



KPMG S.p.A.  
Revisione e organizzazione contabile  
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**Riservata**  
Spettabile  
Rotair S.p.A.  
Via Bernezzo, 67  
12023 Caraglio CN

Alla cortese attenzione della Dott.ssa Lorella Donadio

29 maggio 2023

A seguito della Vostra richiesta alleghiamo il testo tradotto in inglese della nostra relazione di revisione sul bilancio della Rotair S.p.A. al 31 marzo 2023.

Con l'occasione siamo a ricordarVi che come condiviso la suddetta traduzione potrà essere utilizzata solamente per fini interni del management di Rotair S.p.A. e non potrà essere distribuita all'esterno.

Con i migliori saluti.

KPMG S.p.A.

  
Riccardo Oscar Cavazzana  
Senior Manager

rc/mfo



Rotair S.p.A.  
Lettera del 29 maggio 2023

(Translation from the Italian original which remains the definitive version)

## **Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010**

*To the sole shareholder of  
Rotair S.p.A.*

### **Report on audit of the financial statements**

#### **Opinion**

We have audited the accompanying financial statements of Rotair S.p.A. (the "company"), which comprise the balance sheet as at 31 March 2023, the profit and loss account and cash flow statement for the year then ended and notes thereto.

In our opinion, the financial statements give a true and fair view of the company's financial position as at 31 March 2023 and of its financial performance and cash flows for the year then ended in accordance with the Italian regulations governing their preparation.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "Independent auditors' responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other matters**

As required by the law, the company disclosed the key figures from the latest financial statements of the company that manages and coordinates it in the notes to its own financial statements. Our opinion on the financial statements of Rotair S.p.A. does not extend to such data.

#### **Responsibilities of the company's directors and board of statutory auditors for the financial statements**

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian regulations governing their preparation and, in accordance with the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the financial statements and for the related disclosures. The use of this basis of accounting is appropriate unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in accordance with the Italian law, the company's financial reporting process.



**Rotair S.p.A.**

Lettera del 29 maggio 2023

### ***Independent auditors' responsibilities for the audit of the financial statements***

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

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the planning and performance of the audit. We also:

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

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

### **Report on other legal and regulatory requirements**

#### ***Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10***

The company's directors are responsible for the preparation of a directors' report at 31 March 2023 and for the consistency of such report with the related financial statements and its compliance with applicable law.



**Rotair S.p.A.**

*Lettera del 29 maggio 2023*

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report with the company's financial statements at 31 March 2023 and its compliance with applicable law and to express a statement on any significant misstatement.

In our opinion, the directors' report is consistent with the company's financial statements at 31 March 2023 and has been prepared in compliance with the applicable law.

With reference to the statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the company and its environment obtained when performing our audit, we have nothing to report.

Turin, 29 May 2023

KPMG S.p.A.

(signed on the original)

Silvia Rimoldi  
Director of Audit

"This is the translation of the report of the auditors originally drawn up in Italian, which remains the definitive version. We have not checked the translation into English of the related financial statements. Accordingly, this report has only been translated for the internal use of the management of Rotair S.p.A. and cannot be disclosed to third parties"

**ROTAIR S.P.A.**

12023 CARAGLIO (CN) – VIA BERNEZZO, 67

Company with sole partner

Under Management and Coordination by Elgi Equipments Ltd.

Capital: EUR 601.950,00 fully paid

Tax code 00210890042 – VAT N°: 00210890042

Registered with the business register of CUNEO

Registration number: 00210890042

Chamber of Commerce of CUNEO

Economic and Administrative Business Register N°: 85673

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**REPORT ON THE FINANCIAL STATEMENTS AT 31/03/2023**

The amounts shown are in EURs

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Dear Shareholder,

we submit to your attention the Financial Statement at March 31st, 2023 with the relevant Notes to the Accounts, according to the current legislation. The Period closes with a net profit of 2,908,517 EUR after the provision for current, differed and prepaid income taxes for the year, for an amount of 1,209,568 EUR.

The net profit for the period increased by +197% compared to the previous period as well as the net profitability, which rose from 5.01% to 8.19% of the value of production.

	31/03/2023		31/03/2022	
	amount	%	amount	%
Value of production	35.516.355	100,00%	29.563.531	100,00%
<b>Operating profit</b>	<b>4.307.742</b>	<b>12,13%</b>	<b>1.952.832</b>	<b>6,61%</b>
Financial income and costs	-189.657	-0,53%	32.297	0,11%
<b>Profit before tax</b>	<b>4.118.085</b>	<b>11,59%</b>	<b>1.985.129</b>	<b>6,71%</b>
Tax	-1.209.568	-3,41%	-505.465	-1,71%
<b>Net profit</b>	<b>2.908.517</b>	<b>8,19%</b>	<b>1.479.664</b>	<b>5,01%</b>

**Reclassified Profit and loss accounts - Data are reported as percentage of the turnover**

	31/03/2023		31/03/2022	
	amount	%	amount	%
Revenue	32.145.782	94,08%	30.860.439	94,76%
Other revenue	2.023.792	5,92%	1.705.455	5,24%
<b>Value of production</b>	<b>34.169.574</b>	<b>100,00%</b>	<b>32.565.894</b>	<b>100,00%</b>
Consumption	-17.237.335	-50,45%	-19.964.144	-61,30%
Services and leased assets	-6.854.366	-20,06%	-5.865.750	-18,01%
Sundry expenses	-169.475	-0,50%	-145.983	-0,45%
<b>Added value</b>	<b>9.908.398</b>	<b>29,00%</b>	<b>6.590.017</b>	<b>20,24%</b>
Personnel costs	-5.121.336	-14,99%	-4.397.059	-13,50%
<b>Gross operating margin</b>	<b>4.787.062</b>	<b>14,01%</b>	<b>2.192.958</b>	<b>6,73%</b>
Depreciation and write-downs	-479.320	-1,40%	-240.126	-0,74%
<b>Operating (production value - costs of production) result</b>	<b>4.307.742</b>	<b>12,61%</b>	<b>1.952.832</b>	<b>6,00%</b>
Financial income and charges	-189.657	-0,56%	32.297	0,10%
<b>Profit before tax</b>	<b>4.118.085</b>	<b>12,05%</b>	<b>1.985.129</b>	<b>6,10%</b>
Tax	-1.209.568	-3,54%	-505.465	-1,55%
<b>Net profit</b>	<b>2.908.517</b>	<b>8,51%</b>	<b>1.479.664</b>	<b>4,54%</b>

## Activity carried out by the Company

The activity carried out by the Company consists in the production and marketing motor compressors, hydraulic hammers and minidumpers.

## Macroeconomic scenario and the evolution of the Company's business

The net profit for the year shows a positive result of 2.908 million EURs, an improvement compared to the 2021-22 result of 1.480 million EURs.

Despite the excellent performance, however, it was a particularly complex year characterized by conflicting events.

The Russian-Ukrainian conflict began in February 2022, triggered a sharp increase in commodity prices and this was reflected in a rapid rise in inflation which reached levels above 8% in both Europe and the United States.

The effects of the conflict had an impact on the Company's production cost but, despite these increases, margins still improved due to the increase in sales prices.

It should also be noted that the Company has implemented the change in the inventory valuation method, moving from weighted average cost to FIFO. This change was necessary to align with the valuation method applied by the Group and the related effect was accounted for on the opening balance of the shareholders' equity for the current year, in line with the provisions of OIC 29, as represented in more detail in the explanatory notes .

## Predictable evolution of management

In 2023, the international scenario should ease the tensions that characterized 2022 with a progressive decrease in energy and commodity costs.

As regards the economic prospects for the current year, orders are growing and, barring the occurrence of unforeseeable scenarios, an increase in turnover can also be assumed for the current year.

At the date of these financial statements, the Company is in line with the budget for the period.

### The performance of the Company's business

Despite the excellent results, the year 2022-23 was a difficult year from a management and financial point of view due to the increase in production activity. To cope with the increase in production, the Company has taken steps to new hires and today the total workforce is 100 units.

During the year, the company workforce underwent the following changes:

Description	Initials	Hirings	Resignation / Retirement	Final
Senior Employees	1	-	-	1
White Collars	42	10	1	51
Blue Collars	41	8	1	48
<b>Total</b>	<b>84</b>	<b>18</b>	<b>2</b>	<b>100</b>

In the 2021-22 financial year, the Company was involved in a partial reorganization of the Elgi Group with the aim of centralizing the marketing of the "EPSAC" products in the Belgian branch of the ELGI Group and allowing the Company to focus on the range of its own production such as motor compressors, hydraulic hammers, minidumpers, spare parts and related accessories.

In the 2022-23 financial year, the support activity for the Belgian company continued and the revenues deriving from this activity amounted to 1.736 million euros.

Therefore, for Rotair, this reorganization led to a decrease in the volumes of goods purchased from the parent company, since marketing passed to the Belgian branch and, at the same time, an increase in revenues from intercompany services, correlated to the aforementioned support activities, also substantial in warehousing, shipping and administration services provided by Rotair to the Belgian branch.

## Performance of operations and Reference Markets

### **Economic performance**

The year ended with a turnover of approximately 34.17 million euros, in increase by 4.9% compared to the previous year. The operating margin/revenues ratio (14%) is equal to 4.79 million euros (2.19 million euros equal to 6.7% in the year 21-22).

The increase in margins is attributable to the increase in revenues which offsets the increase in the cost of employees and costs in general (production and structure).

The profit before tax (PBT) is equal to 4,118,085 Euros with an incidence on turnover of 12.05% and the operating result stands at 2,908,517 Euros, equal to 8.5% of the value of revenues.

### **Financial performance**

The trend of the Net Financial Position (NFP) shows a deterioration of approximately 2.57 million Euros compared to the previous year.

The trend in financial debt is influenced by the management of net working capital and in particular by the increase in closing inventories.

The distribution of dividends continued during the year, going from 0.475 to 1.440 million Euros

### **Markets and products**

The portable compressors line was characterized by organic growth on all the markets where the Company is present, with sales exceeding the results of the previous year.

The optical fibre sector has been the main driver, with access to numerous Distributors in many countries.

Europe and Asia were the first beneficiary areas with excellent prospects also for the current year.

Africa and South America should also be reactive and well-developed markets.

For the construction sector, Europe, the United States and Oceania showed growing numbers.

The sourcing and procurement policies have allowed a good procurement of components and supplies in general despite the increase in production.

The hammer line had an excellent growth trend in the first part of the year to decline in the second part of the year as a consequence of the slow supply of excavators (closely connected to the hammer industry) especially by Asian manufacturers. Uncertainties related to public funding for construction created uncertainty and further slowed down the propensity to purchase. This uncertainty is expected to continue in the current year.

Minidumpers performed better than last year in the construction sector, especially in Italy and France. The wine market remains important and growing, but reduces its share of total production.

### **Development of processing technologies and new projects**

The containment of production costs has been constantly at the centre of the product control and development area.

The completion of the Stage V range, in addition to producing the first medium-sized compressor with a petrol engine, also led to the first electrified model, all with a view to reducing emissions into the atmosphere also for non-road machinery.

Investments in research and development continued during the current financial year, to which a significant part of the ordinary management resources is allocated.



## Information on the environment, personnel and organizational structure

In compliance with the provisions of art. 2428 co. 2 of the Italian Civil Code, we specify the following:

- the company carries out its business in full compliance with the provisions relating to the environment and hygiene in the workplace;
- the company staff is made up of a total of 96 people, of which 1 is executive, 48 office workers and 46 blue-collar workers.

## Relations with subsidiaries, affiliates, parent companies and companies controlled by the latter.

The share capital is held by Elgi Equipments Ltd based in Coimbatore (India) through Elgi Compressors Italy srl based in Rome.

The relations with Elgi Equipments Ltd, which fall within normal management operations and are regulated at normal market conditions, mainly concern the sale of electric compressors, components of products, spare parts and services of a mainly commercial nature.

Relations with Elgi Compressors Italy srl are mainly attributable to transactions relating to and consequent to the existing tax consolidation.

The equity and economic relationships between Rotair and the parent companies and other related parties are shown below.

Receivables from parent companies	31/03/2023			31/03/2022		
	Elgi Equipment Ltd	Elgi Compressors Italy srl	Total	Elgi Equipment Ltd	Elgi Compressors Italy srl	Total
Within 12 months	36.842	7.092	43.933	44.784	5.459	50.243
Beyond 12 months						
<b>Total receivables from parent companies</b>	<b>36.842</b>	<b>7.092</b>	<b>43.933</b>	<b>44.784</b>	<b>5.459</b>	<b>50.243</b>
<b>Revenue from inter-company sales</b>	<b>73.046</b>	<b>6.176</b>	<b>79.222</b>	<b>93.672</b>	<b>4.659</b>	<b>98.331</b>
<b>Income from tax consolidation</b>		<b>5.567</b>	<b>5.567</b>		<b>5.459</b>	<b>5.459</b>

Receivables from companies subject to the control of the parent companies	31/03/2023		31/03/2022	
	Elgi Branches	Total	Elgi Branches	Total
Within 12 months - Elgi Compressors Europe	384.083	384.083	616.011	616.011
Within 12 months - Elgi Compresores France sas	13.285	13.285	2.408	2.408
Within 12 months - Elgi Compressors Southern Europe	161.555	161.555	163.262	163.262
Within 12 months - Elgi Gulf U.A.E.	372.391	372.391	95.680	95.680
Within 12 months - Elgi Compressors USA	3.479.762	3.479.762	3.088.468	3.088.468
Beyond 12 mesi		-		-
<b>Total receivables from companies subject to the control of the parent companies</b>	<b>4.411.076</b>	<b>4.411.076</b>	<b>3.965.829</b>	<b>3.965.829</b>
<b>Revenue from inter-company sales</b>	<b>18.191.147</b>	<b>18.191.147</b>	<b>16.585.292</b>	<b>16.585.292</b>

Payables to parent companies	31/03/2023			31/03/2022		
	Elgi Equipment Ltd	Elgi Compressors Italy srl	Total	Elgi Equipment Ltd	Elgi Compressors Italy srl	Total
Within 12 months	1.738.852	729.758	2.468.610	1.610.246	396.901	2.007.147
Beyond 12 months	-	-	-	-	-	-
<b>Total debts to parent companies</b>	<b>1.738.852</b>	<b>729.758</b>	<b>2.468.610</b>	<b>1.610.246</b>	<b>396.901</b>	<b>2.007.147</b>



Costs arising from inter-company purchases	2.896.984	-	2.896.984	5.097.827	-	5.097.827
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Payables from companies subject to the control of the parent companies	31/03/2022		31/03/2020	
	Elgi Branches	Total	Elgi Branches	Total
Within 12 months - Elgi France	58.681	58.681	25.380	25.380
Within 12 months - Elgi Gulf U.A.E.	12.041	12.041	10.375	10.375
Within 12 months - Elgi Compressors USA	53.154	53.154	11.871	11.871
Within 12 months - Elgi Compressors Europe	37.388	37.388	-	-
Within 12 months - Elgi Compressors UK Ltd	7.644	7.644		
Within 12 months - Elgi Compressors Brasil	171	171		
Beyond 12 months	-	-		
<b>Total payables from companies subject to the control of the parent companies</b>	<b>169.080</b>	<b>169.080</b>	<b>47.626</b>	<b>47.626</b>
<b>Costs arising from inter-company purchases</b>	<b>784.264</b>	<b>784.264</b>	<b>637.172</b>	<b>637.172</b>

### Information on the company or entities that exercise management and coordination activities pursuant to art. 2497 sexies and 2497 septies of the Civil Code

The company is subject to management and coordination by Elgi Equipments Ltd based in Coimbatore (India) through Elgi Compressors Italy srl based in Rome.

The essential data of the latest financial statements approved by Elgi Equipments Ltd. are reported in the Notes to the Accounts.

## Income

Operating income amounts to EUR 34.169.574

Description	31/03/2023	31/03/2022	Variation %
Main revenue	32.145.782	30.860.439	4,17%
Other revenue	2.023.792	1.705.455	18,67%
<b>Total</b>	<b>34.169.574</b>	<b>32.565.894</b>	<b>4,92%</b>

## Costs

The main operating costs are highlighted below.

Description	31/03/2023	31/03/2022	Variation %
Cost of raw materials and consumable supplies	22.119.527	17.894.454	23,61%
Cost of services	6.662.651	5.745.251	15,97%
Salaries & Wages	5.121.336	4.397.059	16,47%
Interest and financial charges	- 190.140	- 107.108	77,52%

## Balance sheet

The reclassified balance sheet of the company compared with that of the previous year is as follows (in EUR):

Description	31/03/2023	31/03/2022	Variation %
Net intangible fixed assets	53.641	391.376	-86,29%
Net tangible fixed assets	1.891.560	1.804.530	4,82%
Shareholdings and other financial assets	1.826.258	826.258	121,03%
<b>Fixed assets</b>	<b>3.771.459</b>	<b>3.022.164</b>	<b>24,79%</b>
Stocks	13.337.212	8.455.022	57,74%
Trade receivables	4.799.644	4.386.419	9,42%
Parent company receivables	43.933	50.243	-12,56%
Receivables from companies subject to the control of the parent companies	4.411.076	3.965.829	11,23%
Tax receivables	195.704	103.344	89,37%
Prepaid tax	166.773	139.570	19,49%
Other debtors	53.498	64.928	-17,60%
Available liability & Accrued income and prepaid expenses	103.862	94.349	10,08%
<b>Current assets</b>	<b>23.111.702</b>	<b>17.259.704</b>	<b>33,91%</b>
<b>Operating Invested capital</b>	<b>26.883.161</b>	<b>20.281.868</b>	<b>32,55%</b>
Advances	201.975	77.956	159,09%
Supplier creditors	6.633.973	5.189.393	27,84%
Parent company creditor	2.468.610	2.007.147	22,99%
Payables from companies subject to the control of the parent companies	169.080	47.626	255,02%
Tax + social security creditors	334.723	228.645	46,39%
Other creditors	1.123.593	868.922	29,31%
Accrued expenses and deferred income	-	-	-
<b>Current liabilities</b>	<b>10.931.954</b>	<b>8.419.689</b>	<b>29,84%</b>
<b>Net current assets</b>	<b>12.179.748</b>	<b>8.840.015</b>	<b>37,78%</b>
Employee severance indemnity	325.080	312.815	3,92%
Tax + social security creditors ( > 12 months)	-	-	#DIV/0!
Other medium-long term liabilities	82.573	45.489	81,52%
<b>Medium-long term liabilities</b>	<b>407.653</b>	<b>358.304</b>	<b>13,77%</b>
<b>Net capital invested</b>	<b>11.772.095</b>	<b>8.481.711</b>	<b>38,79%</b>
<b>Equity</b>	<b>6.897.438</b>	<b>5.428.922</b>	<b>27,05%</b>
Cash	864.143	211.341	308,89%
Due to banks	9.510.259	6.286.294	51,29%
<b>Net financial position</b>	<b>8.646.116</b>	<b>6.074.953</b>	<b>42,32%</b>
<b>Difference between Equity and Net Financial Position</b>	<b>- 1.748.678</b>	<b>- 646.031</b>	<b>170,68%</b>
<b>Shareholder's Equity + Net Financial Position</b>	<b>15.543.554</b>	<b>11.503.875</b>	<b>35,12%</b>

## Financial Positions

The net financial position at 31/03/2023 was as follows (in EUR):

Description	31/03/2023	31/03/2022	Variation %
Bank deposits	861.580	208.472	313,28%
Cash in hand	2.563	2.869	-10,67%
<b>Available liquidity and own shares</b>	<b>864.143</b>	<b>211.341</b>	<b>308,89%</b>
Bank creditors ( < 12 months)	9.210.259	6.286.294	46,51%
<b>Short-term financial indebtedness</b>	<b>9.210.259</b>	<b>6.286.294</b>	<b>46,51%</b>
<b>Net short-term financial position</b>	<b>8.346.116</b>	<b>6.074.953</b>	<b>37,39%</b>
<b>Net medium-long term financial position</b>	<b>300.000</b>	<b>0</b>	<b>100%</b>
<b>Net financial position</b>	<b>8.646.116</b>	<b>6.074.953</b>	<b>42,32%</b>

## Research and development

Pursuant to art. 2428, paragraph 2, point 1, of the civil code, it should be noted that no research and development activities were carried out during the 2022-23 financial year.

## Risk Management

### Credit risk

The company has risk concentrations depending on the nature of the activities carried out, as well as their different reference markets. The American market currently managed by Elgi Compressors USA represents a significant share of the Company's turnover.

Financial assets are recognized in the financial statements net of the write-down calculated on the basis of the risk of default by the counterparty, determined considering the information available on the customer's solvency and considering historical data.

The positions, if individually significant, for which an objective condition of partial or total uncollectability is identified are subject to individual write-down.

Funds are allocated on a collective basis for receivables that are not subject to individual write-down, taking into account historical experience and statistical data.

The amount of the write-down takes into account an estimate of the recoverable flows as well as the fair value of the guarantees, where present.

There are no guarantees given on third party debts or commitments.

### Liquidity risk

At March 31, 2023, the company has a Net Debt of € 8.65 million EURs.

The company does not highlight liquidity risks deriving from the difficulties in obtaining financing to support operating activities in the right time frame and at favorable economic conditions. During the year, the company took steps to adjust the existing credit lines to the changed needs of the business and believes that the funds and credit lines currently available make it possible to satisfy the needs deriving from investment activities, working capital management and repayment of debts at their natural maturity.

### Currency risk and interest rate risk

Although the company operates in an international context, it carries out most of its commercial transactions in Euro currency. It should also be noted that, during the year, transactions in foreign currency were concluded which had modest economic effects expressed in the financial statements.

The risk deriving from the fluctuation of currency exchange rates is present in relation to some commercial transactions set out in the Explanatory Notes.

The company does not deem financial risk, including the hedging policy, and the company's exposure to price, credit, liquidity and change in financial flows.

During the year, the company recorded net financial charges equal to 0.56% of revenues. It is expected that in the current year the increase in interest rates (on average +2.60 points forecast for 2023) will lead to an increase in the incidence of the cost of credit in relation to revenues.

### Financial instruments

The Company did not make use of derivative financial instruments.

## Own shares and shares in parent companies

The company does not own, nor has it owned or sold, its own shares and/or shares of parent companies.

## Secondary locations

In compliance with article 2428 civil code, it is reported that there are no secondary locations.

## Delays in accounts preparation

These financial statements have been prepared in the timescale stipulated by the law.

## Financial Indexes

### Use of appropriate reclassifications of income statement and balance sheet

For the purposes of analysis of the company's situation and performance, administrators can reclassify the income statement and the balance sheet, in order to highlight the intermediate results of particular significance, making the comparison at the least with last year and providing an explanation of the most significant changes in absolute and percentage terms.

Here below provides for the reclassification of the income statement on a management accounting basis.

Management accounting identifies the following areas for the accounts, inferable from the financial statement layouts allowed for by the Civil Code:

- The operational area, inherent to the typical and characteristic activity of the company, includes the values relating to the implementation and sale of the production
- The non-core area includes positive and negative components of income related to an activity that is not part of the main operating activities;
- The financial area, inherent in the management of financial investments and financing payables, includes financial income and expenses. The financial area is shown gross of financial income and net of financial charges, since in this way it is possible to show the gross operating result regardless of the company's financing choices.

Description	31/03/2023	31/03/2022	Variation %
Sales revenue	34.169.574	32.565.894	4,9%
internal production	1.346.781	- 3.002.363	-144,9%
<b>Value of production</b>	<b>35.516.355</b>	<b>29.563.531</b>	<b>20,1%</b>
external operating costs	25.607.957	22.973.514	11,5%
<b>Added value</b>	<b>9.908.398</b>	<b>6.590.017</b>	<b>50,4%</b>
Personnel costs	5.121.336	4.397.059	16,5%
<b>Gross operating margin</b>	<b>4.787.062</b>	<b>2.192.958</b>	<b>118,3%</b>
Depreciation, amortization and provisions	479.320	240.126	99,6%
<b>Operating profit</b>	<b>4.307.742</b>	<b>1.952.832</b>	<b>120,6%</b>
Non-core result	-	-	0,0%
Result of the financial area (net of finance charges)	483	139.405	-99,7%
Adjustments to the value of financial assets	-	-	0,0%
<b>Normalized EBIT</b>	<b>4.308.225</b>	<b>2.092.237</b>	<b>105,9%</b>
Result of the extraordinary area			0,0%
<b>Full EBIT</b>	<b>4.308.225</b>	<b>2.092.237</b>	<b>105,9%</b>
Finance charges	- 190.140	- 107.108	77,5%
<b>Gross profit</b>	<b>4.118.085</b>	<b>1.985.129</b>	<b>107,4%</b>
Income taxes	- 1.209.568	- 505.465	139,3%
<b>Net Profit</b>	<b>2.908.517</b>	<b>1.479.664</b>	<b>96,6%</b>

With reference to the balance sheet, the following reclassifications are presented below:

- the functional criterion
- the financial criterion

BALANCE SHEET - FUNCTIONAL CRITERION					
Description	31/03/2023	31/03/2022	Description	31/03/2023	31/03/2022
Operating capital employed	26.883.161	20.281.868	Equity	6.897.438	5.428.923
Non-operating investments	864.143	211.341	Loan liabilities	9.510.259	6.286.294
			Operating liabilities	11.339.607	8.777.992
<b>Capital invested</b>	<b>27.747.304</b>	<b>20.493.209</b>	<b>Capital funding</b>	<b>27.747.304</b>	<b>20.493.209</b>
BALANCE SHEET - FINANCIAL CRITERION					
Description	31/03/2023	31/03/2022	Description	31/03/2023	31/03/2022
Intangible fixed assets	269.714	391.376	<b>Equity</b>	<b>6.897.438</b>	<b>5.428.923</b>
Tangible fixed assets	1.891.560	1.804.530	<b>Long-term liabilities</b>	<b>325.080</b>	<b>312.815</b>
Financial fixed assets	1.826.258	826.258	<b>Current liabilities</b>	<b>20.524.786</b>	<b>14.751.471</b>
<b>Total fixed assets</b>	<b>3.987.532</b>	<b>3.022.164</b>			
Stocks	13.337.212	8.455.022			
Deferred liquidity	9.558.417	8.804.682			
Immediate liquidity	864.143	211.341			
<b>Total current assets</b>	<b>23.759.772</b>	<b>17.471.045</b>			
<b>Capital invested</b>	<b>27.747.304</b>	<b>20.493.209</b>	<b>Capital funding</b>	<b>27.747.304</b>	<b>20.493.209</b>

### Financial performance indicators

In compliance with the article 2048 paragraph 2 of the Civil Code, the analysis of the situation and performance of the company must include, to the extent necessary for understanding:

- financial performance indicators
- where appropriate, those non-financial indicators relevant to the specific activity of the company, including information relating to the environmental and personnel

Where appropriate, in addition, the analysis must also contain references to amounts reported in the financial statements and clarifications on them.

The term "financial indicators" should not be understood in a literal sense, but in a broader sense to cover the indicators that can be derived from general accounting such as:

- indicators of financial soundness
- indicators of solvency (or liquidity)
- indicators of profitability

The regulation does not specify which indicators to use. This is at the discretion of the directors, who will have to make their choice according to the level of significance that each indicator displays for the company in question.

### Indicators of financial soundness

The analysis of financial soundness is designed to study the ability of the company to maintain financial stability in the medium to long term. This ability depends on two factors:

- the nature of medium-to-long term financing
- the funding sources

With regard to the first aspect, the main indicators are:

- Primary structure margin = equity - fixed assets
- Secondary structure margin = (equity + long-term liabilities) - fixed assets

The same indicators mentioned above can be provided, instead of in the form of margins, in the form of ratios. In this way, there will be the following indices:

$$\text{Primary structure ratio} = \frac{\text{Equity}}{\text{Fixed Assets}}$$

$$\text{Secondary structure ratio} = \frac{\text{Equity} + \text{Long-term liabilities}}{\text{Fixed assets}}$$

INDICATORS OF FIXED ASSET FINANCING		
	31/03/2023	31/03/2022
Primary structure margin	2.909.906	2.406.759
Primary structure ratio	1,73	1,80
Secondary structure margin	3.234.986	2.719.574
Secondary structure ratio	1,81	1,90

With reference to the funding sources, we suggest the following indicators:

$$\text{Ratio of total debt} = \frac{\text{Long-term liabilities} + \text{Current liabilities}}{\text{Equity}}$$

$$\text{Financial Indebtedness Ratio} = \frac{\text{Loan liabilities}}{\text{Equity}}$$

INDICATORS OF FINANCING STRUCTURE		
	31/03/2023	31/03/2022
Ratio of total debt	3,02	2,77
Financial indebtedness ratio	1,38	1,16

### Indicators of solvency (or liquidity)

Liquidity analysis aims to study the ability of the company to maintain financial stability in the short term, which is to manage the expected outflows in the short term (current liabilities) with the existing liquidity (immediate liquidity) and the expected revenue in the short term (deferred liquidity).

The main indicators of solvency are:

- **Availability margin** = current assets - current liabilities
- **Cashflow margin** = (immediate + deferred liquidity) - current liabilities

The same indicators can be provided in the form of ratios. In this way, there will be the following indices:

$$\text{Availability ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

$$\text{Cashflow ratio} = \frac{\text{Immediate} + \text{Deferred liquidity}}{\text{Current liabilities}}$$

INDICATORS OF SOLVENCY		
	31/03/2023	31/03/2022
Availability margin	3.234.986	2.719.574
Availability ratio	1,16	1,18
Cashflow margin	-10.102.226	-5.735.448
Cashflow ratio	0,51	0,61

## Profitability ratios

PROFITABILITY INDICES		
	31/03/2023	31/03/2022
Net ROE	42,17	27,26
Gross ROE	59,70	36,57
ROI	27,71	16,98
ROS	12,61	6,00

$$\text{Net ROE} = \frac{\text{Net Profit}}{\text{Equity}}$$

$$\text{ROE lordo} = \frac{\text{Gross Profit}}{\text{Equity}}$$

ROE (return on equity) indicates the return on investment in the share capital of the company with respect to investments of diverse kinds.

The results for the period have not been added to *Equity* in the fractions above.

$$\text{ROI} = \frac{\text{Operating Profit}}{\text{Operating capital} - \text{Operating liabilities}}$$

ROI (return on investment) is an indicator of the extent to which the company generates profitability from its core business. Operating capital, net of operating liabilities, is the sum of the fixed assets plus net working capital less TFR (severance pay liabilities):

- + Fixed assets
- + Net working capital (Operating assets - Cash and cash equivalents - Provisions for risks and charges - Payables to suppliers - Taxes payable - Other short-term payables - Accrued expenses and deferred income)
- TFR fund (provision for severance pay)

$$\text{ROS} = \frac{\text{Operating Profit}}{\text{Sales revenue}}$$

ROS (return on sales) shows the profitability of sales.

Caraglio , 28 April 2023.

On behalf of the Board of Directors,  
Managing Director  
Giuseppe Donadio



# ROTAIR S.P.A. A SOCIO UNICO

Financial statements to 31/03/2023

Name and id code	
Company site	CARAGLIO
Fiscal code	00210890042
Registration number	CUNEO 85673
Vat number	00210890042
Share capital Euro	601.950,00 i.v.
Legal form	SOCIETA' PER AZIONI CON SOCIO UNICO
Activity Code (ATECO)	281300
Company being wound up	no
Company with a single shareholder	si
Company subject to the management and coordination of others	si
Name of the company or entity that exercises management and coordination	ELGI EQUIPMENTS LTD
Belonging to a group	sì
Name of the controlling entity	ELGI EQUIPMENTS LTD
Country of the controlling entity	INDIA
Cooperative company Registration number	

All amounts are expressed in units of Euro

## Balance sheet (mandatory scheme)

	31-03-2023	31-03-2022
Balance sheet (mandatory scheme)		
Assets		
A) receivables due from shareholders		
Total receivables due from shareholders (A)	0	0
B) Fixed assets		
I - Intangible fixed assets		
3) industrial patents and intellectual property rights	18.797	352.124
4) concessions, licenses, trademarks and similar rights	34.844	39.252
Total intangible fixed assets	53.641	391.376
II - Tangible fixed assets		
1) land and buildings	1.666.308	1.634.870
2) plant and machinery	119.890	63.639
3) industrial and commercial equipment	28.471	31.589
4) other assets	74.641	65.032
5) assets under construction and payments on account	2.250	9.400
Total tangible fixed assets	1.891.560	1.804.530
III - Financial fixed assets		
1) equity investments		
d-b) other companies	258	258
Total equity investments	258	258
2) receivables due from		
c) parent companies		
due within the following year	386.000	386.000
due beyond the following year	0	-
Total receivables due from parent companies	386.000	386.000
d) due from companies controlled by parent companies		
due within the following year	1.440.000	440.000
due beyond the following year	0	-
Total receivables paid by companies controlled by parent companies	1.440.000	440.000
Total receivables	1.826.000	826.000
Total financial fixed assets	1.826.258	826.258
Total fixed assets (B)	3.771.459	3.022.164
C) Current assets		
I - Inventories		
1) raw, ancillary and consumable materials	9.424.788	5.889.378
2) work in progress and semi-finished products	2.827.286	1.997.502
4) finished products and goods for resale	1.085.138	568.142
Total inventories	13.337.212	8.455.022
II - Receivables		
1) trade accounts		
due within the following year	4.799.644	4.386.419
due beyond the following year	0	-
Total trade accounts	4.799.644	4.386.419
4) due from parent companies		
due within the following year	43.933	50.243
due beyond the following year	0	-
Total receivables due from parent companies	43.933	50.243

5) receivables due from companies controlled by parent companies		
due within the following year	4.411.076	3.965.829
due beyond the following year	0	-
Total receivables paid by companies controlled by parent companies	4.411.076	3.965.829
5-b) tax receivables		
due within the following year	195.704	103.344
due beyond the following year	0	-
Total receivables due from tax authorities	195.704	103.344
5-c) prepaid tax	166.773	139.570
5-d) other receivables		
due within the following year	53.498	64.928
due beyond the following year	0	-
Total receivables due from third parties	53.498	64.928
Total receivables	9.670.628	8.710.333
III - Current financial assets		
Total financial current assets	0	0
IV - Liquid funds		
1) bank and post office deposits	861.580	208.472
2) cheques	0	0
3) cash and equivalents on hand	2.563	2.869
Total liquid funds	864.143	211.341
Total current assets (C)	23.871.983	17.376.696
D) Accrued income and prepayments	103.862	94.349
Total assets	27.747.304	20.493.209
Liabilities and shareholders' equity		
A) Shareholders' equity		
I - Share capital	601.950	601.950
II - Share premium reserve	43.702	43.702
III - Revaluation reserves	852.105	852.105
IV - Legal reserve	120.390	120.390
V - Statutory reserves	0	0
VI - Other reserves, indicated separately		
Extraordinary reserve	2.315.552	2.275.888
Reserve from exchange gains not redeemed	0	0
Miscellaneous other reserves	55.222	55.223
Total other reserves	2.370.774	2.331.111
VII - Reserve for hedging expected cash flow operations	0	0
VIII - Retained earnings (accumulated losses)	0	0
IX - Net profit (loss) for the year	2.908.517	1.479.664
X - Negative reserve for own portfolio shares	0	0
Total shareholders' equity	6.897.438	5.428.922
B) Reserves for contingencies and other charges		
1) pension and similar commitments	82.357	37.253
2) taxation	216	8.236
3) passive derivative financial instruments	0	0
4) other	0	0
Total reserves for contingencies and other charges	82.573	45.489
Total reserve for severance indemnities (TFR)	325.080	312.815
D) Payables		
4) due to banks		
due within the following year	9.210.259	6.286.294

due beyond the following year	300.000	0
Total payables due to banks	9.510.259	6.286.294
6) advances		
due within the following year	201.975	77.956
due beyond the following year	0	-
Total advances	201.975	77.956
7) trade accounts		
due within the following year	6.633.973	5.189.393
due beyond the following year	0	-
Total trade accounts	6.633.973	5.189.393
11) due to parent companies		
due within the following year	2.468.610	2.007.147
due beyond the following year	0	-
Total payables due to parent companies	2.468.610	2.007.147
11-b) payables due to companies controlled by parent companies		
due within the following year	169.080	47.626
due beyond the following year	0	-
Total payables due to companies controlled by parent companies	169.080	47.626
12) due to tax authorities		
due within the following year	212.691	99.288
due beyond the following year	0	-
Total payables due to tax authorities	212.691	99.288
13) due to social security and welfare institutions		
due within the following year	122.032	129.357
due beyond the following year	0	-
Total payables due to social security and welfare institutions	122.032	129.357
14) other payables		
due within the following year	1.123.593	868.922
due beyond the following year	0	-
Total other payables	1.123.593	868.922
Total payables (D)	20.442.213	14.705.983
E) Accrued liabilities and deferred income	0	0
Total liabilities and shareholders' equity	27.747.304	20.493.209

# Income statement (value and cost of production)

	31-03-2023	31-03-2022
Income statement (value and cost of production)		
A) Value of production		
1) Revenues from sales and services	32.145.782	30.860.439
2) Change in work in progress, semi-finished and finished products	1.346.781	(3.002.363)
5) Other income and revenues		
operating grants	9.130	9.100
other	2.014.662	1.696.355
Total Other income and revenues	2.023.792	1.705.455
Total value of production	35.516.355	29.563.531
B) Costs of production		
6) Raw, ancillary and consumable materials and goods for resale	22.119.527	17.894.454
7) Services	6.662.651	5.745.251
8) Use of third party assets	191.715	120.499
9) personnel		
a) wages and salaries	3.787.473	3.259.161
b) related salaries	1.037.109	884.779
c) severance	257.704	230.437
e) other costs	39.050	22.682
Total payroll and related costs	5.121.336	4.397.059
10) depreciation, amortisation and write downs		
a) amortisation of intangible fixed assets	135.585	129.255
b) depreciation of tangible fixed assets	119.247	102.706
c) other amounts written off fixed assets	216.073	0
d) write-downs of accounts included among current assets	8.415	8.165
Total Amortisation, depreciation and write-downs	479.320	240.126
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	(3.535.411)	(932.673)
14) Other operating expenses	169.475	145.983
Total cost of production	31.208.613	27.610.699
Difference between value and cost of production (A - B)	4.307.742	1.952.832
C) Financial income and charges		
16) other financial income		
d) income other than the above		
other	15.716	128.577
Total income other than the above	15.716	128.577
Total other financial income	15.716	128.577
17) Interest and other financial expense		
other	190.140	107.108
Total interest and other financial expense	190.140	107.108
17-bis) Currency gains and losses	(15.233)	10.828
Total financial income and expense (15 + 16 - 17 + - 17-bis)	(189.657)	32.297
D) Value adjustments to financial assets and liabilities		
Total value adjustments to financial assets and liabilities (18 - 19)	0	0
Pre-tax result (A - B + - C + - D)	4.118.085	1.985.129
20) Income tax for the year, current, deferred and prepaid		
Current taxes	1.250.358	526.315
deferred and prepaid tax	(35.223)	(15.391)

Income (expense) arising from the adoption of the fiscal consolidated system/fiscal	5.567	5.459
Total taxes on the income for the year	1.209.568	505.465
21) Profit (loss) for the year	2.908.517	1.479.664

# Financial statement, indirect method

	31-03-2023	31-03-2022
Financial statement, indirect method		
A) Cash flows from current activities (indirect method)		
Profit (loss) for the year	2.908.517	1.479.664
Income tax	1.209.568	505.465
Payable (receivable) interest	189.657	(32.297)
(Dividends)	0	0
(Capital gains)/Capital losses from business conveyance	0	0
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from conveyances.	4.307.742	1.952.832
Adjustments to non-monetary items that were not offset in the net working capital.		
Allocations to preserves	263.808	235.703
Fixed asset depreciation/amortisation	254.832	231.961
Write-downs for long-term value depreciation	216.073	0
Adjustments to financial assets and liabilities for derivative financial instruments that do not involve monetary transactions	0	0
Other adjustments to increase/(decrease) non-monetary items	8.415	8.165
total adjustments for non-monetary items that were not offset in the net working capital	743.128	475.829
2) Cash flow before changing net working capital	5.050.870	2.428.661
Changes to the net working capital		
Decrease/(increase) in inventory	(4.882.191)	2.069.687
Decrease/(increase) in payables to customers	(860.577)	1.099.363
Increase/(decrease) in trade payables	2.151.516	(4.664.982)
Increase/(decrease) from prepayments and accrued income	(9.513)	(44.918)
Increase/(decrease) from accruals and deferred income	0	0
Other decreases/(other increases) in net working capital	258.776	(312.372)
Total changes to net working capital	(3.341.989)	(1.853.222)
3) Cash flow after changes to net working capital	1.708.881	575.439
Other adjustments		
Interest received/(paid)	(189.657)	32.297
(Income tax paid)	(1.215.728)	(552.899)
Dividends received	0	0
(Use of reserves)	(214.459)	(217.117)
Other collections/(payments)	0	0
Total other adjustments	(1.619.844)	(737.719)
Cash flow from current activities	89.037	(162.280)
B) Cash flows from investments		
Tangible fixed assets		
(Investments)	(206.277)	(181.047)
Disposals	0	0
Intangible fixed assets		
(Investments)	(13.923)	(57.072)
Disposals	0	0
Financial fixed assets		
(Investments)	(1.000.000)	0
Disposals	0	0
Short term financial assets		
(Investments)	0	0
Disposals	0	0



(Acquisition of branches of business net of liquid assets)	0	0
Transfer of branches of business net of liquid assets	0	0
Cash flows from investments (B)	(1.220.200)	(238.119)
C) Cash flows from financing activities		
Loan capital		
Increase/(decrease) in short term bank loans	3.223.965	999.238
New loans	0	0
(Loan repayments)	0	0
Equity		
Capital increase payments	0	0
(Capital repayments)	(1.440.000)	(475.000)
Transfer/(purchase) of own shares	0	0
(Dividends and advances on dividends paid)	0	0
Cash flows from financing activities ( C)	1.783.965	524.238
Increase (decrease) in liquid assets (A ± B ± C)	652.802	123.839
Exchange rate effect on liquid assets	0	0
Liquid assets at the start of the year		
Bank and post office deposits	208.472	85.861
Loans	0	0
Cash and valuables in hand	2.869	1.641
Total liquid assets at the start of the year	211.341	87.502
of which not freely available	0	0
Liquid assets at the end of the year		
Bank and post office deposits	861.580	208.472
Loans	0	0
Cash and valuables in hand	2.563	2.869
Total liquid assets at the end of the year	864.143	211.341
of which not freely available	0	0

# Supplementary Notes to the Balance Sheet to 31-03-2023

## Explanatory notes initial part

Dear Shareholder,

The financial statements for the year ended March 31, 2023 which pertains to the period April 1st 2022 - March 31st 2023, have been prepared in accordance with the Civil Code, consistent with the accounting records and is in constant reference with the accounting principles set out in Articles 2423, 2423-bis, 2423-ter, 2424, 2424-bis, 2425, 2425-bis, 2425-ter and in the evaluation criteria set out in Article 2426 of the Civil Code, supplemented by the accounting standards of the Italian Accounting Agency (OIC).

The actual Annual financial statement consists of the Balance-Sheet prepared in accordance with schemes pursuant to art.2424 and 2424-bis Civil Code, from Income statement prepared in accordance with schemes pursuant to art 2425 and 2425-bis Civil code, from the Financial Statement in accordance with the article 2425-ter Civil Code and from this Supplementary Note.

For every single point of Balance-sheet, Income statement and Financial Statement values are indicated as at 31 March 2022.

The Notes are intended to provide an illustration, analysis and, in some cases, integration to the balance sheet data and contain the information required by article 2427 and 2427 bis of the Civil Code.

To strengthen its informative function, these Notes include information deemed necessary to give a true and fair view of the events according to the actual economic substance underlying to the formal aspects.

The indications contained in these Notes are supplemented by specific reference to the relations with subsidiaries, affiliates, parent companies and subject to the control of the latter.

The Financial Statement, drawn up in comparative form, was presented using the indirect method according to OIC 10 Accounting Standard, while for some prospectuses for reclassification of the Income Statement and of the Balance-Sheet please refer to the comments on Director's Report on operations.

No case required the use of derogations under art. 2423 paragraph 4 and art. 2423-Bis paragraph 2 of the Civil Code.

The accounting data shown are expressed in Euro pursuant to article 2423, paragraph 6 of the Civil Code.

Please note that, pursuant to art. 2497 of the Italian Civil Code, the Company is subject to management and coordination by Elgi Equipments Ltd, and therefore in the Notes is presented a summary of significant financial data of the company. As of this exercise, important facts after the end of the financial year and the proposal for destination of the result are reported in separate paragraph of this Explanatory Note fully operational for several years now. In addition, due to the abolition of the Ordinary Accounts in the Balance Sheet, the total amount of outstanding commitments, guarantees and contingent liabilities not resulting from the Balance Sheet is commented on in a separate paragraph of this Notes.

### **ACTIVITIES CARRIED OUT**

The company manufactures motor compressors, tracked minidumpers and hydraulic breakers, and markets the products of the ELGI group of the same sector to third party customers.

### **SIGNIFICANT EVENTS DURING THE YEAR**

There are no particular significant events that occurred during the year. However, it should be noted that in the 2022-23 financial year the support activity continued for the Belgian branch Elgi Compressors Europe Srl, already subject to the reorganization of the Group in the 2021-22 financial year.

The revenues deriving from this activity amount to 1.736 million Euro.

## **BUSINESS CONTINUITY**

During the year, the global macroeconomic instability factor related to the spread of Covid-19 already present in the 2020 and 2021 financial statements definitively ended.

In February 2022 the war between Russia and Ukraine began which further increased speculation on the prices of commodities in general. The effects of the conflict had an impact on the Company's production cost but, despite these increases, margins have nevertheless improved due to the increase in sales prices.

At the date of approval of these financial statements, the necessary requisites continue to exist to guarantee company operations in the near future, with a horizon of at least 12 months, thus maintaining the principle of business continuity respected, valid and applicable for the preparation of these financial statements of exercise. The financial statements have been drawn up on a going concern basis and therefore the assets and liabilities have been valued according to operating values.

## **Principles for the preparation**

### **ASSESSMENT CRITERIA**

The financial statement has been prepared in accordance with current legislation, in particular with reference to the article 2423-bis of the Civil Code relating to the principles for the preparation of financial statements and article 2426 on assessment criteria.

These principles and criteria are applied with continuity in respect to the previous year.

In particular:

- the assessment of balance sheet entries has been made by following the general principles of prudence and competence, with the perspective of the continuation of the Company's activity and taking into account the substance of the operation of the contract;
- Incomes and expenses for the reporting year have been duly taken into count, regardless of the date of the financial effect;
- risks and losses for the reporting year have been taken into due count, even if known after the end of the same;
- the assessment criteria have not been changed in respect to the ones applied in the previous reporting year.

### **EXCEPTIONAL CASES EX ARTICLE 2423, PARAGRAPH 5, OF THE CIVIL CODE**

It should be noted that during the year the valuation method for closing inventories changed from the weighted average cost method to the FIFO method as it is more consistent with the Company's stock rotation dynamics, as well as with the valuation method already adopted by the Elgi Group.

With reference to the provisions of OIC 13 - Para. 57, it should be recalled that the change in the valuation method, as in the case of the Company in which it moved from weighted average cost (CMP) to FIFO, constitutes a change in the accounting standard governed by the 'OIC 29.

Please refer to the following paragraph Problems of comparability and adaptation for details on the effects of this change.

### **CHANGES IN ACCOUNTING POLICIES**

No changes in accounting standards occurred during the year.

### **CORRECTION OF RELEVANT ERRORS**

No significant errors occurred in previous years during the year.

### **COMPARABILITY AND ADAPTATION PROBLEMS**

As previously mentioned, it should be noted that during the year the valuation method for closing inventories changed from the weighted average cost method to the FIFO method as it is more consistent with the Company's stock rotation

dynamics, as well as the valuation method already adopted by the Elgi group.

The effects of this change were determined retroactively, in compliance with the provisions of OIC 29: the Company therefore applied this change to the book value of the assets and liabilities at the beginning of the 2022-2023 financial year, with a corresponding adjustment to the balance opening of the shareholders' equity for that year, in the absence of further information necessary to determine the effect pertaining to the previous year.

In summary, the transition from CMP to FIFO had the following effects on the opening balance sheet balances as at 04.01.2022:

- an increase in the value of inventories of 356,872 Euro;
- consequently, an increase in deferred tax liabilities of Euro 99,567;

thus, resulting in an increase in the opening shareholders' equity value of Euro 257,305, as a result of the two previous effects.

The table below shows a summary of the 21-22 financial statements with the application of the new valuation method.

ASSETS	31.03.2022 before rectification	31.03.2022 post rectification
B) FIXED ASSETS	3.022.164	3.022.164
C) CURRENT ASSETS	17.376.696	17.733.568
D) ACCRUED INCOME AND PREPAYMENTS	94.349	94.349
<b>TOTAL ASSETS</b>	<b>20.493.209</b>	<b>20.850.081</b>

LIABILITIES	31.03.2022 ante rettifica	31.03.2022 post rettifica
A) EQUITY	5.428.922	5.686.227
B) RESERVES FOR CONTINGENCIES AND OTHER CHARGES	45.489	145.056
C) TOTAL RESERVE FOR SEVERANCE INDEMNITIES (TFR)	312.815	312.815
D) PAYABLES	14.705.983	14.705.983
E) ACCRUED LIABILITIES AND DEFERRED INCOME	-	-
<b>TOTAL LIABILITIES</b>	<b>20.493.209</b>	<b>20.850.081</b>

ASSETS	
Increase in Inventory	356.872
<b>Totale effetto</b>	<b>356.872</b>

LIABILITIES	
Increase in Equity	257.305
Increase in deferred tax liabilities	99.567
<b>Total effect</b>	<b>356.872</b>

## Valuation criteria applied

The criteria applied in the valuation of the balance sheet items, set out below, comply with the provisions of art. 2426 of the Civil Code.

The evaluation criteria pursuant to art. 2426 of the Civil Code are compliant with those used in preparing the previous year's financial statements.

## **ASSETS**

### **1.B FIXED ASSETS**

#### **1.B.1 Intangible**

In accordance with article 2426 of the Civil Code, the cost of intangible assets, the use of which is limited in time, is systematically depreciated in each reporting year in connection with the residual useful life.

They are recorded at historical acquisition cost and stated net of depreciation accumulated over the previous reporting years and charged directly to the single entries.

Licenses and concessions are depreciated at an annual rate of 20%.

Trademarks are depreciated at the rate of one eighteenth of the cost.

#### **1.B.2 Tangible**

Fixed assets, whose original values are determined in accordance with Accounting Principle N°16 of the Official Italian Accounting Board, are stated at purchase and/or production cost, including directly attributable incidental costs, direct and indirect costs for the part reasonably attributable to the asset, excluding financial expenses, adjusted for certain assets, pursuant to specific revaluation laws.

In the event that, regardless of the accumulated depreciation accounted, a durable loss of value should occur, the asset is written down accordingly.

If in subsequent periods the reasons for the write-down should no longer exist, the original value shall be restored, net of accumulated depreciation.

Tangible assets are systematically depreciated in the succession of reporting periods, with the exception of land, that is not depreciated.

In this regard adequate separate plans were prepared for homogeneous classes of assets.

In the light of these plans, the average time within which the assets contribute to generating income, can be seen by applying the coefficients detailed below in the notes to the Balance Sheet, with rates reduced by half for all assets that became operational during the year.

They are considered as representative of the useful economic-technical life estimated for the fixed assets and, for mere information purposes, it is reported that they do not deviate from the average rates indicated by tax regulations for the reference industry sector.

We also proceeded to verify that, at the end of the current reporting period, the formulated depreciation plans were not contrasting with the remaining useful life of the fixed assets.

Share of depreciation or amortization other than economic technical are not entered into the Income Statement.

Ordinary maintenance costs for fixed assets, i.e., costs that serve to maintain these assets in efficient condition, are charged directly to the Income Statement for the year.

For leased assets the accounting and representation procedure is based on the equity method.

The main depreciation rates used are:

- Buildings 3%
- Lightweight construction 10%
- Equipment and small tools 25%
- Machinery, large specific systems 15,5%
- General and specific systems 10%

#### **Impairment losses of tangible and intangible assets.**

In the presence, at the reporting date, of indicators of impairment in value of intangible and tangible assets an estimate of the recoverable value is made.

If their recoverable amount, taken as the higher between value in use and fair value, net of selling costs, is lower than the net book value of fixed assets, a devaluation is carried out.

When the estimation of the recoverable amount of a single asset is not possible, such analysis is performed using the so-called "cash generating unit" (hereinafter "UGC"), ie the smallest identifiable group of assets that includes the asset object evaluation and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

### **1.B.3 Financial**

Participations in other companies are valued with the cost method and the entry amount in the balance sheet is determined on the basis of the purchase or subscription price, adjusted if, at the time of closing, the asset appears to have a long-term lower cost.

In this case they are entered at such lower value. In the event of impairment, the original value is restored in subsequent years if the reasons for the adjustment no longer exist.

Participations in other companies consist of rights and/or other securities representing shares of business ownership. This entry includes equity and non-equity that the company, by virtue of their destination, considers a long-term investment.

## **1.C CURRENT ASSETS**

### **1.C.1 Inventories**

Raw materials and goods for resale are evaluated at FIFO.

Semi-finished and finished goods are valued at production cost, which takes into account the production overheads that were necessary to bring the inventories to their present state and site and excludes those that have not contributed.

If necessary, the value of inventories is reduced to the lowest between historical cost or production cost and market value through specific depreciation.

The "market value", for the purposes of assessing warehouse inventories, refers as a general rule to: a) the replacement cost for raw materials, supplies and semi-finished (parts or components) purchased, involved in the manufacture of finished products; b) the net realizable value for goods, finished products, production semi-finished products and products being processed.

The market for slow-moving or obsolete materials, supplies and purchased semi-finished goods (parts and components) is the net realizable value, like for goods, finished products etc..

### **1.C.2 Receivables**

Receivables are shown in the financial statements at their presumed realizable value, in accordance with the provisions of Article 2426, first paragraph, n. 8, civil code.

The adjustment of the book value of the receivables to the expected realizable value is obtained by the allocation of a specific fund for doubtful debts covering reasonably foreseeable losses, based on an analysis of the individual doubtful receivables.

The amortized cost and / or discounting method has not been applied, as it has been verified the irrelevance of both the application of this criterion and the discounting, for the purpose of providing one truthful and correct representation of the financial and patrimonial situation of the company and of the economic result year.

### **1.C.4 Liquid funds**

This is the existing cash on hand and bank account balances registered in the actual amount.

## **1.D ACCRUED INCOME AND PREPAYMENTS**

Calculated according to the criteria of actual economic and timely competence, ensuring that relevant costs and revenues are charged to the closing year and to postpone those pertaining to subsequent years to the future.

## **LIABILITIES**

### **2.B RESERVES FOR CONTINGENCIES AND OTHER CHARGES**

These are set aside to cover losses or liabilities that are certain or probable, but for which the amount or date of occurrence could not be determined at the end of the year.

In evaluating these funds, the general criteria of prudence and competence were observed and no provisions were made for general liabilities without economic justification.

### **2.C RESERVE FOR SEVERANCE INDEMNITIES**

Represents the actual amount accrued for employees in accordance with current law and labour contracts.

The fund is subject to revaluation required under Article 2120 of the Civil Code and article 105 of Presidential Decree 917/86.

### **2.D PAYABLES**

Payables are shown in the financial statements at their nominal value adjusted, if necessary, in occasion of subsequent changes variations.

The criterion of amortized cost and / or discounting has not been applied, as irrelevance was verified both of the application of this criterion, and of the actualization for the purpose of providing a truthful and correct representation of the patrimonial and financial situation of the company and of the economic result of the year.

To this end, it shall be noted that there are no significant transaction costs, commissions and any other difference between values initial and maturity value and again, with reference to discounting, there are no interest rates deducible from the contractual conditions that are significantly different from the market interest rates.

## **CRITERIA FOR CONVERTING VALUES EXPRESSED IN FOREIGN CURRENCY**

Receivables and payables denominated in foreign currencies are recorded based on the exchange rates in force on the date on which they arose. Any payable and receivable in foreign currency at year-end are shown in the Income Statement by converting the foreign currency amount using the exchange rate on the date of the balance sheet. Exchange gains and losses are recognized in the Income Statement.

## **INCOME STATEMENT**

### **REVENUES AND COSTS**

Revenues and income, costs and charges are recorded net of returns, discounts, rebates and premiums in compliance with the principles of competence and prudence.

Revenues from sales transactions of goods or services is recognized when the production process of goods or services has been completed and the exchange has already taken place, that there was substantive, not formal passage of title. The Financial income and income from services are recognized on an accrual basis.

Economic and financial transactions with Companies of the Group and with other connected counterparts have been carried out at market conditions.

### **GOODS IN LEASING**

Fixed assets subject to financial leasing are registered in the balance sheet in accordance with the accounting approach, consistent with the current legislative interpretation in this matter, which envisages the accounting of lease fees in the operating costs.

In accordance with the provisions of art. 2427 n. 22 of the Italian Civil Code, the disclosures relating to financial leasing transactions are included in the commentary on the tangible fixed assets.



## INCOME TAX

The taxes are calculated on the basis of a realistic estimate of the taxes payable under the current tax law, applying tax rates at the balance sheet date, and are stated net of prepayments and withholdings, under "Tax liabilities" if it appears a debt net or in the item "Tax Credits" in the case showing a surplus on credit.

As from 2014-15, the company exercises, as a consolidated company, the option to the tax regime of the national tax consolidation pursuant to art. 117 and following of Presidential Decree 917/86 (Income Tax Code), which allows to determine the IRES on a taxable base corresponding to the algebraic sum of the taxable income and tax losses of the individual companies involved, together with the company Elgi Compressors Italy S.r.l., the latter acting as the consolidating company.

Receivables and payables related to income tax (IRES), were therefore transferred to the parent company "consolidating", to which were recorded the corresponding accounts payable or receivable. Charges or income tax arising from the Group were recognized in the income statement calculated by applying the tax rates in force when the temporary differences will be reversed.

As required by the accounting principle no. 25 issued by the OIC, deferred tax assets, in accordance with the principle of prudence, are recognized only if there is reasonable certainty of their future recovery.

As a consequence of the national tax consolidation the positive and negative tax are transferred, each year, to the consolidating company that operates the payment of the IRES tax due by Group.

## OTHER INFORMATION

### Inter-group transactions

Inter-group transactions are regulated under normal market conditions

### Research and Development

The company has carried out research and development activities.

Pursuant to article 2428, paragraph 2, point 1, of the Civil Code, relevant information is provided in the Management Report. Above mentioned costs sustained for Research and Development, as per Art. 2426 point 5 of Civil Code and OIC N. 24, have been considered as operation cost and entirely accounted in the Income Statement.

### Sales transactions with grant back obligation

There are no sales transactions with obligation for the buyer to withdraw upon completion

**Information article 2427, paragraph 1, point 19, point 19 bis, point 20, point 21, 22 bis, 22 ter, 22 quater, 22 quinquies, 22 sexies e 22 septies of the Italian Civil Code**

#### Letter 19

No other financial instrument has been issued by the company.

#### Letter 19bis

No loans have been made by shareholders to the company.

#### Letter 20

There are no assets and legal relationships included in the assets intended for a specific transaction, in accordance with subparagraph a) of the first paragraph of article 2447bis.

#### Letter 21

There is no income, yields thereof, and investments relative to funding for specific transactions.

#### Letter 22 bis

The Company has entered transactions with related parties at normal market conditions.

#### Letter 22 ter

The company did not made off-balance sheet arrangements that may expose the company to risks or generate

significant benefits.

Letter 22 quater

Reference is made to the part "Information on relevant facts that happened after the closure of the period"

Letter 22 quinquies

The consolidated financial statements are prepared by the parent company, Elgi Equipments Ltd, based in Trichy Road, Singanallur, Coimbatore, Tamil Nadu 641005, India.

A copy of the consolidated financial statements is available on Elgi Equipments Ltd's website.

Letter 22 sexies

N.a.

Letter 22 septies

In this supplementary note, it is given information on the proposal for the allocation of the net profit.

**Derivative financial instruments**

There are no derivative financial instruments

## **Note to the Financial Statements, assets Fixed assets**

### **Intangible fixed assets**

The value of the intangible fixed assets is € 53.641 (€ 391.376 in the previous financial year).

### **Movements of intangible fixed assets**

The composition and movements of the individual items are as follows:

	Industrial patent rights and intellectual property rights	Concessions, licenses, trademarks and similar rights	Total intangible assets
<b>Value at the beginning of the year</b>			
<b>Cost</b>	902.431	83.441	985.872
<b>Depreciation (accumulated depreciation)</b>	550.307	44.189	594.496
<b>Book value</b>	352.124	39.252	391.376
<b>Changes during the year</b>			
<b>Increases due to acquisitions</b>	13.923	0	13.923
<b>Reclassifications (of book value)</b>	568.677	0	568.677
<b>Depreciation for the year</b>	131.177	4.408	135.585
<b>Other variations</b>	216.073	0	216.073
<b>Total variations</b>	568.677	0	568.677
<b>Year-end value</b>			
<b>Cost</b>	347.677	83.441	431.118
<b>Depreciation (accumulated depreciation)</b>	112.807	48.597	161.404
<b>Book value</b>	216.073	0	216.073

The increases relating to the current year are attributable to the costs for a new software. The decreases relating to the year are attributable to the accounting elimination of obsolete software no longer present in the company. The write-down recognized in the financial statements relates to the implementation costs of a cloud software and was made necessary to align the value of the fixed assets with the estimate of their recoverable value.

### **Tangible fixed assets**

The value of the tangible fixed assets is € 1.891.560 (€ 1.804.530 in the previous financial year).

### **Movements of the intangible fixed assets**

The composition and movements of the individual items are as follows:

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other intangible fixed assets	Tangible fixed assets under construction and payments on account	Total intangible fixed assets
<b>Value at the beginning of the year</b>						
<b>Cost</b>	2.402.236	1.189.145	845.088	505.233	9.400	4.951.102
<b>Depreciation (accumulated depreciation)</b>	767.366	1.125.506	813.499	440.201	0	3.146.572
<b>Book value</b>	1.634.870	63.639	31.589	65.032	9.400	1.804.530
<b>Changes during the year</b>						
<b>Increases due to acquisitions</b>	99.353	74.152	10.417	29.506	2.250	215.678
<b>Decreases for disposals and divestments (of the book value)</b>	0	1.502	1.162	39.506	0	42.170
<b>Depreciation for the year</b>	67.915	17.901	13.534	19.897	0	119.247
<b>Other variations</b>	0	1.502	1.161	39.506	(9.400)	32.769
<b>Total variations</b>	31.438	56.251	(3.118)	9.609	(7.150)	87.030
<b>Year-end value</b>						
<b>Cost</b>	2.501.589	1.261.797	854.342	495.233	2.250	5.115.211
<b>Depreciation (accumulated depreciation)</b>	835.281	1.141.907	825.871	420.592	0	3.223.651
<b>Book value</b>	1.666.308	119.890	28.471	74.641	2.250	1.891.560

Additional information is provided below:

Description	Importo
<b>Buildings</b>	
Historical cost of buildings	1.436.458
Inflation adjustments	20.666
Revaluation pursuant to D.L. 185/2008	654.322
Depreciation during past financial years	767.366
<b>Total buildings as at 31/03/2022</b>	<b>1.344.080</b>
Acquisition during the financial year	99.353
Depreciation financial year	67.915
<b>Buildings as at 31/03/2023</b>	<b>1.375.518</b>
<b>Land</b>	
Historical cost	116.036
Revaluation pursuant to D.L. 185/2008	174.754
<b>Balance as at 31/03/2022</b>	<b>290.790</b>
Acquisition during the financial year	
<b>Land as at 31/03/2023</b>	<b>290.790</b>
<b>Total Land and Buildings as at 31/03/2023</b>	<b>1.666.308</b>

## TOTAL REVALUATIONS OF TANGIBLE ASSETS AT YEAR END

As already mentioned, the tangible assets were revalued in prior years based on legal provisions (special, general or sector) and there has not been any discretionary or voluntary revaluation, with the revaluations made at maximum limit of useful value, objectively determined, of the relevant asset.

For the industrial buildings and land, the Company has taken advantage of the revaluation granted by art. 15, paragraph 16 D.L. 185/2008 (converted in law L. 2/2009).

For the current fiscal year, no revaluations on tangible assets existing at the moment of the closure have been carried out.

The revaluations are the following:

Description	Legal revaluation as at 31/03/2007	Revaluation pursuant to D.L. 185/2008	Total Revaluations
Lands and buildings	20.666	829.076	849.742
Plants and machinery	57.215		57.215
Equipment	3.471		3.471
Other assets	2.495		2.495
<b>Total</b>	<b>83.847</b>	<b>829.076</b>	<b>912.923</b>

## Financial leases

Pursuant to art. 2427, paragraph 1 number 22 of the Italian Civil Code, information regarding financial leases is provided below.

	Amount
Total assets under financial leasing at the end of the financial year	68.319
Depreciation that should have been attributed to the financial year	19.520
Current value of the outstanding (not past due) lease at the end of the financial year	0
Financial charges attributable to the financial year based on the effective interest rate	79.921

The following table analyses the information mentioned above with respect to individual contracts in effect:

N.	Description	References to contract of leasing company	Date of delivery	Historical cost	Contract duration	Initial rental fee (anticipated)	N. remaining rental fees	Redemption cost
1	Camion DAF GF879LY	11/03/2023 Cassa Centrale Banca - Leasing 0083978 of 17/11/2022	11/03/2023	97.600	60 months	19.520	46 installments of the amount of Euro 1.361 each	976

## Financial fixed assets

The value of the intangible fixed assets is € 1.826.258 (€ 826.258 in the previous financial year).

## Movements of equity investments, other securities and derivative financial instruments fixed assets

The equity investments recognised as financial fixed assets are equal to € 258 (€ 258 in the previous financial year).

The composition and movements of the individual items are as follows:

	Equity investments in other companies	Total equity investments
Value at the beginning of the year		
Cost	258	258
Book value	258	258
Year-end value		
Cost	258	258
Book value	258	258

## Variations and maturity date of non-current receivables

The receivables recognised as financial fixed assets are equal to € 1.826.000 (€ 826.000 in the previous financial year).

The composition and movements of the individual items are as follows:

The summary of movements is presented below:

	Value at the beginning of the financial year	Variations during the financial year	Value at the end of the financial year	Portion due within the financial year	Portion due beyond the financial year	Of which due within more than 5 years
Non-current receivable from parent companies	386.000	0	386.000	386.000	0	0
Non-current receivable from companies controlled by parent companies	440.000	1.000.000	1.440.000	1.440.000	0	0
<b>Total non-current receivable</b>	<b>826.000</b>	<b>1.000.000</b>	<b>1.826.000</b>	<b>1.826.000</b>	<b>0</b>	<b>0</b>

The item "non-current receivables from parent companies" represents an interest-bearing loan of € 386.000 granted to Elgi Compressors Italy Srl with original expiry in July 2022 and extended to September 2023.

The item "non-current receivable from companies controlled by parent companies" represents an interest-bearing loan of € 440.000 granted to Elgi Compressors Europe Srl with original expiry in September 2022 and extended to September 2023.

The increase for the year of € 1.000.000 represents an interest-bearing loan granted to Elgi Compressor Europe Srl with expiry in September 2023.

The interest accrued during the year totalled €13.187.

## Value of financial fixed assets

	Book value	Fair value
Equity investments in other companies	258	258

## Details on share value in other companies

Description	Book value	Fair value
B.C.C. Caraglio	258	258
<b>Total</b>	<b>258</b>	<b>258</b>

## Current assets

### Inventories

Assets are registered as inventories when the risks and benefits connected to the purchased goods are transferred, therefore they include the assets at the company's warehouse, except for those received from third parties for which the property right was not acquired (on the basis of consignment, for manufacturing purposes and deposit), the properties owned by third parties (on the basis of consignment, for manufacturing purposes and deposit)), and the goods in transit when the risks and benefits connected to the acquired goods were already transferred.

The inventories included in current assets amounted to € 13.337.212 (€ 8.455.022 in the previous financial year).

The composition and changes in the individual items are reported as follows:

	Value at the beginning of the financial year	Variations during the financial year	Value at the end of the financial year
Raw materials, supplies and consumables	5.889.378	3.535.410	9.424.788
Work in progress and semi-finished products	1.997.502	829.784	2.827.286
Finished products and goods for resale	568.142	516.996	1.085.138
<b>Total inventories</b>	<b>8.455.022</b>	<b>4.882.190</b>	<b>13.337.212</b>

The value of inventories at the end of the year was determined by applying the FIFO method, introduced in place of the previously applicable weighted average cost, as previously described.

The write-down provision for inventories underwent the following movements:

	Value as at 31/03/2022	Provision for the financial year	Allocated during the financial year	Value as at 31/03/2023
Write-down reserve for raw materials	304.566	226.299	290.971	239.894
Write-down work in progress and semi-finished products reserve	97.589	56.038	97.570	56.056
<b>Total inventory write-down</b>	<b>402.155</b>	<b>282.337</b>	<b>388.541</b>	<b>295.950</b>

### Receivables

Receivables included under current assets amounted to € 9.670.628 (€ 8.710.333 in the previous financial year).

The composition is represented as follows:

	Due within the following financial year	Due beyond the following year	Total nominal value	(Funds for risks/write-downs)	Net value
Towards customers	4.930.659	0	4.930.659	131.015	4.799.644
Towards parent companies	43.933	0	43.933	0	43.933



Towards companies subject to the control of the parent companies	4.411.076	0	4.411.076	0	4.411.076
Tax credits	195.704	0	195.704		195.704
Prepaid taxes			166.773		166.773
Towards others	53.498	0	53.498	0	53.498
<b>Total</b>	<b>9.634.870</b>	<b>0</b>	<b>9.801.643</b>	<b>131.015</b>	<b>9.670.628</b>

### Receivables - Division according to the expiration date

Pursuant to art. 2427, paragraph 1 number 6 of the Italian Civil Code, data regarding the division of receivables according to the expiration date are hereby reported:

	Value at the beginning of the financial year	Variations during the financial year	Value at the end of the financial year	Portion of the lease due within the financial year	Portion of the lease due beyond the financial year	Of which due within more than 5 years
Receivables from customers recognised as current assets	4.386.419	413.225	4.799.644	4.799.644	0	0
Receivables from parent companies recognised as current assets	50.243	(6.310)	43.933	43.933	0	0
Receivables from companies controlled by parent companies recognised as current assets	3.965.829	445.247	4.411.076	4.411.076	0	0
Tax related receivables recognised as current assets	103.344	92.360	195.704	195.704	0	0
Prepaid taxes recognised as current assets	139.570	27.203	166.773			
Receivables from others recognised as current assets	64.928	(11.430)	53.498	53.498	0	0
<b>Total receivables recognised as current assets</b>	<b>8.710.333</b>	<b>960.295</b>	<b>9.670.628</b>	<b>9.503.855</b>	<b>0</b>	<b>0</b>

### Receivables registered in the current assets – Division by geographical areas

Pursuant to art. 2427, paragraph 1 number 6 of the Italian Civil Code, data regarding the division of receivables registered as current assets according to the geographical area are hereby reported:

Geographic area	ITALIA	CEE	EXTRACEE	Totale
Receivables from customers included in current assets	2.181.524	1.212.498	1.405.622	4.799.644
Receivables from parent companies included in current assets	7.092	0	36.841	43.933
Receivables from companies subject to the control of the parent companies included in current assets	161.555	397.368	3.852.153	4.411.076
Tax credits recorded in current assets	195.704	0	0	195.704
Deferred tax assets recognized in current assets	166.773	0	0	166.773
Receivables from others included in current assets	53.498	0	0	53.498
<b>Total receivables entered in current assets</b>	<b>2.766.146</b>	<b>1.609.866</b>	<b>5.294.616</b>	<b>9.670.628</b>

## Receivables from customers

There are no receivables from customers that expire after 5 years.

The adjustment of the nominal value of receivables from customers to their estimated realizable value was obtained through a specific provision for doubtful debts that underwent the following changes during the year:

	Value as at 31/03/2022	Provision for the financial year	Allocated during the financial year	Value as at 31/03/2023
<b>Reserve for changes in fair value ex per art.2426 Civil Code</b>	122.600	8.415		131.015

The write-downs of receivables resulting in the balance sheet for the amount not covered by the insurance guarantee deriving from sales of goods and the provision of services are set aside to link non-performing loans to the fund bad debts and took place through:

- A careful analysis of individual receivables and determination of the alleged loss for each situation
- Evaluation of aging indices of past due receivables compared to previous years
- General economic conditions in the sector and country risk.

A mix of analysis determines the provision for the year, to such an extent as to make the value of the bad debt provision congruous by reason of the valuation made by the Directors.

## Receivables from parent company

Details are as follow:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Loans to Elgi Equipment Ltd and branches for commercial transactions	44.784	- 7.942	36.842
Loan to Elgi Compressors Italy Srl for advances, financing and proceeds from consolidated [tax regime]	5.459	1.633	7.092
<b>Total loans to parent companies</b>	<b>50.243</b>	<b>-6.310</b>	<b>49.933</b>

## Receivables due from companies controlled by parent companies

Receivables are related to commercial transactions and details are as follow:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Crediti v. Elgi Compressors Europe	616.011	- 231.928	384.083
Crediti v. Elgi Gulf Middle East	95.680	276.711	372.391
Crediti v. Elgi Compressors Southern Europe	163.262	- 1.707	161.555
Crediti v. Elgi USA	3.088.468	391.294	3.479.762
Crediti v. Elgi Compressors France	2.408	10.877	13.285
<b>Total Receivables from companies controlled by parent companies</b>	<b>3.965.829</b>	<b>445.247</b>	<b>4.411.076</b>

## Tax receivables

Details are as follow:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
VAT	103.344	92.360	195.704
<b>Total Tax receivables</b>	<b>103.344</b>	<b>92.360</b>	<b>195.704</b>

## Prepaid assets

The item prepaid taxes include taxes on the temporary differences deductible in future years.

The details relative to the formation of deferred taxes is shown in the "Taxes on income, current liabilities and assets" of these notes.

Description	Valore al 31/03/2022	Variation	Valore al 31/03/2023
Credits for prepaid taxes	311.014	135.824	446.838
Taxable use of prepaid taxes	- 171.444	108.621	- 280.065
<b>Total prepaid taxes</b>	<b>139.570</b>	<b>244.445</b>	<b>166.773</b>

## Other receivables

Details are as follow:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Advances to suppliers	3.232	88	3.320
Security deposits	125	-	125
Confirmatory deposits	60.870	- 10.870	50.000
Different credits	701	- 648	53
<b>Total Receivables from others</b>	<b>64.928</b>	<b>- 11.430</b>	<b>53.498</b>

## Receivables in foreign values

Details are as follow:

Receivables	Currency	Amount in currency	Value Initial enrolled in accounting at the exchange of the date of the transaction	Exchange rate at 31.03.2022	Value to be entered in the Financial Statements as at 31.03.2022	Differences
ELGI GULF FZE	\$	71.600,00	68.760	1,088	65.839	- 2.922
<b>Total Receivables in foreign currency</b>			68.760	1,088	65.839	- 2.922

## Cash and cash equivalents

Cash and cash equivalents included under current assets amounted to € 864.143 (€ 211.341 in the previous financial year). The composition and changes in the individual items are reported as follows:

	Value at the beginning of the financial year	Variations during the financial year	Value at the end of the financial year
Deposits in bank and postal accounts	208.472	653.108	861.580
Cash and other cash equivalents on hand	2.869	(306)	2.563
<b>Total cash and cash equivalents</b>	<b>211.341</b>	<b>652.802</b>	<b>864.143</b>

## Prepaid and accrued expenses

Prepaid and accrued expenses amounted to € 103.862 (€ 94.349 in the previous financial year). The composition and changes in the individual items are reported as follows:

	Value at the beginning of the financial year	Variations during the financial year	Value at the end of the financial year
Prepaid expenses	94.349	9.513	103.862
<b>Total accrued income and prepaid expenses</b>	<b>94.349</b>	<b>9.513</b>	<b>103.862</b>

The prepaid expenses for the year was determined according to the principle of economic and temporal competence, taking care to allocate the portions of costs pertinent to it to the year at the end.

As of 31/03/2023 there are no accruals and deferrals with a duration of more than five years. The composition of the item is detailed as follows.

Desription	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Prepayments on insurance premiums	24.448	-1.292	23.156
Prepayments for licenses, software assistance	31.137	-12.603	18.534
Leasing fees	16.023	-2.300	13.723
Exhibitions		18.212	18.212
Advertisements, printed advertising		15.830	15.830
Rentals	6.359	-6.359	-
Prepayments on stamp duties and vehicle insurance	6.165	-1.418	4.747
Other prepaid expenses	10.217	-557	9.660
<b>Total deferred income</b>	<b>94.349</b>	<b>9.513</b>	<b>103.862</b>

## Information Regarding The Balance Sheet

### Liabilities and Net Equity

The existing net equity at the year-end amounted to € 6.897.438 (€ 5.428.922 in the previous financial year).

### Changes on Net Equity items

The following tables show the movements undergone during the year by the individual items that make up the Shareholders' Equity and the details of the item "Other reserves".

On May 24, 2022, the Shareholders' Meeting approved the distribution of dividends for € 1.440.000 which were paid in full during the year.

	Value at the beginning of the financial year	Allocation of previous year profit (loss)		Other variations			Profit (loss) of the financial year	Value at the end of the financial year
		Allocation of dividends	Others allocations	Increase	Decrease	Reclassification		
Share capital	601.950	0	0	0	0	0		601.950
Share-issue premium reserve	43.702	0	0	0	0	0		43.702
Revaluation reserves	852.105	0	0	0	0	0		852.105
Legal reserve	120.390	0	0	0	0	0		120.390
Statutory reserves	0	-	-	-	-	-		0
Other reserves								
Extraordinary reserve	2.275.888	0	5.349	34.315	0	0		2.315.552
Reserve for unrealized exchange gains	0	0	34.315	0	(34.315)	0		0
Various other reserves	55.223	0	0	0	0	(1)		55.222
Total other reserves	2.331.111	0	39.664	0	0	(1)		2.370.774
Reserve for hedging of future expected cash flows	0	-	-	-	-	-		0
Retained earnings (losses)	0	-	-	-	-	-		0
Profit (loss) for the financial year	1.479.664	1.440.000	(39.664)	0	0	0	2.908.517	2.908.517
Loss covered during the financial year	0	-	-	-	-	-		0
Negative reserve for own shares in portfolio	0	-	-	-	-	-		0
Total shareholders' equity	5.428.922	1.440.000	0	0	0	(1)	2.908.517	6.897.438

### Detail on other reserves

Description	Amount
Reserve for contributions and donations	456
Reserve art.15 DL 429/82	54.767
Non-accounting rounding reserve	(1)
Reserve rounding	55.222

For the purposes of a better understanding of the changes in shareholders' equity, the changes in the previous year in the shareholders' equity items are shown below:

	Value at the beginning of the year	Allocation of dividends	Other destinations	Increases	Decreases	Reclassifications	Result for the year	Value at the end of the year
<b>Capital</b>	601.950	-	-	-	-	-		601.950
<b>Share premium reserve actions</b>	43.702	-	-	-	-	-		43.702
<b>Reserves of revaluation</b>	852.105	-	-	-	-	-		852.105
<b>Legal reserve</b>	120.390	-	-	-	-	-		120.390
<b>Other reserves</b>								
<b>Extraordinary reserve</b>	2.245.612	-	3.529	-	-	26.747		2.275.888
<b>Reserve for earnings on unrealized changes</b>	-	-	26.748	-	26.748	-		-
<b>Various other reserves</b>	55.224	-	-	-	-	- 1		55.223
<b>Total other reserves</b>	2.300.836	-	30.277	-	26.748	26.746		2.331.111
<b>Profit (loss) of the exercise</b>	505.277	475.000	- 30.277	-	-	-	1.479.664	1.479.664
<b>Total Assets</b>	4.424.260	475.000	-	-	26.748	26.746	1.479.664	5.428.922

Based on the provisions of article 2423, paragraph 3 of the Civil Code concerning additional information, the following additional information is provided:

- The share capital is represented by N° 24,078 ordinary shares with a nominal value of Euro 25.00.
  - The "Share premium reserve" contains any excess in the issue price of shares compared to their nominal value and may be distributed to shareholders pursuant to article 2431 of the Civil Code, since the legal reserve has reached the limit established by article 2430 of the Civil Code.
  - The item "Revaluation reserves" includes reserves which have been provided by special laws pursuant to law no. 72/1983. These reserves may be distributed following the procedure imposed by paragraphs 3 and 4 of Article 2445 of the Civil Code. In the cases referred to in paragraphs 3 and 4 of Article 17 Legislative Decree N°213 of June 24, 1998, as amended by article 2 of Legislative Decree of June 15, 1999 the third paragraph of Article 2445 of the Civil Code does not apply. In 2008 there was a revaluation of buildings pursuant to article 15, Law N° 185 of November 29, 2008. Consequent to the revaluation of Euro 829.076 a revaluation reserve of Euro 806.825 was recorded net of substitute tax calculated at a rate of 3% for depreciable property and 1,5% for non-depreciable property.
  - The "Legal reserve" includes provisions mandated by article 2430 of the Civil Code. This reserve is available to cover losses to the extent of 1/5 of the share capital. Beyond this limit, it is available.
  - The "Special reserve" includes approved allocation of previous year earnings and can be distributed.
  - The "Reserve in article 15, Law 429/1982" caters for the values that emerged as a result of the application of Law 516/1982 and is distributable.
  - The "Rounding Reserve" includes non-accounting cash on hand for rounding in Euro. This reserve is not available.
- The provisions of Article 2427, No. 4 and No. 7a of the Civil Code are shown in Attachments No.1 and No. 2.

**Reserves or other funds which, in case of distribution, form the taxable income of the company, regardless of the period in which it is formed**

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Reserve art. 15 DL 429/1982	54.768	-	54.768
Reserve for contributions and donations	456	-	456
Riserva rivalutazione ex legge n. 72/1983	45.280	-	45.280
Riserva rivalutazione ex legge n. 185/2008	806.825	-	806.825
<b>Total</b>	<b>907.329</b>	-	<b>907.329</b>

**Reserves or other funds which, in case of distribution, do not contribute to the taxable income of shareholder, regardless of the period in which they are formed**

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Share-issue premium reserve	43.702	-	43.702
<b>Total</b>	<b>43.702</b>	-	<b>43.702</b>

**Built-in share capital reserves**

The conversion into Euro of capital has resulted in a free increase that, pursuant to article 44, paragraph 2 of Presidential Decree No. 917 of December 22, 1986 does not imply profits for the Sole Shareholder.

The capital reserve incorporates reserve for Euro 477.467 following the decision of free increase made on May 27, 2008.

During the life of the Company another capital increase was carried out, constituting part of the budget year in question, through use of the revaluation reserve ex l. 72/83.

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Share-issue premium reserve	131	-	131
Inflation adjustments reserve L. 72/83	21.061	-	21.061
Resolution regarding the increase of the share capital of 27May 2008 utilising the extraordinary reserves	477.467	-	477.467
<b>Total</b>	<b>498.659</b>	-	<b>498.659</b>

**Availability and use of shareholders' equity**

The information required by article 2427, paragraph 1 no. 7bis of the Italian Civil Code regarding the specification of the items included as net equity with reference to their origin, possibility of use and distribution, as well as their utilisation in previous years, can be ascertained from the tables below:

	Amount	Origin/ nature	Potential use	Available portion	Summary of the uses made in three previous financial years	
					to cover losses	to cover losses
Share capital	601.950			0	0	0
Share-issue premium reserve	43.702		A,B,C	43.702	0	0
Revaluation reserves	852.105		A,B,C	852.105	0	0
Legal reserve	120.390		B	120.390	0	0
Statutory reserves	0			-	-	-
Other reserves						
Extraordinary reserve	2.281.237		A,B,C	2.281.237	0	0
Reserve for unrealized exchange gains	34.315			0	-	-
Various other reserves	55.222		A,B,C	55.223	0	0
Total other reserves	2.370.774			2.336.460	0	0
Reserve for hedging of future expected cash flows	0			-	-	-
Negative reserve for own shares in portfolio	0			-	-	-
Total	3.988.921			3.352.657	0	0
Non-distributable portion				120.390		
Remaining distributable portion				3.232.267		

A: for capital increase

B: to cover losses

C: for distribution to shareholders

As complement to the information supplied on the Net Equity, further information are given hereunder

## Revaluation reserves

The composition of the revaluation reserves is as follows:

	Value at the beginning of the financial year	Used to cover losses	Others movements	Value at the end of the financial year
Law 72/1983	45.280	0	0	45.280
Other revaluations				
Other	806.825	0	0	806.825
Total other revaluations	806.825	0	0	806.825
Total revaluation reserves	852.105	0	0	852.105

## Provisions for risks and charges

Provisions for risks and charges are recorded as liabilities with a total amount of € 82.573 (€ 45.489 in the previous year).

The composition and movements in the individual items are analyzed as follows:



	Retirement reserve and similar obligations	Tax reserves including deferred tax liabilities	Total reserves for risks and charges
Value at the beginning of the financial year	37.253	8.236	45.489
Variations during the financial year			
Provision for the financial year	45.104	0	45.104
Other variations	0	(8.020)	(8.020)
Total variations	45.104	(8.020)	37.084
Value at the end of the financial year	82.357	216	82.573

The Retirement Fund indicates provisions for the commercial agents, for the supplementary customers indemnity. The increases related to the retirement provisions refer to provisions for the period of the benefits described above. Deferred taxes originate from revenue components, which are relevant in the year ending, but which fiscally show their effects in subsequent years. They are set aside on presumed exchange gains.

## Employee severance indemnities

Employee severance indemnities are recorded in liabilities with a total amount of € 325.080 (€ 312.815 in the previous financial year).

The composition and movements in the individual items are analyzed as follows:

	Employees' severance benefits
Value at the beginning of the financial year	312.815
Variations during the financial year	
Provision for the financial year	169.781
Allocated during the financial year	153.432
Other variations	(4.084)
Total variations	12.265
Value at the end of the financial year	325.080

The variation is composed as follows:

Variation	Amount
Increase due to provision for the year	257.952
Decrease due to use of the financial year (employee severance indemnity advance and resignations)	(62.139)
Increase for INPS severance pay withdrawals	(88.171)
Decrease due to payment to the Cometa Fund	(41.902)
Decrease due to payment to Other Funds	(49.391)
Substitute tax revaluation	(4.084)
<b>Total Variation of employee severance indemnity</b>	<b>12.265</b>

The employee severance indemnity reflects the debt accrued in respect of all employees in force as at 31/03/2023 net of the advances paid and is calculated on the basis of the laws and contracts in force.

## Payables

Payables are recorded as liabilities with a total amount of € 20.442.213 (€ 14.705.983 in the previous financial year).

The composition and the movements in the individual items are analyzed as follows:

	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Payables to banks	6.286.294	3.223.965	9.510.259
Advances	77.956	124.019	201.975
Payables to suppliers	5.189.393	1.444.580	6.633.973
Payables to parent companies	2.007.147	461.463	2.468.610
Payables to companies subject to the control of the parent companies	47.626	121.454	169.080
Tax payables	99.288	113.403	212.691
Payables to social security and welfare institutions	129.357	(7.325)	122.032
Other debts	868.922	254.671	1.123.593
<b>Total</b>	<b>14.705.983</b>	<b>5.736.230</b>	<b>20.442.213</b>

## Payables- Division according to their maturity

According to art. 2427, paragraph 1, number 6 of the Italian Civil Code, data regarding the division of payables according to their maturity are hereby reported:

	Value at the beginning of the financial year	Variations during the financial year	Value at the end of the financial year	Portion due within the financial year	Portion due beyond the financial year	Of which due within more than 5 years
<b>Amounts owed to banks</b>	6.286.294	3.223.965	9.510.259	9.210.259	300.000	0
<b>Payments on account</b>	77.956	124.019	201.975	201.975	0	0
<b>Payables to suppliers</b>	5.189.393	1.444.580	6.633.973	6.633.973	0	0
<b>Payables to parent companies</b>	2.007.147	461.463	2.468.610	2.468.610	0	0
<b>Payables to companies controlled by parent companies</b>	47.626	121.454	169.080	169.080	0	0
<b>Tax payable</b>	99.288	113.403	212.691	212.691	0	0
<b>Payables to social security and welfare institutions</b>	129.357	(7.325)	122.032	122.032	0	0
<b>Other payables</b>	868.922	254.671	1.123.593	1.123.593	0	0
<b>Total payables</b>	<b>14.705.983</b>	<b>5.736.230</b>	<b>20.442.213</b>	<b>20.142.213</b>	<b>300.000</b>	<b>0</b>

Payables to banks increased during the year due to the taking out of a new loan of €1,000,000, €300,000 of which is due beyond the following year.

## Payables - Division according to the geographical area

According to art. 2427, paragraph 1, number 6 of the Italian Civil Code, data regarding the division of payables according to the geographical area are hereby exported:

Geographic area	ITALIA	CEE	EXTRACEE	Totale
Amounts owed to banks	9.510.259	0	0	9.510.259
Payments on account	9.820	8.542	183.613	201.975
Payables to suppliers	5.254.462	994.982	384.529	6.633.973
Payables to parent companies	729.758	0	1.738.852	2.468.610
Payables to companies controlled by parent companies	0	96.069	73.011	169.080
Tax payable	212.691	0	0	212.691
Payables to social security and welfare institutions	122.032	0	0	122.032
Other payables	1.123.593	0	0	1.123.593
<b>Payales</b>	<b>16.962.615</b>	<b>1.099.593</b>	<b>2.380.005</b>	<b>20.442.213</b>

## Payables secured by collateral on corporate assets

	Payables not secured by collateral on assets	Total
Amounts owed to banks	9.510.259	9.510.259
Payments on account	201.975	201.975
Payables to suppliers	6.633.973	6.633.973
Payables to parent companies	2.468.610	2.468.610
Payables to companies controlled by parent companies	169.080	169.080
Tax payable	212.691	212.691
Payables to social security and welfare institutions	122.032	122.032
Other payables	1.123.593	1.123.593
<b>Total payables</b>	<b>20.442.213</b>	<b>20.442.213</b>

## Payables to banks

The balance of bank debt at 31/03/2023, equal to € 9.510.259, expresses the actual debt per principal.

Given the monitoring of the turnover levels of trade receivables, as well as income and financial flows, the company is able to manage the balance of working capital through bank advances, which are regularly paid on expiry.

## Advances

The balance of € 201.975 expresses advances from customers for future supplies

## Payables to parent companies

Are as follow:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Payables to Elgi Compressors Italy Srl	396.901	332.857	729.758

Payables to Elgi Equipments Ltd for commercial transactions	1.610.246	128.606	1.738.852
<b>Total payables to parent companies</b>	<b>2.007.147</b>	<b>461.463</b>	<b>2.468.610</b>

### Payables to companies controlled by parents' companies

Are as follow:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Entro 12 mesi - Elgi France	25.380	33.301	58.681
Entro 12 mesi - Elgi Gulf U.A.E.	10.375	1.666	12.041
Entro 12 mesi - Elgi Compressors USA	11.871	41.283	53.154
Entro 12 mesi - Elgi Compressors Europe		37.388	37.388
Entro 12 mesi - Elgi Compressors UK and Ireland Ltd		7.644	7.644
Entro 12 mesi - Elgi Compressors Brasil		171	171
<b>Total payables to companies controlled by parent's companies</b>	<b>47.626</b>	<b>121.454</b>	<b>169.080</b>

### Tax payables

Tax payables considers exclusively the payables for definitive and determined tax provisions.

Are as follow:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
IRPEF employees, continuous and coordinated contractual relationship self-employed and agents	59.497	19.803	79.300
IRAP	39.239	94.104	133.343
Other payables to Treasury	552	-504	48
<b>Total related tax payables</b>	<b>99.288</b>	<b>113.403</b>	<b>212.691</b>

### Payables to social security and insurance institutions

Are as follow:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Contributions on employee salaries and Co.Co.Co. pertaining to the period	103.446	- 1.788	101.658
Enasarco contributions and FIRR agents pertaining to the period	4.239	- 4.239	-
Severance indemnity contributions Cometa and various funds	17.862	2.511	20.373
Partial exemption contribution for the disabled I trimester reference period	3.810	- 3.810	-
<b>Total payables to social security and security institutions</b>	<b>129.357</b>	<b>- 7.326</b>	<b>122.031</b>

### Others payables

Are as follow:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Payables for holidays and accessories on residual holidays	416.414	125.528	541.942
Salaries of employees and Co.Co.Co to be paid	181.296	237.320	237.320
Bonus	269.356	344.071	344.071
Other debts	1.856	- 1.596	260
<b>Total Other payables</b>	<b>868.922</b>	<b>705.322</b>	<b>1.123.593</b>

## Currency payables

Are as follow:

Receivables	Currency	Amount in currency	Initial eneter accounting	Exchange rate at 31.03.2023	Value to be entered in the Financial Statements as of 31.03.2023	Differences
ELGI COMPRESSORS USA	USD	37.982	35.449	1,088	34.926	-524
MIDWEST CONTROL DEVICES, Inc.	USD	2.506	2.303	1,088	2.304	1
BLUE DIAMOND MACHINERY PTY LTD	AUD	3.465	2.225	1,627	2.130	-95
BLUE DIAMOND MACHINERY PTY LTD	USD	180	170	1,087	166	-4
ELGI COMPRESSORS USA INC	USD	18.954	17.705	1,087	17.429	-276
ELGI Compressors UK & Ireland	USD	6.721	7.644	0,879	7.644	-
<b>Total Payables in foreign currency</b>		<b>69.807</b>	<b>65.497</b>		<b>64.598</b>	<b>-899</b>

## Information regarding the income statement

### PRODUCTION VALUE

#### Revenues from sales and services by business category

In relation to the provisions of art. 2427, paragraph 1 number 10 of the Italian Civil Code, the following tables report the breakdown of revenues by business segment:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Vendita di merci	7.256.051	- 7.082.841	173.210
Vendita di prodotti	21.621.775	7.671.733	29.293.508
Vendite accessori-ricambi	1.854.876	682.847	2.537.723
Prestazioni di servizi	113.807	- 10.759	103.049
Altre	13.930	24.362	38.292
<b>Totale</b>	<b>30.860.439</b>	<b>1.285.343</b>	<b>32.145.782</b>

#### Revenues from sales and services by geographical area

Pursuant to art. 2427, paragraph 1 number 10 of the Italian Civil Code, the following tables report the division of revenues by geographical area:

Geographic Area	Current financial year value
ITALIA	5.940.202
CEE	4.613.933
EXTRACEE	21.591.647
<b>Totale</b>	<b>32.145.782</b>

Other revenues and income are registered under production value in the income statement, with a total amount of € 2.023.792 (€ 1.705.455 in the previous financial year). The composition of the individual items is detailed as follows:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Operating grants	9.100	30	9.130
Contingent assets and non-existent assets	14.934	1.718	16.652
Reimbursement of transport costs	202.457	55.099	257.555
Reimbursement of packing costs	1.305	1.130	2.435
Various indemnities and refunds	4.228	3.428	800
Recovery of legal, administrative and service expenses	-	230	230
Active rebates	83	228	311
Freebies from vendors	818	- 574	244

Intercompany services	1.092.530	643.905	1.736.435
Capital gain from contribution	280.000	280.000	-
Sales customer list	100.000	100.000	-
<b>Total various revenues and income</b>	<b>1.705.455</b>	<b>318.337</b>	<b>2.023.792</b>

The increase in the item "Intercompany Services" refers to the re-charging of storage services, shipping of products and administrative services on the European market to Elgi Compressors Europe S.r.l.

The breakdown of operating grants is as follows:

Description	Importo
Refund by Fondimpresa Piano formativo code 302701	4.590
Refund by Fondimpresa Piano formativo code 307996	840
Refund by Fondimpresa Piano formativo code 329783	3.700
<b>Total contributions for the financial year</b>	<b>9.130</b>

## PRODUCTION COSTS

### Costs for raw materials, consumables and goods and costs

They are closely related to what is stated in the management and performance Report at point A (Production value) on the Income Statement.

The breakdown is as follows:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Purchase of goods for production	14.318.444	6.575.673	20.894.117
Purchase goods for resale	3.124.511	- 2.573.114	551.397
Packaging	272.347	146.000	418.347
Workshop fuels and lubricants	27.033	- 3.787	23.246
Small equipment and assets under a million	26.958	28.574	55.532
Advertising material	24.353	12.019	36.372
Use and maintenance booklets	18.832	- 7.646	11.186
Other costs	81.976	47.355	129.331
<b>Total costs for raw materials, ancillary materials, consumables and goods</b>	<b>17.894.454</b>	<b>4.225.073</b>	<b>22.119.527</b>

### Costs for services

Costs for services are registered under production costs in the income statement with a total amount of € 6.662.651 (€ 5.745.251 in the previous financial year).

The composition of the individual items is detailed as follows:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Other costs	27.714	- 1.996	25.718
Administrators	295.766	62.672	358.438
Insurance	153.209	22.996	176.205
Support our products	144.990	- 26.923	118.067
Software assistance	144.097	34.117	178.214
ISO, CE certifications, approvals	10.468	16.551	27.019
Participation in moulds	65	8.245	8.310
Audit Fees	24.000	-	24.000
Consulting	195.217	- 46.309	148.908
External staff consultancy	333.777	- 67.483	266.294
Vehicle costs	35.520	- 399	35.121
Company internal costs	295	317.951	318.246
Board of Statutory Auditors fees	14.000	0	14.000
Customer information	12.901	9.122	22.023
External processing	2.244.261	462.824	2.707.085
Maintenance and Repairs	78.573	- 23.032	55.541
Commissions	200.281	32.246	232.527
Advertising, fairs and exhibitions	210.322	- 114.773	95.549
Waste disposal	56.883	18.409	75.292
Expenses for professional courses, internships	1.350.858	- 1.335.342	15.516
Transportation, storage and customs clearance costs	13.100	1.439.840	1.452.940
Travel expenses	68.772	57.596	126.368
Utilities (electricity, water, gas, telephone)	118.681	49.139	167.820
Surveillance and cleaning	11.501	1.949	13.450
<b>Total costs for services</b>	<b>5.745.251</b>	<b>917.400</b>	<b>6.662.651</b>

### Expenses for leased assets

Expenses for leased assets are registered under production costs in the income statement with a total amount of € 191.715 (€ 120.499 in the previous year).

The composition of the individual items is detailed as follows:

Description	Value as at 31/03/2022	Variation	Value as at 31/03/2023
Rentals and leases	8.959	5.042	14.001
Leasing fees for movable property	5.672	12.001	17.673



Car rental	55.436	25.918	81.354
Other	50.432	28.255	78.687
<b>Total expenses for the use of third party assets</b>	<b>120.499</b>	<b>71.216</b>	<b>191.715</b>

## Personnel costs

This entry includes all expenses for employees including merit increases, category transfers, cost of unused holidays pay and provisions of the law and collective agreements.

Total costs are equal to € 5.121.336 (€ 4.397.059 in the previous year).

## Depreciation of tangible assets

The cost is equal to € 479.320 (€ 240.126 in the previous year).

As regards the depreciation shown in the financial statements, it is specified that these have been calculated on the basis of the useful life of the asset and its deterioration in the production phase.

The provision to the bad debt provision, of receivables deriving from the sale of goods and the provision of services resulting in the financial statements, was calculated to bring the receivables back to their presumed realizable value in compliance with art. 2426 of the Civil Code.

## Other operating expenses

Other operating expenses are registered under production costs in the income statement with a total amount of € 169.475 (€ 145.983 in the previous year). This cost includes all operating costs not accountable to other items of aggregate B) and costs for incidental management, other than financial, which are not characterized as exceptional costs.

It also includes all tax related costs that do not represent accessory purchase charges (indirect taxes and other contributions), other than direct taxes.

## Financial income and expenses

### Interest and other financial expenses - Division by type of debt

Pursuant to art. 2427, paragraph 1 number 12 of the Italian Civil Code, the following table shows the division of the item "Interest and other financial charges":

	Interest and other financial charges
Amounts owed to banks	189.733
Other	407
<b>Total</b>	<b>190.140</b>

Information regarding the division of profits and losses on foreign exchange arising from the valuation at year-end compared to those actually incurred:

	Evaluation part	Realized part	Total
Profits on exchange rates	899	4.962	5.861
Losses on exchange rates	2.922	18.172	21.094

The item C17-bis highlights the positive or negative effect (gains or losses) in exchange rates relative to those adopted on the dates of the individual transactions. Revenues and income, costs and charges related to transactions in foreign currencies are determined at the exchange rate on the date on which the relevant transaction is completed.

## CURRENT, DEFERRED AND PREPAID TAXES ON INCOME

The composition of the individual items is represented as follows

	Current taxes	Taxes related to previous financial years	Deferred taxes	Prepaid taxes	Income (charges) tax transparency
IRES	1.031.859	0	(8.020)	27.203	
IRAP	218.499	0	0	0	
<b>Total</b>	<b>1.250.358</b>	<b>0</b>	<b>(8.020)</b>	<b>27.203</b>	<b>5.567</b>

The amount of the income tax for the financial year is € 1.209.568 of which € 1.250.358 for current taxes, € 27.203 for the reversal of prepaid taxes, € 8.020 for deferred taxes and € 5.567 per income from tax consolidation.

Taxes	Value as at 31/03/2022	Variazioni	Value as at 31/03/2023
IRES	441.159	590.700	1.031.859
IRAP	85.156	133.343	218.499
Income from consolidation	-5.459	-108	-5.567
<b>Total current taxes for the financial year</b>	<b>520.856</b>	<b>723.935</b>	<b>1.244.791</b>
Deferred	1.675	-9.695	-8.020
Prepaid	-17.066	-10.137	-27.203
<b>Total deferred and prepaid taxes</b>	<b>-15.391</b>	<b>-19.832</b>	<b>-35.223</b>
<b>Total taxes</b>	<b>505.465</b>	<b>704.103</b>	<b>1.209.568</b>

### Reconciliation between ordinary and effective tax rates (IRES)

Desription	Value	% Tax	Tax
<b>Profit (loss) before taxes (B)</b>	<b>4.118.085</b>		
Theoretical tax burden (%)		24,0	988.340
Variations in increase	676.280		162.307
Variations in decrease	494.954		118.789
ACE			
<b>Taxable</b>	<b>4.299.411</b>		
<b>IRES tax (A)</b>			<b>1.031.859</b>
<b>IRES Tax - Effective tax burden (A/B)</b>		<b>25,1</b>	<b>1.031.859</b>

DETERMINATION OF INCOME FROM TAX CONSOLIDATION	Value as at 31/03/2022	Variazioni	Value as at 31/03/2023
Interest payable Financial Statements	44.651		
Interest payable for leasing	818	485	1.303
Interest receivable Financial Statements	14.575	1.141	15.716
Deductible interest payable	93.351	82.376	175.727
Gross operating profit (GOP)	1.952.832	2.570.982	4.523.815
Depreciation	231.961	22.871	254.832
Leasing costs	4.379	13.294	17.673
Gross operating result	2.025.468	2.718.339	4.743.806
30% gross operating result	607.640	815.502	1.423.142
Deductible interest	93.351	82.376	175.727
Gross operating result carried forward to consolidation	514.289	733.126	1.247.415
<b>Gross operating result absorbable by the consolidation</b>	-		<b>902</b>
IRES rate 24%		-	
<b>Profit from tax consolidation</b>	<b>5.266</b>	<b>5.050</b>	<b>216</b>
<b>Tax income pertaining to ROTAIR S.p.A. for ROL transfer to the tax consolidation</b>	-	108	<b>108</b>

### Reconciliation between ordinary and effective tax rates (IRAP)

Desription	Value	% Tax	Tax
<b>Difference between production value and cost (B)</b>	<b>4.307.742</b>		
Costs with the personnel	5.121.336		
Intangible assets write-downs	216.073		
receivables write-down	8.415		
<b>Difference between net production value and costs</b>	<b>9.653.566</b>		
Theoretical tax burden		<b>3,9</b>	376.489
Variations in increase	359.741		14.030
Variations in decrease	-		-
Deductions employees	4.410.774		172.020
<b>Taxable (A)</b>	<b>5.602.533</b>		
<b>IRAP (A)</b>			<b>218.499</b>
<b>IRAP – Effective tax burden (A/B)</b>		<b>2,3</b>	<b>218.499</b>

The following additional information is also provided:

**Composition and changes in deferred tax liabilities and prepaid tax assets**

The tables below, separately for IRES and IRAP, summarize the movements for the year, deriving from the increases for temporary differences arising during the year and from decreases due to temporary differences reversed in the "Fund for deferred taxes" and "Credits for prepaid taxes".

Prepaid taxes have been entered on all the temporary differences recorded between taxable income and the profit before taxes, assuming sufficient taxable income to reabsorb the indicated temporary differences. The closing year saw the use of deferred tax assets recorded in the previous financial statements for the amounts shown above

The closing year saw the use of prepaid taxes recorded in previous financial statements for the amounts set out above.

Description	Previous financial year			Variations during the financial year		Current financial year		
	Taxable	%	Taxes	Increase	Decrease	Taxable	%	Taxes
<b>Prepaid taxes</b>								
Revaluation buildings	30.936	27,9%	8.631			30.936	27,9%	8.631
Write-down final inventories	402.156	24,0%	96.517	282.336	388.541	295.951	24,0%	71.028
receivables write-down taxed	79.376	24,0%	19.050			79.376	24,0%	19.050
Compensation unpaid manager	63.359	24,0%	15.206	64.602	63.359	64.602	24,0%	15.504
Estimated exchange losses	688	24,0%	165	2.922	688	2.922	24,0%	701
Intangible assets write-downs	-	24,0%	-	216.073	-	216.073	24,0%	51.858
<b>Total prepaid taxes</b>	<b>576.515</b>		<b>139.570</b>	<b>565.933</b>	<b>452.588</b>	<b>689.860</b>		<b>166.773</b>
<b>Deferred taxes</b>								
Estimated exchange gains	34.315	24,0%	8.236	899	34.315	899	24,0%	216
<b>Total taxes deferred</b>	<b>34.315</b>		<b>8.236</b>	<b>899</b>	<b>34.315</b>	<b>899</b>		<b>216</b>

## Explanatory Notes, Financial Statement

The Financial Statement includes all outflows and inflows of cash and cash equivalents during the year. In the Financial Statement, the individual financial flows are presented separately in one of the following categories:

- Operating management
- Investing activities
- Financing activities

The categories of cash flows are presented in the sequence indicated above. The cash flow from income management was determined using the indirect method (by adjusting the profit for the year shown in the income statement).

The algebraic sum of the cash flows of each category indicated above represents the net change (increase or decrease) in cash and cash equivalents that occurred during the year. The form of presentation of the cash flow statement is of the scalar type.

Operational management increased compared to the previous period due to the increase in the result for the year. The financial flows before the changes in the Net Working Capital (NCC) went from approximately 2.43 million Euros to 5.05 million Euros. The change in the NWC is negative by approximately 3.34 million euros and the financial flows after this change amount to 1.70 million euros against 0.58 million in the previous year. In particular, working capital is affected by the increase in inventories for 4.88 million euros.

Overall, the cash flows deriving from operating activities are positive for EUR 0.09 million.

The investment activity absorbs liquidity for 1.22 million euros while the financial area is influenced by the payment of 1.44 million euro of dividends paid to the sole shareholder Elgi Compressors Italy srl and the opening of short-term loans and self-liquidating lines for 3.22.

Overall, the increase in cash and cash equivalents for the year is 0.65 million euros.

## **Other information**

### **Employment data**

Information concerning the staff is hereby reported, according to art. 2427, paragraph 1 number 15 of the Italian Civil Code:

	Average number
Senior executives	1
Employees	48
Workers	47
Total employees	96

### **Remuneration of corporate bodies**

Information regarding managers and auditors is hereby reported, according to art. 2427, paragraph 1 number 16 of the Italian Civil Code:

	Manager	Statutory Auditors
Compensation	358.438	14.000

The remuneration for the CEO amounts to € 222.751 to which are added contributions charges for € 32.085, a variable part for € 63.602 and a severance pay for € 39.000 for a total cost of € 273.571.

### **Remuneration of the statutory auditor or of the audit firm**

Information regarding the remuneration of the statutory auditor or of the audit firm is hereby reported, according to art. 2427, paragraph 1 number 16 a of the Italian Civil Code:

	Value
Statutory audit of the annual consolidated financial statements	22.500
Other types of audit performed	21.000
Total fees due to the statutory auditor or auditing company	44.000

### **Commitments, guarantees and contingent liabilities that are not recorded in the balance sheet**

Pursuant to art. 2427, paragraph 1, number 9 of the Italian Civil Code, the following chart reports commitments, guarantees and contingent liabilities that are not recorded in the balance sheet, exceeding what already indicated in the present explanatory note regarding leasing contracts.

### **Relevant events after the reporting period**

There are no significant events that occurred after the end of the financial year. Given the current situation, it is believed that the Russia-Ukraine war conflict does not have an impact on business continuity.

## Information regarding companies or entities that perform management and coordination activities - art. 2497a of the Italian Civil Code

The Company is subject to the direction and coordination of Elgi Equipments Ltd based in Coimbatore (India) through Elgi Compressors Italy srl with headquarters in Rome.

Pursuant to article. 2497 bis, paragraph 4 of the Italian Civil Code, key data from the last latest financial statements of the company exercising direction and coordination activities are reported below.

The financial statements refer to the period 1 April 2020 - 31 March 2022 approved by the shareholders' meeting on 21 May 2022.

The financial statements are drawn up in Indian Rupees.

The table shown here is in Euro.

## Summary statement of the Financial Statement of the company exercising direction and coordination management.

	Last financial year	Previous financial year
A) Receivables from shareholders for payments still due	0	0
B) Fixed assets	55.252.573	53.733.817
C) Current assets	94.687.166	82.565.695
D) Accrued income and prepaid expenses	0	0
<b>Total assets</b>	<b>149.939.739</b>	<b>136.299.512</b>
A) Shareholders' equity		
Share capital	3.766.729	3.693.030
Reserves	90.698.173	79.118.432
Profit (loss) for the year	22.505.883	12.246.396
Total equity	116.970.785	95.057.858
B) Provisions for risks and charges	0	0
C) Employee severance indemnity	0	0
D) Debts	32.968.954	41.241.654
E) Accrued liabilities and deferred income	0	0
<b>Total liabilities</b>	<b>149.939.739</b>	<b>136.299.512</b>

## Summary statement of the Income Statement of the company exercising direction and coordination management.

	Last financial year	Previous financial year
A) Value of production	187.992.439	129.801.770
B) Costs of production	158.973.551	113.615.429
C) Financial income and expenses	0	0
D) Value adjustments of financial assets	0	0
Income taxes	7.157.306	4.052.820
<b>Profit (loss) for the year</b>	<b>21.861.582</b>	<b>12.133.521</b>

Conversion of Balance Sheet values as at 31/03/2021 at the exchange rate of 31 March 2021: 1EUR = 85,8130 Indian Rupee.

Conversion of values of the Balance Sheet as at 31/03/2022 at the exchange rate of 31 March 2022: 1 EUR = 84,1340 Indian Rupee.

Conversion of the Income Statement values at the following exchange rates:

Average exchange rate for the period April 2020 - March 2021: 1 Euro = 86,6113 Indian Rupee.



Average exchange rate for the period April 2021 - March 2022: 1 Euro = 86,61359 Indian Rupee.

## Information pursuant to art. 1, paragraph 125, of law no. 124

With reference to the art. 1 paragraph 125 of Law 124/2017, the company received contributions in the order of € 9,130.

He also received the following help:

1. Granting authority: FONDIMPRESA.

Measure title: Regulation for inter-professional funds for continuous training for the granting of state aid exempted pursuant to EC regulation n.651/2014 and under the de minimis regime pursuant to EC regulation n.1407/2013.

Rule of measure: Provisions for the preparation of the annual and long-term state budget (financial law 2001). Project title: Start.Quality.

Grant date: 07/27/2022 Aid element: € 2,975.00

Aid instrument: Grant/interest rate subsidy.

## Proposal to allocate profits or cover losses

Pursuant to art. 2427, paragraph 1 number 22-septies of the Civil Code, the allocation of the result for the year is proposed as follows:

Net Profit as at 31/03/2023	Euro	2.908.517
To dividend (Euro 83,06337736 per share)	Euro	2.000.000
To Extraordinary Reserve	Euro	907.618
To Reserve for unrealized exchange gains	Euro	899

We thank you for your trust and we invite you to approve the Financial Statement as presented.

Caraglio, April 28, 2023

The Chief Executive Officer

Giuseppe Donadio

## Declaration of conformity of the budget

The undersigned Dr. Paolo Bressy, chartered accountant registered in section A of the Order of Chartered Accountants e of Accounting Experts of the Province of Cuneo at no. 497, as appointed professional, declares, pursuant to art. 31 paragraph 2 quinquies of Law 340/2000, declares that this document conforms to the original deposited at the company.



## **Statement of Conformity of the Financial Statements**

The undersigned Dr Paul Bressy, Chartered Accountant registered in section A of the Order of Chartered Accountants and Accounting Experts of the Province of Cuneo under No. 497, as appointed professional, declares, pursuant to art. 31 paragraph 2 quinquies of Law 340/2000 hereby declares that this document is compliant to the original filed with the company.