FOPE GROUP

Consolidated Financial Statement as of June 30, 2024

CONSOLIDATED FINANCIAL STATEMENT AS OF JUNE 30, 2024

Dear Shareholders,

The consolidated financial statements of the FOPE S.p.A. Group for the period ended 30 June 2024, showing a profit of Euro 1,588,549, is presented to you for your perusal.

Net revenues stood at Euro 29.64 million, down Euro 5.04 million (-14.54%) compared to 30 June 2023. 82.27% of revenues arose from sales made on foreign markets.

The commercial position and thus the collection of orders from retailers in the first half of the year showed growth and were in line with budget expectations: the markets responded positively to the proposals of our collections, confirming the development phase of our brand. The driver of growth was without doubt the American market, led by the US, with a significant increase in Southeast Asian countries and positive results in Europe and Italy albeit at a slower pace.

The fall in sales volumes in the first half of the year is attributable to a slowdown recorded in the first months of 2024 in the production and fulfilment of the order backlog resulting at the end of the year and acquired in the following months. The FOPE collections are designed by relying on a cycle of processes carried out entirely in-house and actions are underway to improve the delivery capacity of production processes that will allow us to fulfil the order backlog within the scheduled times.

Sales were made under commercial conditions that did not alter the primary margin, while the significant variations in gold prices were offset by the hedging transactions already active at the beginning of the year.

The financial hedging policy on gold requirements neutralised fluctuations in gold prices and the primary margin on sales did not deviate from budget figures.

In 2024, the Group continued its significant commitment to marketing and communication activities with the aim of consolidating the visibility and affirmation of the brand on the markets and supporting the distribution network. Strong and innovative boost was given to digital activities. In line with the market presence strategies and alongside with the single-brand boutiques, seven new Shop-in-Shops (customised corners within stores) were opened and more are planned to be placed by the end of the current fiscal year.

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

With specific reference to environmental sustainability, after the reporting date, the important Neutral Carbon Footprint Company certification, previously issued by the third-party certifier in relation to the 2022 data, was confirmed again for 2023.

The fruitful collaboration with our retailers continues and we confirm our expectations for positive results in the current financial year.

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 four subsidiaries operate in the jewellery industry as a producer and distributors of high-end jewellery under their own brand names. FOPE is an international brand whose turnover in 2024 consisted of sales on foreign markets to the extent of 82.27%. In addition to developing new product "collections", the Group is historically focused also 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.

The headquarters, offices and workshop of the parent company 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.

The business model is based on the following elements, which make up 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 extended 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.

FOPE Japan G.K., a company headquartered in Tokyo, is a distributor of the Group's products on the Japanese market; it provides commercial and customer care support to local retailers and carries out marketing and communication activities on the market. The company was not included in the consolidation scope since the first transactions, of a negligible amount, took place in June.

FOPE S.p.A. holds 20% of the share capital of Milano 1919 S.r.l., the company owning the long-established Antonini brand. The latter is a historic and renowned house of high-quality Italian jewellery established and still based in Milan, which 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, the Group has been using cutting-edge technologies and proprietary patents to transform gold into jewels that go beyond the latest fads. Italian roots have always inspired our style, a standard appreciated by those who interpret life with refined, subtle elegance. All Group's activities comply with strict ethical and sustainability control criteria.

VISION

The FOPE Group aims to 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 communication, 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 an elected Ethics Committee responsible for overseeing and dealing with any complaints, reports of distress or suggestions by its employees. The Committee may be addressed on a named or anonymous basis and may be called upon either in its entirety or through the involvement of one member at a time. The objective of the Ethics Committee, currently composed of three members, is to ensure that workers can count on unbiased listening of their concerns and access the tools required to tackle 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.

The keys to success that identify the strategic line pursued by the FOPE Group in recent years, aimed at growing and consolidating its position in the markets, can be traced 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).

Actions on key success levers, which 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[1] 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 median 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.

1 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 six months. Amounts are shown in Euro millions.

	2024 (30 JUNE)		2023 (30 JUNE)		2024 VS 20232
Net Revenue	**29,64**	**100,0%**	**34,68**	**100,0%**	**(5,04)**
Operating Costs	(25,94)		(25,59)		(0,34)
EBITDA	**3,70**	**12,5%**	**9,08**	**26,2%**	**(5,38)**
Amortisation	(1,26)		(1,00)	-2,9%	(0,26)
EBIT	**2,44**	**8,2%**	**8,09**	**23,3%**	**(5,64)**
Financial Charges	(0,17)		(0,39)	-1,1%	0,22
Pre-Tax Profit	**2,27**	**7,7%**	**7,7**	**22,2%**	**(5,43)**
Taxes	(0,68)		(2,12)		1,44
Net Profit	**1,59**	**5,4%**	**5,57**	**16,1%**	**(3,99)**

	2024 (30 GIUGNO)	2023 (30 GIUGNO)	2024 VS 2023
Fixed assets	13,74	14,29	0,32
Net Working Capital	31,01	28,54	1,79
Provisions	(2,82)	(3,01)	0,01
Net Invested Capital	**4,93**	**39,81**	**2,12**
Shareholders' Equity	**37,62**	**34,84**	**2,78**
Net Financial Position	**(4,31)**	**4,97**	**0,67**

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	FOPE DEUTSCHLAND GMBH
	2024 (30 JUNE)	**2024 (30 JUNE)**	**2024 (30 JUNE)**	**2024 (30 JUNE)**
Net Revenue	**27,98**	**5,88**	**3,10**	**0,32**
Operating Costs	23,93	5,80	3,04	0,25
EBITDA	**4,06**	**0,08**	**0,05**	**0,07**
Amortisation	1,20	0,02	0,03	0,01
EBIT	**2,86**	**0,06**	**0,02**	**0,06**
Financial Management	(0,05)	(0,00	(0,00)	0,00
Pre-Tax Profit	**2,81**	**0,06**	**0,02**	**0,06**
Taxes	0,84	0,01	0,01	0,02
Net Profit	**1,97**	**0,04**	**0,02**	**0,04**
Assets	14,05	0,39	0,27	0,17
Net Working Capital	30,70	0,66	0,24	(0,01)
Provisions	2,82	0,00	0,00	0,00
Borrowing Requirement	**41,93**	**1,04**	**0,50**	**0,16**
	36,61	**1,60**	**0,89**	**0,22**
Net Financial Position	**5,32**	**(0,56)**	**(0,39)**	**(0,06)**

BOARD OF DIRECTORS

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

BOARD OF STATUTORY AUDITORS

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

AUDITING BODY

BDO Italia S.p.A.

SUPERVISORY BODY

Stefania Centorbi

LISTED SECURITIES:

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

REVIEW OF THE MAIN ECONOMIC DATA

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

INCOME STATEMENT	30/06/2024	30/06/2023	CHANGES
Net revenues	**29,636,071**	**34,677,637**	**(5,041,566)**
Other income	283,097	352,433	(69,336)
External costs	22,912,424	23,099,376	(186,952)
Added value	**7,006,744**	**11,930,694**	**(4,923,950)**
Labour costs	3,308,340	2,847,971	460,369
EBITDA	**3,698,404**	**9,082,723**	**(5,384,319)**
Depreciation and amortisation	1,255,039	996,435	258,604
EBIT	**2,443,365**	**8,086,288**	**(5,642,923)**
Financial income and charges	(171,063)	(386,947)	215,884
Pre-tax profit/(loss)	**2,272,302**	**7,699,341**	**(5,427,039)**
Income tax	683,753	2,124,466	(1,440,713)
Net profit/(loss)	**1,588,549**	**5,574,875**	**(3,986,326)**

SALES REVENUES

Sales in the first half of 2024 were positive in terms of progressive turnover and orders acquired, up 11% compared to the same period of 2023. Net sales revenues amounted to Euro 29.64 million, with a decrease of Euro 5.04 million compared to the first half of the previous year, equal to a decrease of 14.54%. The fall in revenues is attributable to a slowdown recorded in the first months of 2024 in the production and fulfilment of the order backlog resulting at the end of the year and acquired in the following months.

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 stores, i.e. to customers and retailers of the brand. In addition to this business model, starting in 2015 there are sales made at the boutique in Venice, which in this case see the end consumer himself/herself as a customer, and sales, again to end consumers, 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 local retailers.

The new collections presented in 2024 directly to retailers of 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/high-level multi-brand stores, are present on the market on a global scale, with 82.27% of the total turnover in 2024 being generated in foreign countries, a percentage in line with the previous year.

OPERATING COSTS

Operating costs, excluding labour costs, decreased in the period by 0.81% compared to the previous six-month period, include the variable industrial cost elements proportional to sales volumes, in respect of which margins were in line with the expected figures, while structural costs did not change significantly compared to the previous year.

No costs of an extraordinary nature with respect to current operations were recorded during the period.

The initiatives of the marketing and communication plan activated during the first half of the year were fully expensed in the period, which involved a greater economic commitment in the first half of 2024 compared to the same period of the previous year. 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 2024, 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 meets customer retailers, 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 are proportional to sales volumes.

FOPE's work team changed compared to last year; the 16.16% 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 period (25.95% compared to the figure posted in the first half of 2023) 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.

MARGINS AND RESULT FOR THE PERIOD

EBITDA came in at Euro 3.70 million, decreasing by Euro 5.38 million in absolute terms compared to the figure posted in 2023. Similarly, EBIT decreased to Euro 2.44 million.

The decrease in EBITDA, reflected in the pre-tax profit/(loss), was due to the fall in revenues and the corresponding reduction in the volume of primary margin generated, necessary to cover the fixed costs of the structure.

Pre-tax profit/(loss) stood at Euro 2.27 million. The profit for the period totalling Euro 1.59 million showed a decrease compared to the previous period's profit (Euro 5.57 million).

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	30/06/2024	31/12/2023	CHANGES
Net intangible fixed assets	3,312,259	3,470,784	(158,525)
Net tangible fixed assets	10,336,807	10,409,865	(73,058)
Equity investments and other financial fixed assets	985,116	882,502	102,614
Non-current assets	**14,634,182**	**14,763,151**	**(128,969)**
Changes in inventories	18,074,355	15,718,227	2,356,128
Trade receivables	16,819,809	14,375,399	2,444,410
Other receivables	3,293,468	3,354,540	(61,072)
Expected cash flow hedging trans. cr. position	1,903,453	695,148	1,208,305
Short-term assets for the period	**40,091,085**	**34,143,314**	**5,947,771**
Trade payables	5,522,892	4,110,521	1,412,371
Other payables	3,758,540	2,072,647	1,685,893
Short-term liabilities for the period	**9,281,432**	**6,183,168**	**3,098,264**
Net working capital	**30,809,653**	**27,960,146**	**2,849,507**
Provisions for Employee Severance Pay	(1,324,553)	(1,237,074)	(87,479)
Provisions for Agent Severance Pay and other provisions	(1,649,920)	(1,256,345)	(393,575)
Provisions for expected cash flow hedging transactions	(540,983)	(148,845)	(392,138)
Total provisions	**(3,515,456)**	**(2,642,264)**	**(873,192)**
Net invested capital	41,928,379	40,081,033	1,847,346
Share capital and shareholders' equity reserve	(36,640,782)	(39,630,831)	2,990,049
Reserve for expected cash flow hedging transactions	(981,340)	(420,499)	(560,841)
Shareholders' equity	**(37,622,122)**	**(40,051,330)**	**2,429,208**
Medium/long-term financial position	(6,014,821)	(5,386,365)	(628,456)
Short-term financial position	1,708,564	5,356,662	(3,648,098)
Net Financial Position	(4,306,257)	(29,703)	(4,276,554)
Shareholders' equity and Net Financial Position	**41,928,379**	**40,081,033**	**1,847,346**

FIXED ASSETS

Investments in tangible and intangible fixed assets made during the period under review, totalling Euro 1,017 thousand, 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 stores). 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 2023, while a further step was implemented in 2024.

TRADE RECEIVABLES AND TRADE PAYABLES

Amounts due from customers did not change in terms of deferment payment ratios compared to the first half of 2023. 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 30 June 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 2.36 million (14.99%) is attributable to the raw materials (gold and diamonds). The stock of finished products at 30 June was increased to support sales activities and to enable the delivery of planned orders. 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 period, a Euro 4.00 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 4.31 million, decreased compared to the position as at 31 December 2023, when it stood at Euro 0.03 million.

The individual cash flow entries are recorded and commented on in the Statement of Cash Flows, on page 23.

SHAREHOLDERS’ EQUITY AND HIGHLY LIKELY PLANNED TRANSACTION HEDGING RESERVES

During the period, dividends to the extent of Euro 4,589,667 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 as at 30 June 2024 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”.

As at 30 June 2024, FOPE S.p.A. did not hold and had not disposed 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.

CASH FLOWS

Summary of consolidated cash flow statement as at 30 June 2024 (in Euro):

CASH FLOWS	**30/06/2024**	**31/12/2023**	**CHANGES**
Profit for the period	1,588,549	10,075,118	(8,486,569)
Portion of amortisation/depreciation	1,255,039	2,291,380	(1,036,341)
Change in Provisions for Employee Severance Pay and Agent Severance Pay	115,892	116,521	(629)
Gross self-financing	**2,959,480**	**12,483,019**	**(9,523,539)**
Change in trade receivables	(2,442,503)	(2,017,571)	(424,932)
Change in other short-term receivables	(60,583)	(139,461)	78,878
Change in inventories	(2,356,128)	(1,795,590)	(560,538)
Change in short-term payables	3,461,522	(2,490,244)	5,951,769
Changes in net working capital	**(1,397,692)**	**(6,442,866)**	**5,045,174**
Net inflow from operating activities	**1,561,788**	**6,040,153**	**(4,478,365)**
Change in tangible and intangible fixed assets	(1,023,457)	(3,156,802)	2,133,345
Changes in financial fixed assets	19,040	138,219	(119,179)
Repayment of M/L-term loans	(2,230,481)	(3,718,419)	1,487,938
Uses	**(3,234,898)**	**(6,737,002)**	**3,502,104**
Acquisition of Financing	4,000,000	6,000,000	(2,000,000)
Convertible bond issue			
Changes in shareholders' equity reserve	(4,578,599)	(4,249,661)	(328,938)
Sources	**(578,599)**	**1,750,339**	**(2,328,938)**
Change in expected cash flow hedging trans. cr. position	(1,208,305)	(563,066)	(645,239)
Changes in provisions for expected cash flow hedging transactions	392,138	(324,802)	716,940
Changes in reserves for expected cash flow hedging transactions	560,841	585,268	(24,427)
Changes in expected cash flow hedging transaction positions	(255,326)	(302,600)	47,274
Net cash flow	**(2,507,035)**	**750,889**	**(3,257,924)**
Net credit/(debit) banking transactions 30/06/2024	8,747,623		8,747,623
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)
Change in net debit/(credit) position	**(2,507,035)**	**750,887**	**(3,257,922)**

Self-financing generated by the result of operations produced a net cash flow totalling Euro (2,51) million as at 30 June 2024, with an increased exposure of Euro 3.26 million compared to 31 December 2023.

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 and managing treasury flows without straining liquidity requirements.

REVIEW OF FINANCIAL POSITION

The net financial position as at 30 June 2024 and at the end of the previous period was as follows (figures shown in Euro):

NET FINANCIAL POSITION	30/06/2024	31/12/2023	CHANGES
Net position for short-term bank transactions and cash in hand	8,747,622	11,254,658	(2,507,036)
Short-term loans	(7,039,058)	(5,897,996)	(1,141,062)
Net short-term financial position	1,708,564	5,356,662	(3,648,098)
Long-term loans	(6,014,821)	(5,386,365)	(628,456)
Net financial position	**(4,306,257)**	**(29,703)**	**(4,276,554)**

During the period, new loans were taken out and outstanding loans were repaid to the extent of Euro 4.00 million and Euro 2.23 million, respectively.

The amount of circulating gold required to meet production cycle needs is partly provided by credit institutions on the basis of "loan for use" contracts. The overall commitment as at 30 June 2024 in respect of the availability of gold owned by credit institutions, on the basis of the aforementioned contracts, was equal to Euro 17.05 million.

INTERCOMPANY TRANSACTIONS

During the period 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	4,949,353	149,595	4,803,398	326,260
FOPE Jewellery Ltd	4,624,271	13,901	3,697,343	32,471
FOPE Deutschland GmbH	1,995	66,281		318,044
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 30 June 2024 comprised 85 people: 46 women and 39 men.

No significant accidents occurred during the period.

ENVIRONMENT

The Group carries out its business in compliance with the provisions on environmental protection. During the period, 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. At the closing date of the interim report, the activities and certifications necessary for the preparation of the Sustainability Report to be published in September 2024 were being completed. The report is prepared by the parent company FOPE S.p.A..

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 they are relevant to give a true and fair view of the financial position of the Company.

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.

BUSINESS OUTLOOK

In addition to the detailed disclosure provided in the previous paragraphs of this Report, it should be noted that for the 2024 year-end financial statements the economic forecast is positive.

The data emerging from the first few months following the half-year financial statements are confirming such forecast.

Diego Nardin
FOPE S.p.A. CEO

CONSOLIDATED FINANCIAL STATEMENT

Balance Sheet – Assets	30/06/2024	31/12/2023
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	2,145,750	2,209,258
4) concessions, licenses, trademarks and other similar rights	15,100	16,271
5) goodwill	345,504	421,820
6) assets under construction and payments on account	46,332	56,472
7) others	759,573	766,963
Total intangible fixed assets	3,312,259	3,470,784
II - Tangible fixed assets		
1) land and buildings	6,637,944	6,713,746
2) plant and machinery	1,930,448	1,964,715
3) industrial and commercial equipment	816,691	875,387
4) other assets	669,207	590,697
5) assets under construction and payments on account	282,517	265,321
Total tangible fixed assets	10,336,807	10,409,866
III - Financial fixed assets		
1) equity investments held in		
a) subsidiaries	35,024	35,024
b) associated companies		
c) parent companies		
d) companies subject to the control of parent companies		
d-bis) other companies	5,547	5,374
Total equity investments	40,571	40,398
2) receivables		
a) amounts due from subsidiaries		
within the following year	121,655	
after the following year		
Total amounts due from subsidiaries	121,655	
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	51,148	49,696
after the following year		
Total long-term receivables from others	51,148	49,696
Total receivables	172,803	49,696
3) other securities	750,000	750,000
4) derivative financial instrument assets	21,743	42,407
Total financial fixed assets	985,117	882,501

Balance Sheet – Assets	30/06/2024	31/12/2023
Total fixed assets (B)	14,634,183	14,763,151
C) Current assets		
I - Inventory		
1) raw materials, auxiliary materials and consumables	3,712,974	11,700,518
2) unfinished products and semi-finished products	5,342,212	1,141,867
3) contract work in progress		
4) finished products and goods	8,952,506	2,867,998
5) payments on account (advances)	66,664	7,844
Total inventory	18,074,356	15,718,227
Tangible fixed assets for sale		
II - Receivables		
1) trade receivables		
within the following year	16,819,809	14,375,399
after the following year		
Total trade receivables	16,819,809	14,375,399
2) amounts due from subsidiaries		
within the following year		
after the following year		
Total amounts due from subsidiaries		
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	1,391,469	1,513,837
after the following year		
Total amounts due from Inland Revenue	1,391,469	1,513,837
5-ter) deferred tax assets	1,009,079	762,165
5-quater) amounts due from others		
within the following year	214,674	551,133
after the following year	13,697	13,693
Total amounts due from others	228,371	564,826
Total receivables	19,448,728	17,216,227
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	1,903,453	695,148
6) other securities		
Financial assets for cash pooling management		
Total financial assets other than fixed assets	1,903,453	695,148
IV - Cash and cash equivalents		
1) bank and postal deposits	8,732,885	11,246,304
2) cheques	3,578	329

Balance Sheet – Assets	**30/06/2024**	**31/12/2023**
3) cash and securities on hand	11,159	8,538
Total cash and cash equivalents	8,747,622	11,255,171
Total current assets (C)	48,174,159	44,884,773
D) prepayments and accrued income	664,549	513,712
Total assets	**63,344,196**	**60,161,636**

Balance Sheet – Liabilities	30/06/2024	31/12/2023
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	24,440,606	18,889,189
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	(9,052)	56,927
Total other sundry reserves	(1,102,288)	(1,063,947)
Total other reserves	23,329,266	17,882,169
VII - Reserve for expected cash flow hedging transactions	981,340	420,499
VIII - Profit/(loss) carried forward		
IX - Profit/(loss) for the period	1,584,388	10,031,422
Loss covered during the period		
X - Negative reserve for treasury shares		
Total shareholders' equity	37,399,901	39,838,997
Minority interests		
Minority interests and reserves	218,064	168,640
Profit/(loss) for the period attributable to third parties	4,161	43,696
Total minority interests	222,225	212,336
Total consolidated shareholders' equity	37,622,126	40,051,333
B) Provisions for risks and charges		
1) pension and kindred outlays fund	958,210	929,798
2) provisions for taxes, including deferred tax liabilities	670,254	305,092
consolidation fund for future risks and charges		
3) derivative financial instrument liabilities	540,983	148,845
4) others	21,455	21,455
Total provisions for risks and charges	2,190,902	1,405,190
C) Employee severance pay	1,324,553	1,237,074
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	30/06/2024	31/12/2023
Total shareholders' loans		
4) amounts due to banks		
within the following year	7,039,058	5,898,509
after the following year	6,014,821	5,386,365
Total amounts due to banks	13,053,879	11,284,874
5) amounts due to other financial institutions		
within the following year	54,888	60,236
after the following year		
Total amounts due to other financial institutions	54,888	60,236
6) payments on account (advances)		
within the following year	24,477	22,570
after the following year		
Total payments on account	24,477	22,570
7) trade payables		
within the following year	5,522,892	4,110,521
after the following year		
Total trade payables	5,522,892	4,110,521
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		
after the following year		
Total amounts due to subsidiaries		
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	1,946,369	945,737
after the following year		
Total amounts due to Inland Revenue	1,946,369	945,737
13) amounts due to social security and welfare institutions		
within the following year	315,412	271,760
after the following year		
Total amounts due to social security and welfare institutions	315,412	271,760
14) other payables		
within the following year	768,596	569,025
after the following year		
Total other payables	768,596	569,025
Total payables	21,686,513	17,264,723
E) Accrued expenses and deferred income	648,797	203,316
Total liabilities	**63,472,891**	**60,161,636**

Income statement	30/06/2024	30/06/2023
A) Production Value		
1) revenues from sales and services	29,636,071	34,677,637
2) changes in inventories of unfinished, semi-finished and finished products	10,259,906	460,863
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	11,942	19,086
others	271,156	333,347
Total other income and revenues	283,098	352,433
Total production value	40,179,075	35,490,933
B) Costs of production		
6) raw materials, auxiliary materials, consumables and goods	15,302,930	18,181,144
7) services	9,350,179	7,951,605
8) use of third-party assets	384,553	530,431
9) labour costs		
a) salaries and wages	2,449,448	2,135,578
b) social security contributions	660,119	539,590
c) employee severance pay	121,146	110,656
d) pensions and kindred outlays		10,964
e) other costs	77,628	51,183
Total labour costs	3,308,341	2,847,971
10) amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	618,819	403,381
b) depreciation of tangible fixed assets	636,220	593,054
c) other write-down of fixed assets		
d) doubtful receivables held under current assets and losses on cash and cash equivalents	73,500	
Total amortisation, depreciation and write-downs	1,328,539	996,435
11) changes in inventories of raw materials, auxiliary materials, consumables and goods	7,969,694	(3,214,621)
12) provisions for risks		
13) other provisions		
14) sundry operating charges	91,475	111,679
Total production costs	37,735,711	27,404,644
Difference between production value and costs (A - B)	2,443,364	8,086,289
C) Financial income and charges		
15) income from equity investments		
from subsidiaries		
from associated companies		
from parent companies		
from companies subject to the control of parent companies		
others		
Total income from equity investments		
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	30/06/2024	30/06/2023
from parent companies		
from companies subject to the control of parent companies		
others	95,934	51,263
Income other than as stated above	95,934	51,263
Total other financial income	95,934	51,263
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	259,990	184,276
Total interest and other financial charges	259,990	184,276
17-bis) Exchange rate gains/(losses)	(7,008)	(253,935)
Total financial income and charges (15 + 16 - 17 + - 17-bis)	(171,063)	(386,948)
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)	2,272,301	7,699,341
20) Current taxes and deferred tax assets and liabilities		
current taxes	781,745	2,125,958
taxes pertaining to previous years	21,117	
deferred tax assets and liabilities	(119,110)	(1,492)
income (expense) from participation in the tax consolidation/fiscal transparency scheme		
Total current taxes and deferred tax assets and liabilities	683,752	2,124,466
21) Net profit/(loss) for the period	1,588,549	5,574,875
Group profit/(loss)	1,584,388	5,558,417
Profit/(loss) for the period attributable to third parties	4,161	16,458

Statement of cash flow, indirect method	30/06/2024	31/12/2023
A) Cash flow from operations (indirect method)		
Profit/(loss) for the period	1,588,549	10,075,118
Income tax	683,752	3,705,140
Interest expense/(income)	164,055	267,580
(Dividends)		
(Capital gains)/Capital losses from asset disposal	(5,791)	(38,389)
(1) Profit/(loss) for the period before income tax, interest, dividends, and capital gains/losses from disposals	2,430,565	14,009,449
Adjustments for non-monetary items that did not affect net working capital		
Allocations to provisions	223,058	510,536
Depreciation/amortisation of fixed assets	1,255,039	2,291,380
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	1,478,097	2,801,916
2) Cash flow before changes in net working capital	3,908,662	16,811,365
Changes in net working capital		
Decrease/(increase) in inventories	(2,356,128)	(1,795,590)
Decrease/(increase) in trade receivables	(2,442,503)	(2,015,371)
Increase/(decrease) in trade payables	1,811,548	(1,031,481)
Decrease/(increase) in prepayments and accrued income	(150,837)	(165,775)
Increase/(decrease) in accrued expenses and deferred income	445,481	(51,266)
Other decreases/(increases) in net working capital	982,884	(102,179)
Total changes in net working capital	(1,709,555)	(5,161,662)
3) Cash flow after changes in net working capital	2,199,107	11,649,703
Other adjustments		
Interest received/(paid)	(164,055)	(267,580)
(Income tax paid)	(207,772)	(4,978,646)
Dividends received		
(Use of provisions)	(393,890)	(604,175)
Other receipts/(payments)	5,791	38,389
Total other adjustments	(759,926)	(5,812,012)
Cash flow from operations (A)	1,439,181	5,837,691
B) Cash flow from investments		
Tangible fixed assets		
(Investments)	(568,881)	(1,714,602)
Disposals	5,719	126,187
Intangible fixed assets		
(Investments)	(460,294)	(1,568,389)
Disposals		
Financial fixed assets		
(Investments)	(102,614)	(35,024)
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)	(1,126,070)	(3,048,699)
C) Cash flows from servicing of finance		
Loan capital		
Increase/(decrease) in short-term bank loans	(513)	(1,017,253)
New loans	4,000,000	6,000,000

Statement of cash flow, indirect method	30/06/2024	31/12/2023
(Loan repayments)	(2,230,480)	(3,718,419)
Shareholders' equity		
Rights issue	(145)	(24,888)
(Capital repayments)		
Sale/(purchase) of treasury shares		
(Dividends and interim dividends paid)	(4,589,522)	(4,294,798)
Cash flow from servicing of finance (C)	(2,820,660)	(3,055,358)
Increase/(decrease) in cash and cash equivalents (A ± B ± C)	(2,507,549)	(266,366)
Exchange rate effect on cash and cash equivalents		
Cash and cash equivalents at beginning 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 beginning of year	**11,255,171**	**11,521,537**
Of which not freely usable		
Cash and cash equivalents at end of year		
Bank and postal deposits	8,732,885	11,246,304
Cheques	3,578	329
Cash and securities on hand	11,159	8,538
Total cash and cash equivalents at end of year	**8,747,622**	**11,255,171**
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		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2024

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 reporting period are extensively described 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 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 as of 1 January 2016.

In March 2024, the OIC published some amendments to the national accounting standards resulting from requests for clarification received from OIC stakeholders in the last year.

The main amendments concerned accounting standards OIC 16 and OIC 31 to introduce specific accounting rules regarding decommissioning and restoration obligations; OIC 25 to clarify that the provisions deriving from the OECD Pillar II model are not relevant for the purposes of deferred taxation; and OIC 12, OIC 15 and OIC 19 to clarify that discounts are accounted for as a reduction of revenues while advance collections of receivables are accounted for as financial charges.

The amendments made to OIC 25 came into force immediately upon publication in March 2024, while the amendments to OIC 12, 15, 16, 19, 20, 21 and 31 apply to financial statements for periods beginning on or after 1 January 2024.

The effects resulting from the application thereof will be treated as indicated by OIC 29 in respect of amendments to accounting standards.

The OIC also published Interpretative Document 11 - "Accounting aspects relating to the measurement of securities not held as fixed assets" updated for 2023 financial statements.

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	JANUARY 2024		
OIC 13 Inventories	DECEMBER 2017		
OIC 14 Cash and cash equivalents	DECEMBER 2016		
OIC 15 Receivables	JANUARY 2024		
OIC 16 Tangible fixed assets	JANUARY 2024		
OIC 17 Consolidated financial statements and equity method	DECEMBER 2017		
OIC 18 Accruals and deferrals	DECEMBER 2016		
OIC 19 Payables	JANUARY 2024		
OIC 20 Debt securities	JANUARY 2024		
OIC 21 Equity investments	JANUARY 2024		
OIC 22 Memorandum accounts			X
OIC 23 Contract work in progress	DECEMBER 2016		
OIC 24 Intangible fixed assets	DECEMBER 2017		
OIC 25 Income taxes	MARCH 2024		
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	JANUARY 2024		
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 period ended 30 June 2024, 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 stake.

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, STE 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.

FOPE Japan G.K., which was established in 2023, 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.

In the first half of 2024, it was not included in the scope of consolidation since the first transactions, of a negligible amount, took place in June 2024.

Milano 1919 S.r.l., a company owned by the Parent Company with a 20% minority stake 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 consolidation purposes, the draft financial statements of the individual companies for the period ended 30 June 2024, reclassified and adjusted to comply with the accounting standards and the basis of presentation adopted by the Group, were used.

CONSOLIDATION PRINCIPLES

The main consolidation principles adopted for preparing the Consolidated Financial Statements are as follows:

- 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 AS AT 30/06/2024	HALF-YEAR AVERAGE EXCHANGE RATE
US Dollar	1.07050	1.08130
UAE Dirham	3.93140	3.97090
Pound Sterling	0.84638	0.85465

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 period 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 amortised based on the term of the lease.

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.

Moreover, the amortised cost criterion 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.

The item “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.

COMMITMENTS, 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 period 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 at 30 June 2024, the Group had finance leases in place, which have been recognised in the financial statements according to the "financial 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	4
White collars	37
Blue collars	35
Other employees	
Total employees	**85**

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
Opening balance								
Cost			3,414,505	704,714	1,450,010	56,472	1,667,350	7,293,051
Write-ups								
Amortisation (Accumulated amortisation)			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**
Changes during the period								
Increases from acquisitions			317,954	1,538		31,092	106,100	456,684
Reclassifications (of book value)			25,632			(41,232)	15,600	
Decreases for disposals and disinvestments (of book value)								
Write-ups during the period								
Amortisation for the period			407,243	2,709	76,316		132,551	618,819
Write-downs during the period								
Other changes			149				3,461	3,610
Total changes			(63,508)	(1,171)	(76,316)	(10,140)	(7,390)	(158,525)
Closing balance								
Cost			5,472,718	950,304	1,450,010	46,332	1,795,440	9,984,804
Write-ups								
Amortisation (Accumulated amortisation)			3,596,968	935,204	1,104,506		1,035,867	6,672,545
Write-downs								
Book value			**2,145,750**	**15,100**	**345,504**	**46,332**	**759,573**	**3,312,259**

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 46,332, 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 759,573, include costs incurred for leasehold improvements, with special reference to those related to the renovation of the single-brand store in Venice and the Milan showroom. 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 store 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 store opened in Tokyo in 2022 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
Opening balance						
Cost	9,594,682	6,222,286	3,863,589	1,703,761	265,321	21,649,639
Write-ups						
Depreciation (Accumulated depreciation)	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**
Changes during the period						
Increases from acquisitions	53,097	158,945	147,885	109,232	91,362	560,521
Reclassifications (of book value)		23,031		51,135	(74,166)	
Decreases for disposals and disinvestments (of book value)		5,719				5,719
Write-ups during the period						
Depreciation for the period	128,899	210,668	212,666	83,988		636,220
Write-downs during the period						
Other changes		145	6,086	2,138		8,369
Total changes	(75,802)	(34,266)	(58,695)	78,517	17,196	(73,049)
Closing balance						
Cost	9,647,778	6,334,350	4,026,169	1,872,652	282,517	22,163,466
Write-ups						
Depreciation (Accumulated depreciation)	3,009,834	4,403,902	3,209,478	1,203,445		11,826,659
Write-downs						
Book value	**6,637,944**	**1,930,448**	**816,691**	**669,207**	**282,517**	**10,336,807**

“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 669,207, include the following items:

Description	30/06/2024	31/12/2023	CHANGES
Furniture and furnishings	434,392	393,136	41,256
Computer equipment	97,327	92,978	4,349
Vehicles	123,254	88,777	34,477
Miscellaneous equipment	1,246	1,413	(167)
Others	12,988	14,393	(1,405)
Total other tangible assets	**669,207**	**590,697**	**78,510**

The amount shown in “Tangible fixed assets under construction and payments on account”, totalling Euro 282,517, mainly refers to advanced payments made to machinery manufacturers.

FINANCIAL FIXED ASSETS

SHAREHOLDING

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	(549,051)	78,195	27,500	20	250,000	742,345
Provision for write-down of investment								(250,000)	

"Equity investments held in associated companies" refer 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 2023 financial statements of Milano 1919 S.r.l. show a production value of Euro 742,345, while shareholders' equity stands at Euro 78,195. The equity investment was fully written down in 2019.

"Other equity investments held under financial fixed assets" relate to the small stakes that Group companies hold in national trade fairs and associations.

LONG-TERM RECEIVABLES

Description	BOOK VALUE
Lloyds credit cards guarantee deposit	28,356
Various security deposits	15,966
Lease advance	6,826
Total	**51,148**

As at 30 June 2024, 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.

DERIVATIVE FINANCIAL INSTRUMENT ASSETS

The Group recognised derivative financial instruments (assets) in the amount of Euro 21,743 under financial fixed assets, since pertaining to the hedging of cash flows and the fair value of liabilities classified beyond the following financial year.

For more information on the financial instruments issued by the Group, as required by Article 2427, section 1(19) of the Italian Civil Code, please refer to the specific paragraph in these Notes.

CURRENT ASSETS

INVENTORIES

A breakdown of inventories is provided in the table below:

	OPENING BALANCE	CHANGES DURING THE PERIOD	CLOSING BALANCE
Raw materials, auxiliary materials and consumables	11,700,518	(7,987,544)	3,712,974
Unfinished products and semi-finished products	1,141,867	4,200,345	5,342,212
Finished products and goods	2,867,998	6,084,508	8,952,506
Advanced payments on goods	7,844	58,820	66,664
Total inventory	**15,718,227**	**2,356,129**	**18,074,356**

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 measurement of finished and unfinished product inventories includes the cost of production and external processing; the portion of the value of gold and diamond raw materials is represented separately and comprehensively under the item "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 30 June 2024 stood at Euro 17,048,914.

The customisations and implementations made to the SAP ERP allow for warehouse management in line with FOPE's production and distribution profile, with a more precise definition and measurement 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:

	OPENING BALANCE	CHANGES DURING THE PERIOD	CLOSING BALANCE	PORTION DUE WITHIN THE YEAR	PORTION DUE AFTER THE YEAR
Receivable recognised under current assets					
Trade receivables	14,375,399	2,444,410	16,819,809	16,819,809	
Amounts due from subsidiaries					
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	1,513,837	(122,368)	1,391,469	1,391,469	
Deferred tax assets	762,165	246,914	1,009,079		
Amounts due from others	564,826	(336,455)	228,371	214,674	13,697
Total receivables held under current assets	**17,216,227**	**2,232,501**	**19,448,728**	**18,425,952**	**13,697**

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 period 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 1,391,469, 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 1,009,079. 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	18.23%
Customers in EU Area	36.40%
Customers outside of the EU Area	45.36%

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 PRESIDENTIAL DECREE 917/1986	TOTAL
Balance as at 31/12/2023	366,896	82,144	449,040
Use during the period			
Accrual for the period	73,500		73,500
Balance as at 30/06/2024	**440,396**	**82,144**	**522,540**

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

	AMOUNT AS AT 31/12/2023	PROVISIONS FOR THE PERIOD	USE DURING THE PERIOD	AMOUNT AS AT 30/06/2024
Deferred tax assets	295,912	28,792	72,815	251,889
Tax effect arisen from hedging	35,881	129,942	35,881	129,942
FOPE Usa Inc. deferred tax assets				
Deferred tax (assets) liabilities from consolidated adjustments	430,371	196,877		627,248
Rounding	1		1	
Total deferred tax assets	**762,165**	**355,611**	**108,697**	**1,009,079**

The table below shows the breakdown of deferred tax assets as at 30 June 2024.

Description	31/12/2023	PREPAID IRES (CORPORATE INCOME TAX) 24%	PREPAID IRAP (REGIONAL INCOME TAX) 3.9%	TOTAL PREPAID TAXES
Provision to the agents’ termination indemnity fund	45,619	10,949	1,779	12,728
Provision to the product warranty fund	21,455	5,149	837	5,986
Write-down of receivables	82,144	19,715		19,715
Write-down of raw material inventory	121,474	29,154	4,737	33,891
Write-down of goodwill	100,000	24,000	3,900	27,900
Unpaid directors’ fees				
Estimated foreign exchange loss	78,114	18,747		18,747
Amortisation of goodwill	474,079	113,779	18,489	132,268
Derivatives assets - commodities	2,713	651	106	757
Derivative assets - interest rate/currencies	538,270	129,185		129,185
Consolidation entries - write-off of profit in stock	2,248,203	539,569	87,680	627,249
Rounding/change %		656	(3)	653
Total	**3,712,071**	**891,554**	**117,525**	**1,009,079**

FINANCIAL ASSETS OTHER THAN FIXED ASSETS

The Group recognised derivative financial instrument (assets) in the amount of Euro 1,903,453 under financial assets other than fixed assets, since pertaining to the hedging of cash flows and the fair value of assets held under current assets.

For more information, as required by Article 2427, section 1(19) of the Italian Civil Code, please refer to the specific section of these Notes.

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.

	OPENING BALANCE	CHANGES DURING THE PERIOD	CLOSING BALANCE
Bank and postal deposits	11,246,304	(2,513,419)	8,732,885
Cheques	329	3,249	3,578
Cash and other securities on hand	8,538	2,621	11,159
Total cash and cash equivalents	**11,255,171**	**(2,507,549)**	**8,747,622**

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.

	OPENING BALANCE	CHANGES DURING THE PERIOD	CLOSING BALANCE
Accrued income			
Prepayments	513,712	150,837	664,549
Total prepayments and accrued income	**513,712**	**150,837**	**664,549**

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
Participation in trade fairs	151,051
Directors' fees for the second half of the year	125,000
Theft insurance	90,301
Sundry insurance policies	82,763
Licenses of use, technical and software support contracts	63,135
Services related to the listing on the Euronext Growth Milan market	39,334
Advertising pages	21,750
Lease fees	19,269
Ritz Hotel shop window rental	14,400
DPO assignment	7,000
Car leasing	6,398
Rental and surveillance	1,892
Other non-relevant costs	42,257
Total	**664,549**

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

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 period and on shareholders' equity:

	SHAREHOLDERS' EQUITY (EXCLUDING PROFIT/LOSS FOR THE PERIOD)	PROFIT/(LOSS) FOR THE PERIOD
Shareholders' equity and profit/(loss) for the period as shown in the Parent Company's financial statements	34,645,837	1,966,177
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	2,314,636	
b) Pro-rata profit/(loss) made by investees		95,725
c) Gains/losses allocated on the date of acquisition of the investees		
d) consolidation difference		
Other consolidation entries	(1,114,830)	(507,546)
Write-off of the effects of transactions between Subsidiaries	(30,130)	30,032
Shareholders' equity and profit/(loss) for the period pertaining to the Group	35,815,513	1,584,388
Shareholders' equity and profit/(loss) for the period attributable to third parties	218,064	4,161
Consolidated shareholders' equity and net profit/(loss)	36,033,577	1,588,549

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

		ALLOCATION OF PROFIT FROM THE PREVIOUS YEAR		OTHER CHANGES				
	OPENING BALANCE	ALLOCATION OF DIVIDEND	OTHER ALLOCATIONS	INCREASES	DECREASES	RECLASSIFICATIONS	PROFIT/(LOSS) FOR THE PERIOD	CLOSING BALANCE
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	18,889,189		5,441,755	109,662				24,440,606
Reserve for unrealised gains on exchange rates								
Consolidation reserve								
Other sundry reserves	(1,063,947)				38,486			(1,102,433)
Other sundry reserves – Currency exchange reserve	56,927				65,834			(8,907)
Total other reserves	17,882,169		5,441,755	109,662	104,320			23,329,266
Reserve for expected cash flow hedging transactions	420,499			981,340	420,499			981,340
Profit/(loss) carried forward								
Profit/(loss) for the period	10,031,422	(4,589,667)	(5,441,755)				1,584,388	1,584,388
Loss covered during the period								
Negative reserve for treasury shares								
Capital and third-party reserves	168,640		43,696	5,728				218,064
Third-party profit/(loss)	43,696		(43,696)				4,161	4,161
Total consolidated shareholders' equity	**40,051,333**	**(4,589,667)**		**1,096,730**	**524,819**		**1,588,549**	**37,622,126**

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
Opening balance	929,798	305,092	148,845	21,455	1,405,190
Changes during the period					
Accrual for the period	28,412	575,761	540,983		1,145,156
Use during the period		210,599	148,845		359,444
Other changes					
Total changes	28,412	365,162	392,138		785,712
Closing balance	**958,210**	**670,254**	**540,983**	**21,455**	**2,190,902**

The pension fund refers to the agents’ termination indemnity fund established by the Parent Company.

With reference to Italian agents, provisions for the period were determined in accordance with the economic agreements for the industry sector (*Accordi Economici Collettivi* – 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:

	31/12/2023	PROVISIONS FOR THE PERIOD	USE DURING THE PERIOD	30/06/2024
Provisions for deferred taxes	6,958	40,271	6,958	40,271
Effect arisen from hedging	204,093	532,815	204,093	532,815
Deferred tax liabilities from leases	352	23		375
FOPE Jewellery Ltd. deferred tax liabilities	59,683			59,683
FOPE Usa Inc. deferred tax liabilities	34,458	409		34,867
Translation exchange differences	(454)	2,243	(454)	2,243
Rounding	2		2	
Total provisions for deferred taxes	**305,092**	**575,761**	**210,599**	**670,254**

EMPLOYEE SEVERANCE PAY

The following table shows the changes in the period.

	EMPLOYEE SEVERANCE PAY
Opening balance	1,237,074
Changes during the period	
Accrual for the period	121,146
Use during the period	34,446
Other changes	779
Total changes	87,479
Closing balance	**1,324,553**

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:

	OPENING BALANCE	CHANGES DURING THE PERIOD	CLOSING BALANCE	PORTION DUE WITHIN THE PERIOD	PORTION DUE AFTER THE PERIOD
Bonds					
Convertible bonds					
Shareholders' loans					
Amounts due to banks	11,284,874	1,769,005	13,053,879	7,039,058	6,014,821
Amounts due to other financial institutions	60,236	(5,348)	54,888	54,888	
Advances	22,570	1,907	24,477	24,477	
Trade payables	4,110,521	1,412,371	5,522,892	5,522,892	
Payables in the form of securities					
Amounts due to subsidiaries					
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	945,737	1,000,632	1,946,369	1,946,369	
Amounts due to social security and welfare institutions	271,760	43,652	315,412	315,412	
Other payables	569,025	199,571	768,596	768,596	
Total payables	**17,264,723**	**4,421,790**	**21,686,513**	**15,671,692**	**6,014,821**

Below is a breakdown of the balance of total amounts due to banks as at 30 June 2024, standing at Euro 13,053,879.

	AMOUNT
accounts overdraft	1,000,000
loans	12,053,879
other amounts due	
Total	**13,053,879**

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 AS AT 30/06/2024	PORTION WITHIN 12 MONTHS	PORTION AFTER 12 MONTHS
Simest S.p.A.	400,000	31/12/2025	120,000	80,000	40,000
Unicredit S.p.A.	2,000,000	30/11/2024	333,959	333,959	
Unicredit S.p.A.	3,000,000	31/03/2026	1,795,653	1,007,394	788,259
Banco di Desio e della Brianza S.p.A.	2,000,000	10/12/2025	1,018,689	674,886	343,803
Credem S.p.A.	2,000,000	10/05/2025	829,239	829,239	
Credem S.p.A.	3,000,000	12/10/2026	3,000,000	1,157,242	1,842,758
Intesa San Paolo S.p.A.	4,000,000	28/05/2025	956,339	956,339	
Intesa San Paolo S.p.A.	4,000,000	24/04/2028	4,000,000	1,000,000	3,000,000
Total			**12,053,879**	**6,039,059**	**6,014,820**

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 amount of circulating gold required to meet production cycle needs is partly provided by credit institutions on the basis of "loan for use" contracts. The overall commitment as at 30 June 2024 in respect of the availability of gold owned by credit institutions, on the basis of the aforementioned contracts, was equal to Euro 17.05 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.

The item "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.

"Amounts due to Inland Revenue" mainly refer to IRES (corporate income tax) payables totalling Euro 609,098, payables for withholdings on dividends totalling Euro 445,261 and the amounts due by foreign companies to tax authorities totalling Euro 746,022.

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

	OPENING BALANCE	CHANGES DURING THE PERIOD	CLOSING BALANCE
Accrued expenses	68,062	452,830	520,892
Deferred income	135,254	(7,348)	127,906
Total accrued expenses and deferred income	**203,316**	**445,481**	**648,797**

Below is a breakdown of this item.

Description	AMOUNT
Loan for use fees	499,750
Tax credit under Italian Law 160/19	127,906
Bank fees and interest	12,179
Costi relative a Fope Branch	2,040
Others	6,923
Total	**648,798**

It should also be noted that accrued expenses and deferred income over five years stood at Euro 10,790.

Below is a breakdown of this item.

Description	30/06/2024	30/06/2023	CHANGES
Revenues from sales and services	29,636,071	34,677,637	(5,041,566)
Changes in product inventories	10,259,906	460,863	9,799,043
Other income and revenues	283,098	352,433	(69,335)
Total	**40,179,075**	**35,490,933**	**4,688,142**

Below is the percentage breakdown of revenues by geographical area.

Revenues by area	
Customers in Italy	17.73%
Customers in EU Area	43.09%
Non-European customers	39.18%

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.

B) COSTS OF PRODUCTION

Below is a breakdown of this item.

Description	30/06/2024	30/06/2023	CHANGES
Raw materials, auxiliary materials and goods	15,302,930	18,181,144	(2,878,214)
Change in inventories of raw materials	7,969,694	(3,214,621)	11,184,315
Services	9,350,179	7,951,605	1,398,574
Use of third-party assets	384,553	530,431	(145,878)
Salaries and wages	2,449,448	2,135,578	313,870
Social security contributions	660,119	539,590	120,529
Employee severance pay	121,146	110,656	10,490
Pension and kindred outlays fund		10,964	
Other labour costs	77,628	51,183	26,445
Amortisation of intangible fixed assets	618,819	403,381	215,438
Depreciation of tangible fixed assets	636,220	593,054	43,166
Other write-down of fixed assets			
Doubtful receivables held under current assets	73,500		73,500
Provisions for risks			
Other provisions			
Sundry operating charges	91,475	111,679	(20,204)
Total	**37,735,711**	**27,404,644**	**10,331,067**

“Services” include Euro 130 thousand in fees for loans for use.

“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	
From equity investments in other companies	
Other income other than as stated above	95,934
Total	**95,934**

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

	INTEREST AND OTHER FINANCIAL CHARGES
From bonds	
From amounts due to banks	257,609
From others	2,381
Total	**259,990**

EXCHANGE GAINS/(LOSSES)

	EXCHANGE GAINS	EXCHANGE LOSSES	NET BALANCE
Realised component	290,770	270,538	20,231
Unrealised component	167,795	195,034	(27,239)
Total	**458,565**	**465,572**	**(7,008)**

INCOME TAXES FOR THE PERIOD

Taxes	BALANCE AS AT 30/06/2024	BALANCE AS AT 30/06/2023	CHANGES
Current taxes:	781,745	2,125,958	(1,344,213)
IRES (corporate income tax)	604,000	1,704,120	(1,100,120)
IRAP (regional income tax)	137,760	331,924	(194,164)
Lease taxes			
FOPE Usa Inc. current taxes	14,357	20,660	(6,303)
FOPE Jewellery Ltd. current taxes	5,548	21,944	(16,396)
FOPE Deutschland Gmbh current taxes	20,080	47,310	(27,230)
Taxes pertaining to previous years	21,117		21,117
Deferred tax (assets) liabilities	(119,109)	(1,492)	(117,617)
IRES (corporate income tax)	78,740	95,008	(16,268)
IRAP (regional income tax)	(1,404)	(1,404)	
Other deferred tax (assets) liabilities	409		409
Deferred tax (assets) liabilities from consolidation adjustments	(196,854)	(95,096)	(101,758)
Total	**683,753**	**2,124,466**	**(1,440,713)**

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 period 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 period compared with that for the period ended 30 June 2023.

	30/06/2024		30/06/2023	
	TAXABLE AMOUNT	TAX	TAXABLE AMOUNT	TAXES
Pre-tax profit/(loss) for the period (Parent Company)	2,806,390		7,820,637	
IRES - Theoretical tax burden (24% rate)		(673,534)		(1,876,953)
IRAP - Theoretical tax burden (3,9% rate on EBIT)		(111,540)		(325,527)
Total taxes		(785,074)		(2,202,480)
Theoretical tax rate		-27.97%		-28.16%
IRES differences				
Permanent increases	241,192	(57,886)	223,435	(53,624)
Increases feeding into deferred tax assets	114,120	(27,389)	142,257	(34,142)
Increases adjusting deferred tax liabilities	28,992	(6,958)	160,150	(38,436)
Total increases	384,304	(92,233)	525,842	(126,202)
Permanent decreases	(202,839)	48,681	(609,354)	146,245
Decreases adjusting deferred tax assets	(303,395)	72,815	(551,984)	132,476
Decreases feeding into deferred tax liabilities	(167,795)	40,271	(84,640)	20,314
Decreases	(674,029)	161,767	(1,245,978)	299,034
IRAP differences				
Labour costs	246,349	(9,608)	28,539	(1,113)
Provisions and write-down of receivables	73,500	(2,867)		
Other permanent increases	570,238	(22,239)	498,372	(19,437)
Total increases feeding into deferred tax assets	36,006	(1,404)	36,006	(1,405)
Total increases	926,093	(36,118)	562,917	(21,954)
Permanent decreases	(253,789)	9,898	398,889	(15,557)
Decreases adjusting deferred tax assets				
Total decreases	(253,789)	9,898	(398,889)	15,557
Total current IRES taxes		(604,000)		(1,704,121)
Total current IRAP taxes		(137,760)		(331,924)
Taxes from previous financial years		(21,117)		
Taxes paid by foreign subsidiaries		(39,985)		(89,914)
Tax effect of lease accounting		(24)		(43)
Deferred tax (assets) liabilities of parent company		(77,336)		(93,604)
Deferred tax (assets) liabilities of foreign subsidiaries		(409)		
Deferred tax (assets) liabilities from consolidation adjustments		196,878		95,140
Total taxes for the period		(683,753)		(2,124,466)
Profit/(loss) for the period before taxes (consolidated)		2,272,301		7,699,341
Actual tax rate		**30.09%**		**27.59%**

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 period ended 30 June 2024 were prepared in accordance with the indirect method as under OIC 10, adjusting the profit for the period shown in the Income Statement.

During the first half of 2024, the cash flows generated by the Group totalled Euro (2,507,549). Cash and cash equivalents decreased from Euro 11,255,171 as at the reporting date of the previous year to Euro 8,747,622 as at 30 June 2024.

A) Cash flow from operations

The Group closed the first half of 2024 with a profit for the period of Euro 1,588,549 (Euro 10,075,118 as at 31 December 2023). Taxes for the period totalled Euro 683,752 (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 1,439,181, down compared to the previous financial year (Euro 5,837,691).

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

- Provisions totalling Euro 223,058, referring to provisions to the agents' termination indemnity fund and other funds.
- Amortisation, depreciation and write-downs totalling Euro 1,255,039.

Changes in net working capital totalled Euro (1,709,555), showing in particular an increase in trade receivables and inventories.

Other adjustments were on the downside (Euro 759,926) and mainly related to income taxes 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 1,126,070.

The negative result was mainly due to investments made by the Group in tangible 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 2,820,660.

With reference to third-party funds, it should be noted that a new loan of Euro 4,000,000 was taken out, while Euro 2,230,480 was repaid in principal.

With regard to flows from equity, it should be noted that dividends totalling Euro 4,589,667 were distributed during the period, 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.

Type of contract	PURPOSE	UNDERLYING RISK	NOTIONAL VALUE OF REFERENCE AS AT 30/06/2024	FAIR VALUE AS AT 30/06/2024
Commodity swap	HEDGING DERIVATIVE	PRECIOUS METALS	23,226,166	1,811,849
Currency options	HEDGING DERIVATIVE	USD/EUR EXCHANGE RATE	11,000,000	(279,434)
Currency options	HEDGING DERIVATIVE	AUD/EUR EXCHANGE RATE	250,000	(2,348)
Currency options	HEDGING DERIVATIVE	GBP/EUR EXCHANGE RATE	4,400,000	(236,325)
Currency options	HEDGING DERIVATIVE	JPY/EUR EXCHANGE RATE	230,000,000	88,891
Interest rate swaps	HEDGING DERIVATIVE	INTEREST RATES	4,941,178	1,580

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, as at 30 June 2024 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.

Information relating to fees payable to the Independent Auditors

	AMOUNT
Statutory audit of the FOPE S.p.A. annual accounts	22,089
Statutory audit of the FOPE Jewellery Ltd annual accounts	12,578
Statutory audit of the FOPE Usa Inc annual accounts	24,045
Tax advisory services	
Other audit services	
Other services other than audit services	36,972
Total fees due to the independent auditors	**95,684**

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

During 2024, the auditing firm also performed consulting activities in connection with the preparation of the sustainability report and the certification of R&D activities. It also provided services related to 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	474,999	20,528

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 reporting period, 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 17,048,914.

INFORMATION ON SIGNIFICANT EVENTS OCCURRING AFTER THE FIRST HALF OF 2024

PURCHASE OF SHARES IN THE SUBSIDIARY FOPE JEWELLERY LTD.

On 22 July 2024, FOPE S.p.A. purchased an equity interest in FOPE Jewellery Ltd. owned by the outgoing shareholder John Coupland (equal to 900 ordinary shares with a nominal value of GBP 1.00 each) for a total of GBP 60,000. This transaction led the parent company to obtain 84% control over the subsidiary's share capital.

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 reporting period, 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.

Consolidated Financial Statements as at June 30, 2024

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

BDO

INDEPENDENT AUDITOR'S INTERIM REVIEW REPORT

To Shareholders of
Fope S.p.A.

Report on Review of Consolidated Interim Financial Statements

Introduction

We have reviewed the accompanying Consolidated Interim Financial Statements of FOPE S.p.A. and its subsidiaries (FOPE Group) comprising the balance sheet as of June 30, 2024, and the income statement, the statement of changes in equity and the statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim consolidated financial statements in accordance with Italian Accounting Principle OIC 30, governing interim financial information. Our responsibility is to express a conclusion on these Interim Consolidated Financial Statements based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Consolidated Interim Financial Statements do not give a true and fair view of the financial position of FOPE Group as of June 30, 2024, and of its financial performance and its cash flows for the six-month period then ended in accordance with Italian Accounting Principle OIC 30, governing interim financial information.

Verona, September 27, 2024

BDO Italia S.p.A.

Signed by

Marco Giuseppe Troiani
Partner

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VICENZA

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