showing in particular an increase in trade receivables and inventories.

Other adjustments were on the downside (Euro 5,812,012) and mainly related to interest paid.

B) Cash flow from investments

Cash flow from investments, showing inflows/outflows from investments (i.e., new purchases or sales) were negative and stood at Euro 3,048,699.

The negative result was mainly due to investments made by the Group in tangible and intangible fixed assets.

C) Cash flow from servicing of finance

Cash flow from servicing of finance, showing inflows/outflows from activities pertaining to loans (i.e., new loans or repayment of debt and loans) was negative and stood at Euro 3,055,358.

With reference to third-party funds, it should be noted that a new loan of Euro 6,000,000 was taken out, while Euro 3,718,419 was repaid in principal. With regard to flows from equity, it should be noted that dividends totalling Euro 4,319,686 were distributed during the year, while the remaining profit was allocated to shareholders' equity reserves.

INFORMATION REGARDING THE FAIR VALUE OF DERIVATIVE FINANCIAL INSTRUMENTS

In compliance with the provisions of Article 2427-bis of the Italian Civil Code, the following information is provided.

Contract Type	PURPOSE	UNDERLYING RISK	NOTIONAL ENTITY OF REFERECE AS OF 12.31.23	FAIR VALUE AS OF 12.31.23
Commodity swap	HEDGING DERIVATIVE	PRECIOUS METALS	23,932,250	690,263
Currency options	HEDGING DERIVATIVE	USD/EUR EXCHANGE	2,750,000	(3,753)
Currency options	HEDGING DERIVATIVE	AUD/EUR EXCHANGE	350,000	(2,810)
Currency options	HEDGING DERIVATIVE	GBP/EUR EXCHANGE	2,950,000	(111,707)
Currency options	HEDGING DERIVATIVE	JPY/EUR EXCHANGE	218,200,000	(21,910)
Interest Rate Swap	HEDGING DERIVATIVE	INTEREST RATE	3,696,740	38,627

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

The Company therefore uses derivatives within the scope of its “risk management” activities, while derivatives or similar instruments are not used and held for mere trading purposes.

COMMODITY PRICE RISK

The objective of this type of hedge is to minimise changes in inflows from the purchase of raw materials used in the production process. In order to stabilise the purchase price, the parent company fixes the price at the metal withdrawal date by performing financial hedging transactions. The transactions, which do not have a duration of more than 24 months, are carried out on a rotation basis for a portion of the requirements calculated based on the Company’s budget.

EXCHANGE RATE RISK

As the Parent Company operates internationally, it is exposed to exchange rate risk associated with different currencies, including, primarily, the US dollar and the British pound. The exchange rate risk arises from transactions of a commercial nature related to normal operations, and arises from the fluctuation of exchange rates between the time when the commercial relationship originates and the time of collection.

INTEREST RATE RISK

To manage interest rate risk associated with medium-/long-term loans, at 31 June 2023 the Parent Company had some Interest Rate Swap transactions in place, allowing borrowing to be changed from a variable rate to a fixed rate. This instrument has notional values and maturities aligned with those of the underlying hedged loan.

OTHER INFORMATION

INFORMATION RELATING TO FEES PAYABLE TO THE STATUTORY AUDITOR

	AMOUNT
Statutory audit of the FOPE S.p.A. annual accounts	40,180
Statutory audit of the FOPE Jewellery Ltd annual accounts	16,211
Statutory audit of the FOPE Usa Inc annual accounts	23,217
Tax advisory services	
Other audit services	
Other services other than audit services	13,733
Total fees due to the statutory auditor or independent auditors	**93,341**

The assignment for the statutory audit of the consolidated accounts was entrusted to the auditing firm BDO ITALIA S.p.A.

During 2023, the auditing firm also performed consulting activities in connection with the preparation of the sustainability report. It also provided non-financial reporting services, such as corporate carbon footprint analysis, and the acquisition and management of whistleblowing reports.

INFORMATION RELATING TO FEES PAYABLE TO DIRECTORS AND STATUTORY AUDITORS

Pursuant to law provisions, information is provided with regard to the total fees payable to Directors and members of the Board of Statutory Auditors of the parent company, including those for the discharge of such functions also in other companies included in the scope of consolidation.

	DIRECTORS	STATUTORY AUDITORS
Fees	943,861	36,861

It should be noted that no advanced payments were made, amounts were due and guarantees were provided to Directors and Statutory Auditors.

INFORMATION REGARDING FINANCIAL FIXED ASSETS ENTERED AT A VALUE HIGHER THAN THEIR FAIR VALUE

No financial fixed assets were reflected in the financial statements at a value higher than their fair value.

INFORMATION REGARDING TRANSACTIONS WITH RELATED PARTIES

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

EXCEPTIONAL REVENUE OR COST ITEMS

Pursuant to Article 2427, Section 13(1) of the Italian Civil Code, it should be noted that the income statement does not reflect any revenues or costs that, due to their size or impact on the result for the year, 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 arrangements in place that are not reflected 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 Euro 10,179,574.

REPORTING OF GRANTS-IN-AID FOR THE COMMON GOOD

Following the regulations governing the transparency of public disbursements introduced by Article 1, Sections 125-129 of Italian Law 124/2017, a number of disclosure and transparency requirements were introduced for companies that have economic relations with Public Authorities or other public entities.

These regulations, which have already undergone many regulatory changes, was last amended by Italian Law 160 of 27 October 2023, whereby companies are required to disclose in the notes to the individual and consolidated financial statements, if any, the amounts and information relating to subsidies, grants, benefits, contributions or aid, in cash or in kind, that are not of a general nature and do not qualify as consideration, remuneration or compensation, received in the previous financial year from public authorities.

According to both Assonime Circular No. 5 “Business activities and competition”, published on 22 February 2019, and the opinion given by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian National Board of Chartered Accountants and Accounting Experts), published in March 2019, commenting on the aforesaid regulations, “the scope of the law does not include measures aimed at enterprises in general (such as tax concessions), as these are advantages not directed to a specific company”.

In view of the above, during 2023 FOPE S.p.A. benefited from:

- Euro 9,486 disbursed by Unioncamere in relation to the “Trademarks +2022” call, an initiative promoted by the General Directorate for the Protection of Industrial Property to encourage the registration of EU and international trademarks;
- Euro 3,908 disbursed by the Veneto Region in relation to the Regional Operational Programmes (POR) ESF 2014-2020 project - Axis 1 Employability - to support the ESF as part of the “investment for growth and employment” objective;
- Euro 9,081 as tax credit on incremental advertising investments in daily newspapers, periodicals and local TV and radio stations;
- Euro 62,220 as a tax credit for investments in design and aesthetic activities made in 2022.

ESTABLISHMENT OF FOPE JAPAN G.K.

In January 2024, activities to establish the new company FOPE Japan G.K. were completed. At the reporting date, FOPE Japan G.K. was owned by FOPE S.p.A. (80%) and SwissPrimeBrands Ltd. (20%), a partner of the Group that has been responsible for the distribution of FOPE products in Japan.

FOPE Japan G.K. is a Tokyo-based company incorporated under Japanese law that acts as a distributor of FOPE Group products in the Japanese market and provides retailers with sales support and customer care, and implements marketing and communication activities in the market, in cooperation with the Group marketing and communication department.

Gaining a stronger foothold in foreign markets is part of the policy pursued by the Group in recent years as it endeavours to have a direct commercial presence in areas considered strategic, such as Japan, which FOPE views as an emerging market with significant growth potential.

The consolidated financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, provide a true and fair view of the state of affairs, profit or loss and assets and liabilities for the year, and tally with the accounting records of the parent company and the information provided by the companies included in the scope of consolidation.

Diego Nardin
FOPE S.p.A CEO

AUDITOR'S REPORT

FOPE S.p.A.

Independent auditor’s report pursuant to article 14 of
Legislative Decree n. 39/2010

Consolidated Financial Statements as at
December 31, 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

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Via Roveggia n. 126
37136 Verona

Independent auditor's report
pursuant to article 14 of Legislative Decree n. 39/2010

To Shareholders of
FOPE S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of FOPE S.p.A. Group (the "Group"), which comprise the statement of financial position as at December 31, 2023, the consolidated statement of comprehensive income and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of FOPE Group as at December 31, 2023, and of the result of its operations and its cash flows for the year then ended in accordance with the Italian regulations and accounting principles governing financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of this report.

We are independent of the Company in accordance with ethical requirements and standards applicable in Italy that are relevant to the audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and of the Board of the Statutory Auditors for the consolidated financial statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the Italian regulations and accounting principles governing financial statements and, within the limits of the law, for such internal control as the Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Parent Company FOPE S.p.A. or to cease operations, or has no realistic alternative but to do so.

The Board of Statutory Auditors is responsible for overseeing the Group's financial reporting process.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

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Iscritta al Registro dei Revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013
BDO Italia S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- conclude on the appropriateness of Directors' use of the going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions in a manner that achieves fair presentation.
- obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

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

Report on other legal and regulatory requirements

Judgment pursuant to art. 14, paragraph 2, letter e), of Legislative Decree 39/10

Judgment pursuant to art. 14, paragraph 2, letter e), of Legislative Decree 39/10 The directors of Fope S.p.A. are responsible for preparing the report on operations of FOPE S.p.A. Group as at December 31, 2023, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures indicated in the auditing standard (SA Italia) no. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of the Group as at December 31, 2023, and on its compliance with the law, as well as to issue a declaration on any significant errors.

In our opinion, the report on operations is consistent with the consolidated financial statements of the Group as of December 31, 2023, and is drawn up in compliance with the law.

With reference to the declaration referred to in art. 14, co. 2, letter e), of Legislative Decree 39/10, issued on the basis of the knowledge and understanding of the company and its context acquired during the audit, we have nothing to report.

Verona, April 8, 2024

BDO Italia S.p.A.

Signed by:
Marco Giuseppe Troiani
Partner

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.

VICENZA

FOPE

DAL 1929