(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

Racing Force Group

Consolidated financial statements as at and for the year ended 31 December 2022

(with independent auditors' report thereon)

KPMG S.p.A.

13 April 2023

KPMG S.p.A.
Revisione e organizzazione contabile
Piazza della Vittoria, 15 int. 10 e 11
16121 GENOVA GE
Telefono +39 010 564992
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

(This independent auditors' report has been translated into English solely for the convenience of international readers. Accordingly, only the original Italian version is authoritative.)

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

To the Shareholders of
Racing Force S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Racing Force Group (the "group") at 31 December 2022, comprising the consolidated balance sheet, consolidated income statement, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Racing Force Group as at 31 December 2022 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union.

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 "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Racing Force S.p.A. (the "parent") 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.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and, within the terms established by 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 group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated 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 group'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 group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 parent's directors are responsible for the preparation of the group's directors' report at 31 December 2022 and for the consistency of such report with the related consolidated financial statements and its compliance with the applicable law.

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 group's consolidated financial statements at 31 December 2022 and its compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report is consistent with the group's consolidated financial statements at 31 December 2022 and has been prepared in compliance with the applicable law.

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

Genoa, 13 April 2023

KPMG S.p.A.

(signed on the original)

Andrea Carlucci
Director of Audit

ANNUAL FINANCIAL REPORT

AS OF DECEMBER 31, 2022

Racing Force S.p.A.

Registered office: Via Bazzano 5, Ronco Scrivia (Genoa)
Member of Registro Imprese of CCIAA of Genoa
F.C. and registration number: 02264760105
Registered to R.E.A. of CCIAA of Genoa - nr. 260454
Share capital: Euro 2,569,919.80 fully paid-up
VAT number: 02264760105
Subject to the management and coordination activity of the company SAYE S.p.A.

Contents

Board of Directors' Report on the Operations and Situation of the Group in the year ending December 31, 2022

Board of Directors' Report on the Operations and Situation of the Group in the year ending December 31, 2022

General Information

The consolidated financial statements as of December 31, 2022 of Racing Force Group, hereinafter the Group, were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Commission in accordance with the Regulation no. 1606/2002, art. 6, of the European Parliament and subsequent updates.

All estimates and valuations have been made on the basis of business continuity and are the result of the best possible assessment by management. If in the future these estimates and valuations should differ from the actual data, they would be modified in the same period in which the changes were recorded.

This report is presented together with the Consolidated Financial Statements and the Notes in order to provide management insights on the economic and financial results for the year 2022, as well as historical data and prospective evaluations.

Group structure

The companies that form the Group operate in the production of safety equipment for racing and motorsports industry or conduct business activities which are essentially complementary to or in line with these activities.

The Group structure as of December 31, 2022 is the result of the acquisitions made since the end of December 2019, when the parent company Racing Force S.p.A. acquired the control of Bell Racing Helmets Group and Zeronoise Ltd, and the subsequent transactions completed in 2021 and 2022, with the purposes of simplifying the Group's structure and obtaining i) cost savings by reducing the number of the companies; ii) greater efficiency and effectiveness in the management of activities by reducing decision-making levels and strengthening strategic and operational integration of the Group companies.

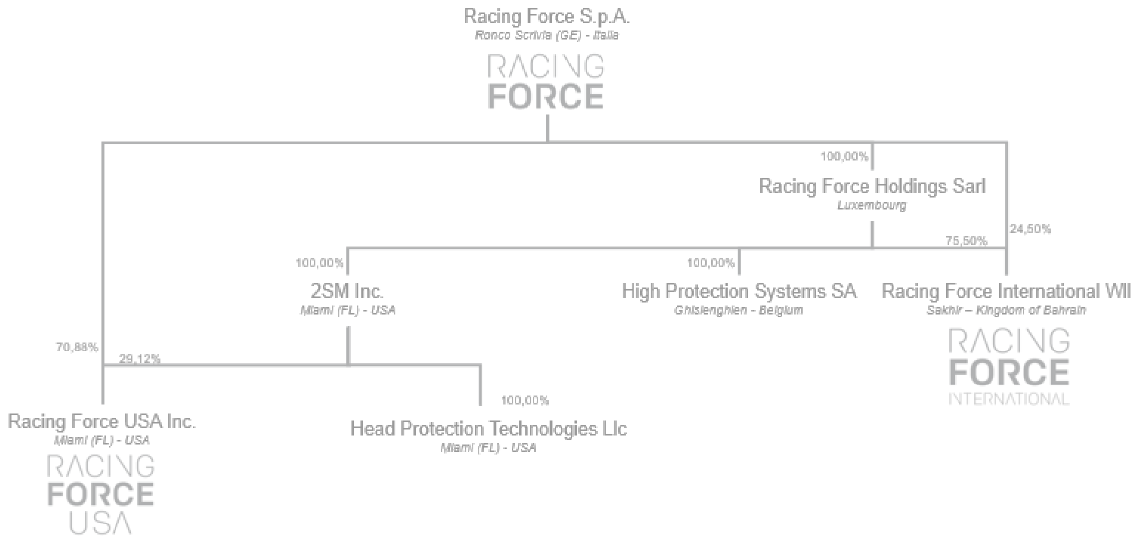
In detail:

- in April 2022, the subsidiary Head Pro Tech LLC, which was no longer operational also in 2021, was liquidated following the sale of the B2-branded product inventory to Racing Force USA;
- Also, on July 1, 2022, the parent company's Board of Directors approved the acquisition of the Racing Spirit business, through the following steps: i) the issuance of a loan amounting to Euro 500 thousand by Racing Force S.p.A. in favor of Racing Spirit S.r.l., aimed to extinguish the bank debt held by the latter; ii) the acquisition of the company Racing Spirit S.r.l., for a total value of Euro 42 thousand, determined on the basis of the appraisal prepared by an independent expert; ii) the sale to Gabriele Pedone of the investment held by the parent company in Racing Spirit LLC for a value of Euro 183 thousand; iv) the acquisition of the company of Racing Spirit LLC, finalized at a consideration of 554 thousand Euro, net of advances received from customers for 146 thousand Euro; as well as v) the acquisition of the ownership of the Racing Spirit trademark in the U.S. territory for 75 thousand Euro, vi) the recognition by the subsidiary Racing Force USA Inc. in favor of Gabriele Pedone of any negative difference between the amount resulting from the liquidation of Racing Spirit LLC and the amount of Euro 75 thousand, plus an earn-out based on the sales results of products under the Racing Spirit brand obtained by the Group in the following 36 months after the effective sale of the investment. As of date of these financial statements, all steps envisaged under this reorganization have been completed, with the exception of with the exception of what is reported in point vi) described above.

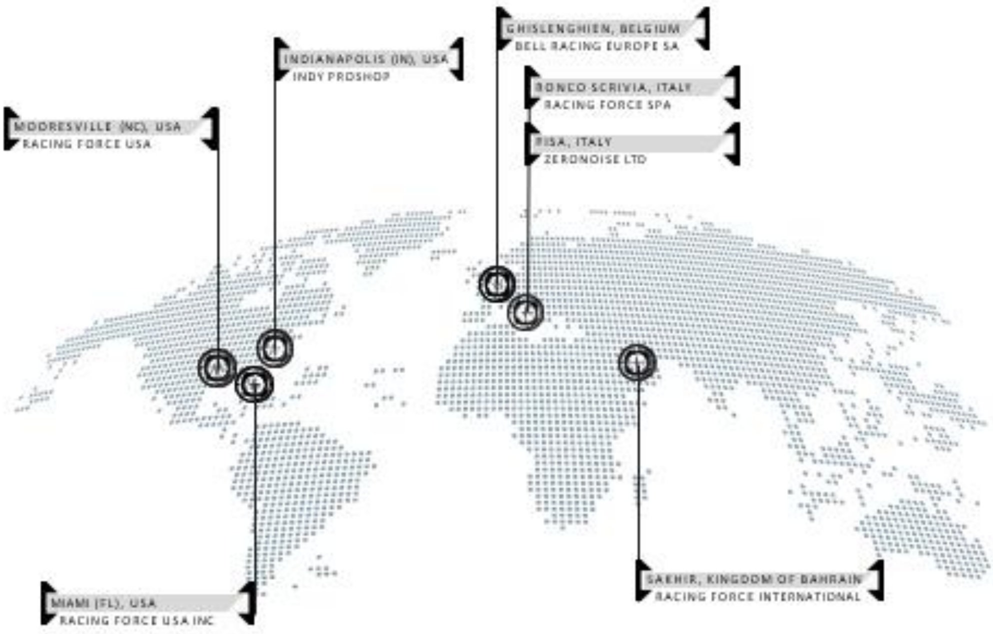
Racing Force S.p.A. is subject to the management and coordination activity of the company SAYE S.p.A. These activities have not produced particular effects on the Group and its results that require to indicate the reasons and interests affected.

The structure of the Group at the end of 2022, with the indication of the location of the various entities and a brief description of the main features of each brand, is reported below.

Organizational Group structure



Group's sites and locations



Main brands within the Group

OMP
OMP brand was created in Genoa in 1973 and is worldwide leader in the business of racing safety equipment for drivers (suits, gloves, boots, etc.) and race cars (seats, safety belts, steering wheels, rollbars, etc.).
Today, OMP products are used by drivers and teams in world racing championships including Formula 1®, World Rally Championship – WRC, World Endurance Championship - WEC, Rally Cross World Championship - RX, Formula E, IndyCar, NASCAR. OMP is one of a very few brands in the world able to offer a complete range of safety and performance products dedicated to race car and driver, with over 2.000 products in its catalog with the majority homologated to industry standards including FIA, FIA-Karting, SFI and Snell.

BELL HELMETS
Created in 1954, Bell Helmets (hereinafter also "Bell") is the world premier auto racing and karting helmet brand.
Throughout its history, the brand has pioneered key innovations including the first energy absorbing liner, Snell certified helmet, full-face helmet, fire retardant helmet, aerodynamic helmet and FIA "super helmet". Today the brand is associated to technically superior racing helmets incorporating advanced materials and the latest manufacturing techniques.
Positioned as a premium brand, Bell helmet is the of choice of World Champions such as Lewis Hamilton, multiple Formula 1® world champion. In 2022, 12 out of 20 Formula 1® drivers wore Bell Helmets (14 out of 20 in 2023). Bell is a technical partner of Ferrari and other F1® teams and car manufacturers.
Bell manufactures and markets helmets for professional and amateur racers for all forms of racing from Formula 1® to Karting through Rally. All products comply with or exceed the industry's most demanding helmet safety standards (FIA and Snell homologations).

ZERONOISE
Zeronoise is the brand through which the Group develops and manufactures communication devices for the racing industry. The technologies that have been developed under the Zeronoise™ brand are focused on audio communication and video.
The communication devices, such as intercoms, known for their unique design and high performance, are used by professional teams in top rally series, as World Rally Championship (WRC) and Rally Raid Championship (including Dakar).
Moreover, Zeronoise developed the world first in-helmet camera for real-time TV broadcasting homologated with a helmet: it is the *Driver's Eye*, which made its debut in Formula E in 2020 and in Formula 1® in 2021, initially integrated into Bell branded helmets and, starting from season 2023, available for all drivers and racing helmets manufacturers on the starting grid.
Following the agreements signed in 2023, this technology is now adopted also in NASCAR and Supercars Championship Australia.

RACING SPIRIT
The brand Racing Spirit was established in 2012, with the vision of making car racing specific clothing that strives to incite those who love the sport with beauty, design technology and functionality. Racing Spirit combines maximum wearer comfort with top performance by meeting every requirement in terms of function and style. Racing Spirit is the first premium racing inspired apparel brand, where craftsmanship, quality and attention to detail are setting Racing Spirit apart from all others.

B2 HELMETS
B2 Helmets (hereinafter also "B2") specializes in the development, manufacturing and distribution of protective helmets for auto racing, motorized activities and industrial applications. The B2 brand was developed to address the helmet safety needs of sporting and service professionals that require a higher level of head protection at an affordable price.
B2 helmets incorporate the same technology and advanced manufacturing techniques developed for auto racing helmets design for professionals competing in the highest levels of motorsports, featuring advanced technology, innovative design, value & performance.

SPORTS MINI LINE

Sports Mini Line launched the concept of creating a half scale exact replica of famous racing drivers.

Mini helmets are designed and produced by recognized leaders in the racing helmet industry who use the same manufacturing techniques and engineering excellence to produce authentic and detailed half-scale representations of the full-size racing helmet, hand made by a team of highly skilled craftsmen. The mini helmet including the shell, interior and visor is made with similar materials and components as the real racing helmet.

Today, Sports Mini Line is specializing in producing custom made series for race teams, sponsors and drivers.

Performance of operating activities

The global economy's recovery from the pandemic suffered a setback in 2022, as a result of the outbreak of the conflict between Russia and Ukraine and heightened global geopolitical tensions. Sanctions against Russia introduced by Western countries, rising energy prices, discontinuity in international trade, and volatility in financial markets led to a slowdown in global economic growth and a general increase in inflation.

Despite this difficult scenario, the Group ended 2022 in strong growth, establishing itself as one of the world's leading players in the motorsport business, mainly due to the following factors: i) continuous pursuit of innovation combined with the offering of new products, ii) constant improvement of existing products as required by the latest homologation requirements, and iii) completeness of the range of products offered by the Group.

Today Racing Force Group can offer the best and most complete range of Motorsport Safety Products used by professional athletes worldwide, from F1® to World Rally Championship, Karting and Rally-Raid, with more than 37 FIA World Championship titles won in the last 5 years. The catalogs of the brands distributed by the Group offer a complete range of more than 2.000 safety and performance products designed for race cars, drivers and amateurs.

During 2022, the Group significantly increased its sales (+26.1% compared to 2021) and its margin. Adjusted EBITDA[1] increased by 30.5% compared to 2021, thanks also to constant and careful planning and control of expenses in all Group companies, amounting to 19.8% of revenues.

These particularly positive results are the outcome of the growth strategies that the Group is implementing in the motorsport sector, thanks to the synergies deriving from the integration of the different brands and continuous product innovation.

During 2022, the Group has been able to further increase its presence in the motorsport business, thus becoming one of the undisputed leaders in the world: the commercial agreements signed with leading market partners, teams and car manufacturers, have granted a greater visibility and consolidation of turnover and margins. The products of the Group, which are now considered the state of the art in the motorsport safety equipment market, are currently used by the top drivers in the main world competitions managed by FIA and SFI.

[1] EBITDA has been adjusted i) deducting 175 thousand Euro, recognized in the income statement of the year related to the tax credit granted for consulting costs incurred in 2021 for Euronext Growth Milan listing; ii) adding 205 thousand Euro as non-recurring costs incurred for the dual listing on Euronext Growth Paris. Please refer to paragraph "Significant events in the fiscal year" for transactions details.

Summary of consolidated financial data

The main figures related to the performance of the Group in 2022, compared with prior year, are reported in the tables below.

Financial data for fiscal year

	2022	% of Revenue	2021	% of Revenue	Variance
Revenue	**58,872,869**		**46,674,333**		**12,198,536**
Gross profit	**36,781,921**	**62.5%**	**27,203,485**	**58.3%**	**9,578,436**
EBITDA	11,655,647	19.8%	7,900,679	16.9%	3,754,967
Costs/revenues incurred for IPO EG Milan & Paris	29,518	0.1%	1,053,586	2.3%	(1,024,068)
Adjusted EBITDA	**11,685,165**	**19.8%**	**8,954,265**	**19.2%**	2,730,899
Bad Debt and write offs	141,268	0.2%	138,111	0.3%	3,157
Depreciation	2,700,862	4.6%	2,251,467	4.8%	449,394
EBIT	8,813,517	15.0%	5,511,101	11.8%	3,302,416
Adjusted EBIT	**8,843,035**	**15.0%**	**6,564,687**	**14.1%**	**2,278,348**
Finance income/(loss)	(100,029)	0.2%	(276,040)	0.6%	176,011
Taxes	1,164,425	2.0%	1,067,392	2.3%	97,033
Net result	7,549,063	12.8%	4,167,669	8.9%	3,381,394
Adjusted net result	**7,570,345**	**12.9%**	**4,927,304**	**10.6%**	**2,643,041**
Cash flow from operations	3,156,686	5.4%	4,455,075	9.5%	(1,298,389)
Adjusted cash flow from operations	**3,186,204**	**5.4%**	**5,508,661**	**11.8%**	**(2,322,457)**
Dividends paid to Shareholders	**1,685,552**	**2.9%**	**1,285,978**	**2.8%**	**399,574**

Financial data at year-end

	12.31.2022	12.31.2021	Variance
Total Assets	**70,487,302**	**64,909,689**	**5,577,614**
Fixed Assets	24,833,139	21,239,849	3,593,289
Net Working Capital	19,479,932	11,717,841	7,762,091
Other items in working capital	536,461	865,249	(328,788)
less LT & Accrued provisions	3,942,807	3,234,883	707,924
Net Invested Capital	**40,906,724**	**30,588,056**	**10,318,668**
Net Financial Position	4,420,095	670,887	3,749,208
Group Equity	36,486,629	29,917,169	6,569,460
Financial Sources	**40,906,724**	**30,588,056**	**10,318,668**

Net Financial Position

	12.31.2022	12.31.2021	Variance
Debts with banks (A)			
- Short term	5,744,100	7,894,319	(2,150,219)
- Long term	8,574,373	10,874,527	(2,300,154)
Cash and cash equivalents (B)	9,838,378	17,752,959	(7,914,581)
Finance active loans (C)			
Short term loan to Racing Spirit Llc	-	265,000	(265,000)
Long term loan to KJK Protective Technologies LLC	60,000	80,000	(20,000)
Net Financial Position: A) - B) -C)	**4,420,095**	**670,887**	**3,749,208**

Main financial KPIs

	12.31.2022	12.31.2021
Coverage of Fixed Assets		
(Net Group Equity + LT debt) / Fixed Assets	1.81	1.92
Coverage of Net Working Capital		
ST debt / Net Working Capital	0.29	0.67
Debt - Equity ratio		
(Current liabilitis + Non current liabilities) / Net Group Equity	0.93	1.17
Net Financial position / Net Group Equity	0.12	0.02
Capitalization		
Net Group Equity / Total Assets	0.52	0.46
Net Group Equity / Net Invested Capital	0.89	0.98
Liquidity ratio		
Working Capital / Current operating Liabilities	2.22	1.92
Net Financial position / Net invested capital	0.11	0.02

Main economical KPIs for the fiscal year

	2022	2021
ROIC		
Adjusted NOPAT / Net Invested Capital	18.75%	17.01%
ROI		
Adjusted EBIT / Total Assets	12.55%	10.11%
ROS		
Adjusted EBIT / Revenue	15.02%	14.06%
ROA		
Adjusted net result / Total Assets	10.74%	7.59%

During 2022, the Group achieved an adjusted EBITDA of 11,685 thousand Euro (8,954 thousand Euro in 2021), net of non-recurring income and costs related to listing on Euronext Growth Milan and the dual listing operation on EG Paris, with a margin of 19.8% on sales (19.2% in 2021). These very positive results are both due to the performance of Racing Force S.p.A. and to the contribution in terms of sales and margins of its subsidiaries. The increase in percentage margin is mainly attributable to the increase in gross profit (+9,578 thousand Euro compared to the previous year), with a margin on total Group sales that went from 58.3% to 62.5%. This increase is linked to a different breakdown of turnover, thanks to higher sales of helmets, communication systems and other driver's equipment, characterized by a higher average marginality compared to other products sold by the Group, net of higher costs incurred during the fiscal year, both for raw materials and, mainly, for freights.
The increase in sales and gross margin allowed the Group to absorb i) the increase in commercial and distribution expenses (9,268 thousand Euro in 2022 compared to 6,399 thousand Euro in 2021), recorded as a result of higher outbound logistics expenses and significant technical partnerships agreements in place during 2022 and ii) higher general and administrative expenses (16,935 thousand Euro in 2022 compared to 14,098 thousand Euro in 2021), mainly due to higher number of employees within the Group (+94 average units employed in 2022 compared to the previous year) and to the internalization of certain activities, following the business acquisitions of Giordani Digital Lab and Racing Spirit.

Adjusted net profit for the year was 7,570 thousand Euro (+53.6% compared to 4,927 thousand Euro in 2021), with a margin on sales of 12.9% (10.6% in 2021), after depreciation and write-offs for 2,842 thousand Euro (2,390 thousand Euro in 2021), net finance costs for 100 thousand Euro (276 thousand Euro in 2021) and taxes for 1,173[2] thousand Euro (1,361 thousand Euro in 2021).

[2] The amount includes the tax effect on non-recurring costs and income related to EG Milan listing operation and dual listing on EG Paris, booked in the income statement of the period, amounting to 8 thousand Euro (294 thousand Euro of tax impact on listing costs in 2021 for EG Milan listing).

The cash flow from operations was 3,157 thousand Euro (4,455 thousand Euro in 2021) as a result of cash generated from operations of 11,887 thousand Euro (8,052 thousand Euro in 2021), partially absorbed by the increase in net working capital of 7,866 thousand Euro (1,929 thousand Euro in 2021) and by other variations in the net working capital, interests, taxes and provisions variances for a total of 863 thousand Euro (1,669 thousand Euro in 2021).

Variance in net working capital in 2022 is due to the non-recurring increase in inventory stock for 6,902 thousand Euro, in accordance with the advance procurement strategy implemented by the Group starting from the end of the previous fiscal year, further consolidated and extended to other consolidated companies in 2022. This strategy allowed the Group to i) reduce risks related to the availability of raw materials and price fluctuations and ii) raise the stock to a level deemed adequate to support sales growth and further increase customer's service quality. With reference to other working capital items, the Group also registered an increase in trade receivables by 2,716 thousand Euro, in line with the increase in sales in 2022, and in trade payables by 1,753 thousand Euro, as a result of the purchases made at the end of the fiscal year, in preparation for the upcoming season.

Cash generated from operating activities was used to meet the cash requirements of the transactions carried out during 2022, and in particular to finance the investments in assets for 4,328 thousand Euro and the dividend payment to shareholders for 1,686 thousand Euro.

The Group's overall net financial indebtedness increased from 671 thousand Euro at the end of 2021 to 4,420 thousand Euro at December, 31 2022. For a detailed analysis see the consolidated Cash Flow Statement.

Risk factors and uncertainty

The Group operates in a free market and it is therefore exposed to risk factors and uncertainty.

The Group has set up mechanisms and procedure at the level of each consolidated entity for the constant monitoring of the foregoing risks, so as to avoid potential negative effects and implement any actions required to contain those risks. In this connection, below is a more detailed qualitative and quantitative analysis of each type of risk.

Main risks considered by management to be at medium and significant materiality are the following:

Risks associated with the Russian-Ukrainian conflict

The conflict between the Russian Federation and Ukraine and the sanctions imposed by Europe, the United Kingdom and the United States, risk having very significant impacts on the international economy and on businesses. Regardless of how the current crisis is resolved, the consequences could be long-term and negatively affect economic activities of companies and, in particular, the cost of energy supplies.

In this context of great uncertainty and geopolitical instability, the Group carefully monitors the evolution of the conflict and the risk of spreading to other countries.

During 2022, the Group zeroed out its credit exposure with Russian customers and stopped exporting to the country. Furthermore, the Group has started projects aimed at improving the energy efficiency of its production site in Ronco Scrivia, as well as other investments have been planned in Bahrain and in the United States, with the same goal of achieving savings in energy costs and reducing the risks of future price increases, even though a decrease in utilities charges was experienced in the first months of 2023.

Risks associated with the procurement and price fluctuation of raw materials

Several of the Group's products are the result of complex production processes that require the use of raw materials available in illiquid goods markets characterized by a small number of suppliers at the world level. Any production planning problems, delays in supplies and/or difficulties in the procurement of raw materials could have an impact on costs, especially in the event that replacement material is not promptly available.

During the two-year period 2020-2021 and in 2022, various sectors, including those from which the Group procures its supplies, also as an effect of the current Russian-Ukrainian crisis, have recorded an increase in the price of certain noble metals, other basic raw materials and strategic advanced components, and a shortage or delay in the supply of electronic materials that led to a rapid increase in prices, with a consequent increase in purchase costs as well as problems in the supply chain.

As regards the risk of shortage or delay in the supply of raw materials, the risk is mitigated through a careful planning of the purchases by the Group.

As to the increase of prices of raw materials, the risk is however mitigated by the capacity of the Group to re-charge any price increase to final customers.

Risks associated with the Covid-19 epidemiological emergency and the complex conditions of the global economy

The continuing epidemic related to the spread of the COVID-19 virus ("Coronavirus" or "COVID-19") has had, and may have in the future, a negative impact on the Group's operations, results and the entire market in which it operates. Even though the Group was not exposed to restrictive measures, made exception for the activity carried out in its industrial plant in Bahrain, which was interrupted for 10 days in 2020, it is not possible to exclude that it will be exposed in the future to the risk arising from the adoption by public authorities of additional and new measures to prevent and/or limit the spread of the Coronavirus and the operational and economic consequences arising from the adoption of such measures. In response to this emergency, the Group has also promptly adopted all the health and behavioral precautions imposed by the competent national and local authorities at its offices and production plants, including the development of social distancing plans, also implementing, where possible, remote operating methods for personnel.

Risks associated with the product liability and brand awareness

The products manufactured and distributed by the Group can be divided into two macro categories: homologated and non-homologated products.
In both cases, any defects in the design or manufacture of the Group's products could expose the Group itself to the risk of liability to third party and consequent claims for damages.
With regard to homologated products, then, the Group, as manufacturer, has the responsibility to homologate them in compliance with FIA standards. In this respect, the Group also has in-house laboratories that are able to carry out in-house tests on products that will then be carried out by FIA-accredited laboratories to verify compliance with homologation regulations.
Furthermore, pursuant to the regulations in force in Italy (art. 114 of Legislative Decree no. 206/2005, the so-called Consumer Code) and abroad on product liability, any design or manufacturing defects in both homologated Products and non-homologated offered by the Group could expose it to the risk of liability actions by third parties and, consequently, to potentially significant claims for damages.
Although no action for damage has so far been brought against the Group, and insurance coverage in relation to product liability is in place, it cannot be excluded that such actions may be brought against it in the future.
Furthermore, one of the key factors in the Group's success is the recognizability of Racing Force Group’s brands, namely OMP and Bell Helmets, which have been in the market of safety equipment.
This recognition is influenced by many factors, such as the high quality of craftsmanship, creativity, attention to detail, the ability to meet the needs of individual customers and the presence. Moreover, the Group constantly strives to maintain and increase its brands recognition through advertising and promotional campaigns, including on social networks, as well as implementing communication and branding strategies.
Should, in the future, brand awareness is not effectively maintained and developed by the Group, this could result in a negative impact on the reputation and, therefore, on the economic and financial situation of the Group itself, arising out in connection with (i) the possible confusion of the Group's brands with those of other companies operating in the same filed, (ii) the inability to communicate to the market the distinctive values of its brand and to maintain them over time, or (iii) the spreading by third parties of partial, untrue or defamatory information about the Group and (iv) the inability to attract and/or retain customers.
The risk is mitigated by the tightly controlled process that products need to go through before the commercialization: i) first of all the manufacturer has to be authorized and recognized by FIA to produce; ii) there are regulations and technical standards issued by FIA to which products must comply with; iii) tests are performed in third-party FIA authorized laboratories.

Risks associated with implementing future strategies and programs

The Group is exposed to the risk of not being able to achieve its growth strategy, or of not achieving it within the planned time frame, if the basic assumptions on which it is based, including the assumptions in the business plan, prove to be incorrect or if the strategy does not produce the expected results for other reasons, including those outside the Group's control.
Although no significant deviations from the estimates made by management have been found in the past, the estimates and assumptions contained in this document, although currently considered reasonable, may prove to be incorrect in the future also due to the occurrence of unforeseen factors and/or circumstances other than those considered, which could impact the Group's results or performance.

Risks associated with protection of the Group's know-how and industrial secrets

To make the production processes increasingly efficient and, consequently, to make the product offerings competitive, the Group must continually update its technologies, also by investing in research and development; should the Group not be able to acquire or adequately develop the technologies currently available, or those available in the future, it may have to change or reduce its development objectives or see its competitive strength reduced.
The Group, as owner of IP assets that are worth and strategic for their success on the market, is subject to risks related to their protection and is actively engaged in the implementation of actions aimed at containing and, possibly, eliminating such risks of undue use of such intangible assets, directly bearing the related costs.
The Group has implemented both internal and external procedures aimed at the protection of the know-how internally developed.

Main risks considered by the management to be of low materiality are the following:

Credit risk

The financial activities of the Group are to be considered as of good credit quality.
Customers are selected after being carefully evaluated under a commercial and financial standpoint. Many of the Group's top customers are historical and loyal partners, with a good financial capacity and a demonstrated track in terms of reliability and timing of payments. For these reasons, the risk of bad debt is well below the normal standards deemed physiological by the bank system for any commercial enterprise. The current size of the bad debt provision is in fact such as to cover all the positions considered to be of possible risk. Based on these elements, the Group has evaluated not to proceed with credit risk hedging actions with any insurance tools.

Liquidity risk

The liquidity risk is related to the ready availability of sufficient cash and financial resources when needed to meet commitments associated with financial instruments and carry out operations and planned investments.
The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to the reputation of any of the Group's entities.
There are no significant risk factors for the Group, considering that the credit lines granted by the banks are largely adequate for the current business needs.

Market risk

The specific market risks to which the Group is exposed are those arising from fluctuations in exchange and interest rates.
As regards the interest rate risk, the Group has covered its exposure on medium-long term debt positions recurring to fixed interest rates. Therefore, based on the current composition of debts, the Group did not deem it necessary to resort interest rate risk hedging instruments.
As for the exchange rate risk associated with commercial relations with foreign customers and suppliers, for which transactions are not regulated in the functional currency of each of the consolidated entities, the risk is mitigated by the fact that the total volumes of transactions in foreign currency are lower than the volumes made in functional currency. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly. Under these circumstances, the Group did not consider it necessary and / or appropriate to enter into financial hedging instruments.

Other risks considered by management to be at low materiality are risks associated with products counterfeiting, risks associated with the license agreements to use the Bell Helmets trade mark, risks associated with key people, risks associated with the loss of qualified resources and the difficulty of finding new ones, risks associated with APIs (Alternative Performance Indicators), risks associated with transactions with related parties, risks associated with the price fluctuation of raw materials, risks associated with international activities and regulations in the various markets in which the Group operates, risks associated with compliance with workplace safety regulations, risks associated with tax regulations, risks associated with potential conflicts of interest of directors, risks associated with the failure to adopt the organizational model pursuant to Legislative Decree no. 231/2001, risks connected to potential overdue tax payables, risk of interruption of production and catastrophic events. Management does not consider that these risks can have a significant influence on the financial statements.

Environmental information and Sustainability (ESG)

Given the nature of the activities carried out, the operations of the parent company and the consolidated entities are deemed not to have significant impact on the environment; waste management activities, even if reduced to the minimum and non-polluting, are entrusted to consulting companies that manage all the obligations under environmental matters with specific reference to the regulation on waste management.

At the end of 2021, Racing Force Group launched, in collaboration with consultancy company Deloitte Legal, a process aimed at integrating sustainability issues into its business model, starting with the compliance of the parent company to Legislative Decree 231/2001, with a specific focus on governance and the corporate organizational structure, up to the definition of ethical principles, as essential and indispensable tools for spreading the culture of sustainability within the Group and promoting sustainable economic growth.

On July 1, 2022, the Board of Directors of Racing Force S.p.A. approved the adoption of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001 and the Code of Ethics. During the same meeting, the Supervisory Board was also appointed, with the aim to monitor the correct application of the Model.

In parallel, a process of reporting of non-financial information related to aspects of economic, social and environmental sustainability was launched, in a manner consistent with the organizational and business characteristics, which will lead to the preparation of the Sustainability Report for the year 2021. The document, approved by the Board of Directors of Racing Force S.p.A. on October 25, 2022, has been drawn up according to the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards”), international reporting standards defined by the GRI - Global Reporting Initiative for non-financial reporting which constitute a universally accepted reporting model.

These initiatives will allow the Group to achieve a plurality of objectives, including: the adoption of more informed decision-making processes, based on a better understanding of the Group's expectations, the opportunities associated with social responsibility and the risks of not being socially responsible; increasing the competitiveness of the Group, stimulating innovation on products and business processes; improving the transparency of the supply chain; the reduction of potential conflicts with consumers relating to the products offered; increasing employee participation and motivation; strengthening relations with the Group's stakeholders and the ability to respond to the growing information needs on sustainability.

Finally, the development of environmental issues within its business model will allow for significant savings associated with greater productivity and efficiency of the resources used in the production process. With reference to this topic, the Group has already started investments aimed at improving the energy efficiency of its production sites, starting from Ronco Scrivia building, by the renovation of the roof, the facades cladding and the installation of 230 kWp solar panels, which are expected to be completed in the first months of 2023.

The greater knowledge of its energy consumption profile, of the methods of supplying energy through which to satisfy it, of the possibility of shifting consumption from fossil gas to electricity powered by renewable sources, of the possibilities of making its production cycle flexible, will allow the Group to implement a change aimed at reducing its energy costs, increasing its value in a market that increasingly awards the most environmentally virtuous subjects.

The initiatives taken by the Group are consistent with the direction in which the entire Motorsport business is moving towards, increasingly attentive to environmental issues, as demonstrated by the introduction of the hybrid engine in the World Rally Championship (WRC) starting from 2022, the use of more ecological fuel in Formula 1® and the introduction of the electric version of the main championships at world level.

Research and development activities

The Group constantly carries out development activities on various materials, commonly used in production and aimed primarily at innovation and improvement of the technical characteristics of the products offered to the customers.

The research and development activity carried on by the Group is aimed at continuous product innovation through the implementation of studies, projects and prototypes of new products to be launched on the market.

Data protection

The Group is compliant with the regulations in terms of data protection and privacy. Specifically, where it is applicable, the consolidated entities ensure compliance with the General Data Protection Regulation 2016/679 on data protection and privacy in the European Union and the European Economic Area.

Transactions with related parties
Transactions with related parties are carried out at market values. For details, please refer to the explanatory Notes.

Significant events in the fiscal year
In April 2022, the subsidiary Head Pro Tech LLC, which had been non-operational since the end of the previous fiscal year, was liquidated following the sale of the B2 branded product inventory to Racing Force USA. This transaction was carried out with the aim of simplifying the Group's structure, achieving cost savings by reducing the number of companies, increasing efficiency in business management by reducing decision-making levels and strengthening strategic and operational integration.

On April 13, 2022, the parent company Racing Force S.p.A. signed a new loan for a total of 1,000,000 Euro with Banco BPM, with a duration of 4 years and a fixed annual interest rate of 2.22%.

In May 2022, a tax credit of Euro 500 thousand was granted to the parent company, against costs incurred for the listing on Euronext Growth Milan during the previous year, as provided for in Article 1, paragraphs 89 to 92, of Law No. 205 of December 27, 2017 (Budget Law 2018). In accordance with *IAS 32 - Financial Instruments: presentation in the financial statements* and *IAS 12 - Income Taxes*, this benefit was recognized i) as an increase in shareholders' equity for the portion attributable to the capital increase transaction, ii) in the result of the year for the portion attributable to costs incurred for the sales of pre-existing shares.

On July 01, 2022, the Board of Directors of Racing Force S.p.A. approved the adoption of the Organization, Management and Control Model pursuant to Legislative Decree 231/2001 and the Group's Code of Ethics. During the same meeting, the Supervisory Board was also appointed with the aim to monitor the correct application of the Model.

Also, on July 1, 2022, the parent company's Board of Directors approved the acquisition of the Racing Spirit business, through the following steps: i) the issuance of a loan amounting to 500 thousand Euro by Racing Force S.p.A. in favor of Racing Spirit S.r.l., aimed to extinguish the bank debt held by the latter; ii) the acquisition of the company Racing Spirit S.r.l., for a total value of Euro 42 thousand, determined on the basis of the appraisal prepared by an independent expert; ii) the sale to Gabriele Pedone of the investment held by the parent company in Racing Spirit LLC for a value of 183 thousand Euro; iv) the acquisition of the business of Racing Spirit LLC, for a consideration of 554 thousand Euro, net of advances received from customers for 146 thousand Euro; as well as v) the acquisition of the ownership of the Racing Spirit trademark in the U.S. territory for 75 thousand Euro, vi) the recognition by the subsidiary Racing Force USA Inc. in favor of Gabriele Pedone of any negative difference between the amount resulting from the liquidation of Racing Spirit LLC and the amount of Euro 75 thousand, plus an earn-out based on the sales results of products under the Racing Spirit brand obtained by the Group in the following 36 months after the effective sale of the investment, which was estimated Euro 60 thousand at the transaction date. As of date of these financial statements, all steps envisaged under this reorganization have been completed, with the exception of with the exception of what is reported in point vi) described above. Following the acquisition, goodwill relating to Racing Spirit was registered for a total of 572 thousand Euro.

The same Board of Directors' meeting of July 1, 2022, approved the start of an expansion project for the building in Ronco Scrivia, aimed at increasing production capacity, logistics and space dedicated to offices and management areas, to be carried out through a series of interventions, the completion of which is expected by the end of 2024. As part of the project, during 2022 fall, activities began on energy efficiency through the installation of solar panels and medium-voltage switching, for a total amount of 841 thousand Euro, 350 thousand Euro booked in Land and Building and 491 thousand Euro booked as Work in progress as of December, 31 2022. Subsequently, by the end of 2024, further work is planned with the construction of approximately total 3,800 square meters on two floors adjoining the existing building.

On September 1, 2022, a Memorandum of Understanding with LIFT Airborne Technologies was signed, to produce carbon shells for the Next Generation Fixed-Wing Helmet (NGFWH), the advanced-technology new helmet developed for the crew of the United States Air Force. Racing Force will produce the carbon shell for LIFT, for versions of the NGFWH for both military and civilian applications.

On September 22, 2022, Euronext Paris admitted to trading the ordinary shares of the parent company Racing Force S.p.A. also on the Euronext Growth Paris market, a multilateral trading facility organized and managed by Euronext Paris

S.A. (dual listing). Negotiations started on September 28, 2022. Through this transaction, the Group aims to increase its attractiveness towards French and International investors and rising the liquidity of its ordinary shares, gaining greater visibility and prestige at global level and accelerating the Group’s development plans.

On October 7, 2022, the Group completed the acquisition of the business unit of Giordani Digital Lab; a historic Ligurian supplier of Racing Force for the production and customization of racing and apparel clothing through sublimation printing, cutting, tailoring and digital printing. The operation involved the transfer of all production machinery and accessories, for a total consideration of 154 thousand Euro, in a process of upstream integration of the value chain and strengthening the Group's production capacity, with the aim of achieving both production and management efficiencies.

Starting from November, 1 2022, the U.S. subsidiary Racing Force USA Inc. signed a lease agreement for a new property in Mooresville (North Carolina) with a five-year duration term (renewable for another five) and purchase option executable by Racing Force. The new plant, which covers approximately 1,900 square meters, already set up for manufacturing and with the possibility of further expansions, will also become the Group's main logistics and production hub in the United States.

Outlook

During the first two months of 2023, the Group recorded a significant double-digit growth in terms of turnover, setting a new historical record. As expected, the inventory level decreased significantly compared to the end of the 2022 financial year, as a result of high sales volumes and seasonality.

The war between Russia and Ukraine, started last February 2022, raised the geo-political risk at a global level, also causing very strong economic and financial tensions on the markets and uncertainty at international level about the future impacts on global economy and companies. As of today, no significant impacts on operating results of the Group have been recorded, but the evolution of the scenario will be constantly and carefully monitored during the year.
Receivables from Russian customers amounted to zero as of December 31, 2022, while the turnover generated during the first months 2022 was slightly higher than 200 thousand Euro.

With reference to the generalized increase in the costs of energy supplies and procurement of raw materials, recorded on a global scale during 2022, the Group took steps to intervene both by updating its sales price lists for the current year and through careful planning of purchases and inventories stock, in such a way as to contain the increases in the costs of raw materials and logistics.

With regard to the epidemiological situation from Covid-19, although significantly mitigated by the vaccination campaigns adopted by the governments of the main countries worldwide, the first months of the year saw an increase in the number of infections in China, which led to a new raised level of attention on the international scenario. Given the solidity of the fundamentals, both of the value chain and of the Group's economic, capital and financial structure, no significant effects are expected as of today, on operating results for the current year.

Consolidated Financial Statement as of December 31, 2022

Consolidated Balance Sheet

	Note	12.31.2022	12.31.2021
NON CURRENT ASSETS			
Property, plant and equipment	**9**	8,028,567	6,330,962
Right of use assets	**10**	3,147,592	2,390,711
Intangible assets	**11**	7,421,943	6,727,144
Goodwill	**11**	6,235,037	5,662,557
Investments booked at Equity method	**12**	-	128,475
Due from related parties -non current	**13**	40,000	60,000
Tax receivables - non current	**37**	280,081	211,952
Deferred tax assets	**37**	582,313	657,757
Other non current assets	**14**	18,758	18,667
		25,754,291	**22,188,225**
CURRENT ASSETS			
Cash and cash equivalents	**15**	9,838,378	17,752,959
Trade receivables	**16**	10,315,187	7,675,933
Inventories	**17**	21,590,904	14,715,341
Due from related parties - current	**18**	21,146	425,211
Tax receivables - current	**37**	1,289,888	813,200
Other current assets	**19**	1,677,509	1,338,819
		44,733,012	**42,721,463**
TOTAL ASSETS		**70,487,302**	**64,909,689**
EQUITY			
Share capital		2,375,745	2,375,745
Additional paid in capital		20,249,087	20,014,823
Legal reserve		475,149	398,931
Translation reserve		88,253	(93,852)
Retained earning (losses)		5,191,210	2,762,780
Other reserve		558,121	291,074
Net Result		7,549,063	4,167,669
Equity attributable to owners of the parent Company	**20**	**36,486,629**	**29,917,169**
Non-controlling interests		-	-
TOTAL EQUITY		**36,486,629**	**29,917,169**
NON CURRENT LIABILITIES			
Long term loans - non current	**22**	8,574,373	10,874,527
Lease liabilities - non current	**10**	2,623,043	1,997,665
Tax payables - non current	**37**	-	77,710
Employee benefits	**23**	962,857	839,508
Provisions	**24**	356,907	320,000
		12,517,180	**14,109,410**
CURRENT LIABILITIES			
Short term Loan	**25**	2,488,016	4,691,924
Trade payables	**26**	12,426,159	10,673,433
Long term loans - current portion	**22**	3,256,084	3,202,394
Lease liabilities - current	**10**	652,577	506,451
Due to related parties	**27**	171,076	106,167
Tax payables - current	**37**	598,777	195,248
Other payables	**28**	1,890,804	1,507,491
		21,483,493	**20,883,109**
TOTAL LIABILITIES AND EQUITY		**70,487,302**	**64,909,689**

Consolidated Income Statement for the year ended December 31

	Note	2022	2021
Revenue		58,872,869	46,674,333
Cost of sales		(22,090,948)	(19,470,848)
Gross profit	**29**	**36,781,921**	**27,203,485**
Other income	**30**	1,461,833	1,444,804
Selling and distribution expenses	**31**	(9,267,540)	(6,399,095)
General and administrative expenses	**32**	(16,935,192)	(14,098,349)
Other expenses	**33**	(385,376)	(250,165)
Gross operating profit (EBITDA)		**11,655,647**	**7,900,679**
Bad Debt and write offs	**34**	(141,268)	(138,111)
Depreciation	**35**	(2,700,862)	(2,251,467)
Net operating profit (EBIT)		**8,813,517**	**5,511,101**
Finance income	**36**	397,811	405,948
Finance costs	**36**	(497,840)	(681,988)
Net income (loss) before taxes		**8,713,488**	**5,235,061**
Taxes	**37**	(1,164,425)	(1,067,392)
Total net income (loss) after taxes		**7,549,063**	**4,167,669**
Income (loss) attributable to:			
Owners of the parent Company	**20**	7,549,063	4,167,669
Non-controlling interest	**20**	-	-

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31

	Note	2022	2021
Total net income (loss) after taxes		**7,549,063**	**4,167,669**
Other Comprehensive Income (Loss)			
Items that will not be reclassified through the Statements of Income			
Remeasurements of post-employment benefit obligations	**23**	81,857	(104)
Related tax impact		(19,646)	25
Remeasurements of artefacts at fair value	**9, 20**	204,837	98,646
Items that may be reclassified through the Statements of Income			
Changes in foreign currency translation adjustment	**20**	182,104	269,272
Total Other Comprehensive Income		449,153	367,839
Total Comprehensive Income		**7,998,216**	**4,535,507**
Income (loss) attributable to:			
Owners of the parent Company		7,998,216	4,535,507
Non-controlling interest		-	-

Consolidated statement of changes in Equity for the year ended December 31

	Note	Share Capital	Share premium reserve	Legal reserve	Translation reserve	Retained earnings (losses)	Other Reserves	Net Group result for the period	Group Equity	Non-controlling interest	Total Equity
Balance at December 31, 2020		**1,925,745**	**1,632,150**	**398,931**	**(363,124)**	**3,045,913**	**192,507**	**1,355,286**	**8,187,408**	**298,430**	**8,485,838**
Allocation of the result	**20**					1,355,286		(1,355,286)	-		-
Difference from translation of financial statements of foreign companies	**20**				269,272				269,272		269,272
Fair value remeasurement IAS 16	**20**						98,646		98,646		98,646
Actuarial gains and (losses)	**20**						(79)		(79)		(79)
Profit for the period 01.01.2021 - 12.31.2021	**20**							4,167,669	4,167,669		4,167,669
Distribution to shareholders	**20**					(1,251,734)			(1,251,734)	(56,774)	(1,308,508)
Acquisition of NCIs	**20**					(386,685)			(386,685)	(241,656)	(628,340)
Listing EG Milan	**20**	450,000	18,382,673						18,832,673		18,832,673
Balance at December 31, 2021		**2,375,745**	**20,014,823**	**398,931**	**(93,852)**	**2,762,780**	**291,074**	**4,167,669**	**29,917,169**	**-**	**29,917,169**

	Note	Share Capital	Share premium reserve	Legal reserve	Translation reserve	Retained earnings (losses)	Other Reserves	Net Group result for the period	Group Equity	Non-controlling interest	Total Equity
Balance at December 31, 2021		**2,375,745**	**20,014,823**	**398,931**	**(93,852)**	**2,762,780**	**291,074**	**4,167,669**	**29,917,169**	**-**	**29,917,169**
Allocation of the result	**20**			76,218		4,091,451		(4,167,669)	-		-
Difference from translation of financial statements of foreign companies	**20**				182,105				182,105		182,105
Fair value remeasurement IAS 16	**20**						204,837		204,837		204,837
Actuarial gains and (losses)	**20**						62,211		62,211		62,211
Profit for the period 01.01.2022 - 12.31.2022	**20**							7,549,063	7,549,063		7,549,063
Distribution to shareholders	**20**					(1,663,021)			(1,663,021)		(1,663,021)
Tax Credit on listing costs	**20**		234,265						234,265		234,265
Balance at December 31, 2022		**2,375,745**	**20,249,087**	**475,149**	**88,253**	**5,191,210**	**558,122**	**7,549,063**	**36,486,628**	**-**	**36,486,629**

Consolidated statement of cash flows for the year ended December 31

	Note	2022	2021
A. Cash flow from operating activities			
Net profit for the year		7,549,063	4,167,669
Income taxes	37	1,164,425	1,067,392
Interest expenses/(interest income)	36	100,029	276,040
(Capital gains)/losses arising from disposal of assets	9	992	(10,243)
1. Profit (loss) for the year before income taxes, interests, dividends and capital gains/losses on disposal of assets		**8,814,509**	**5,500,858**
Adjustments for non-monetary items that had no impact on the net working capital			
Accruals for provisions	23, 34	371,298	285,090
Depreciation and amortization	35	2,700,862	2,251,467
Other adjustments for non-monetary items	12	-	14,918
2. Cash flow before variances in net working capital		**11,886,669**	**8,052,334**
Variances in net working capital			
Decrease/(increase) in inventory	17	(6,902,888)	(3,438,223)
Decrease/(increase) in receivables from customers	16	(2,716,210)	(1,496,266)
Increase/(decrease) in payables to suppliers	26	1,752,726	3,005,737
3. Cash flow after variations in net working capital		**4,020,297**	**6,123,582**
Other variances in working capital		(88,731)	(296,474)
Received/(paid) interests		(394,910)	(436,545)
(Paid income taxes)		(341,985)	(780,311)
(Use of accrued provisions)		(37,985)	(155,178)
Cash flow from operating activities (A)		**3,156,686**	**4,455,075**
B. Cash flows from investing activities			
Tangible fixed assets: (cost of purchase) / sale price	9, 10	(2,376,436)	(873,048)
Intangible fixed assets: (cost of purchase) / sale price	11	(2,134,065)	(1,379,432)
Financial fixed assets: (cost of purchase) / sale price	3	182,963	(3,025,996)
Cash flow from investing activities (B)		**(4,327,539)**	**(5,278,476)**
C. Cash flows from financing activities			
Debt			
Increase (decrease) in short-term bank loans	25	(2,203,908)	(1,559,900)
Increase (decrease) in loans	22	(2,246,464)	(957,773)
Increase (decrease) in leases	10	(713,229)	(348,471)
Equity			
Share capital increase	20	-	18,832,673
(Paid dividends)	20	(1,685,552)	(1,285,978)
Acquisition of non-controlling interests	20	-	(628,341)
Differences from translation and other reserves	20	105,425	269,272
Cash flow from financing activities (C)		**(6,743,729)**	**14,321,482**
Increase (decrease) in cash and cash equivalent (A ± B ± C)		**(7,914,582)**	**13,498,081**
Cash and cash equivalent at the beginning of the period		**17,752,959**	**4,254,878**
Cash and cash equivalent at the end of the period		**9,838,378**	**17,752,959**

Notes to consolidated Financial Statements

Basis of Preparation

1. Company preparing the Financial Statements

Racing Force S.p.A. (the "Company) is based in Italy. The address of the Company's registered office is in Via Bazzano 5, Ronco Scrivia, Genoa, Italy. The consolidated financial statements include the financial statements of the Company and its subsidiaries (together, the "Group"). Racing Force S.p.A. is controlled by the company SAYE S.p.A., with registered office in Genoa, Via Gabriele D'Annunzio nr. 2/104, which prepares the consolidated financial statements.

The Group is mainly active in the production and distribution of safety products and components for drivers and racing cars.

2. Accounting framework

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS Standards). These consolidated financial statements were authorized for publication by the Company's Board of Directors on March 29, 2023.

3. Consolidation Area

The Group financial statements include the results of the Racing Force S.p.A., the Group parent company, and its controlled subsidiaries. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. All significant intra-Group balances and transactions are eliminated in consolidation.

The consolidation area as of December 31, 2022 includes the financial statements of Racing Force S.p.A. and of the following companies, directly and indirectly owned at that date:

	Registered office	Activity	Shareholding % in consolidated FS
Direct shareholdings			
Racing Force USA Inc	Miami (US)	Commercial	70.88%
Racing Force Holdings Sarl	Luxembourg	Sub-holding	100.00%
Racing Force International WLL	Sakhir (Bahrain)	Production, R&D, commercial	24.50%
Indirect shareholdings			
Racing Force USA Inc	Miami (USA)	Commercial	29.12%
Racing Force International WLL	Sakhir (Bahrain)	Production, R&D, commercial	75.50%
High Protection Systems SA	Ghislenghien (Belgium)	Commercial	100.00%
2SM Inc	Miami (US)	Sub-holding	100.00%
Head Protection Technologies LLC	Miami (US)	Commercial	100.00%

The financial statements of Racing Force S.p.A. and all the consolidated companies are those prepared locally, in accordance with the legislation in force in the countries where the companies are registered, appropriately adjusted to be compliant with IFRS.

The financial statements of the parent company and its subsidiaries used in the preparation of the consolidated financial statements have the same reporting date.

The only change to the consolidation area occurred during the fiscal year is related to the subsidiary Head Pro Tech LLC which was liquidated on April 5, 2022.
The aforementioned operation was made with a view to simplifying the shareholding structure of the Group, obtaining cost savings by reducing the number of consolidated entities, achieving greater efficiency in the management of activities by reducing decision-making levels and strengthening the strategic and operational integration.

4. Functional and presentational currency

These consolidated financial statements are presented in Euro, the functional currency of the Group.

5. Going concern basis

These consolidated financial statements have been prepared on a going concern basis, assuming that the Group will be able to extinguish its liabilities.
In 2022 the Group recorded a profit after tax of 7,549 thousand Euro and generated cash flows from operating activities for 3,157 thousand Euro.

The level of capitalization, the availability of credit lines and loans granted by the banking system are considered suitable by the Group's management to guarantee adequate resources to continue operating in the near future.

6. Use of estimates

As part of the preparation of the consolidated financial statements, the Group's management had to formulate estimates and assessments that affect the application of accounting principles and the amounts of assets, liabilities, costs and revenues recognized in the financial statements. However, it should be noted that, since these are estimates, the results obtained will not necessarily be the same as those shown in these financial statements.
These estimates and the underlying assumptions are regularly reviewed. Any changes deriving from the revision of the accounting estimates are recognized prospectively.

Impairment of goodwill

The impairment of goodwill is verified by comparing the book value of the cash generating units and their recoverable value; the latter is represented by the greater of the fair value less the costs related to the sale and the value in use of the same unit. This complex evaluation process implies, among other procedures, the use of methods such as the discounting of expected cash flows, with the related assumptions on the estimate of cash flows. The recoverable amount in the discounted cash flow model depends significantly on the discount rate used, as well as on the expected future cash flows and the growth rate used for the calculation.

Impairment of intangible and tangible assets

At each balance sheet date, the Group checks whether there are indicators that both tangible and intangible assets may have suffered a reduction in value. To this end, both internal and external sources of information are taken into consideration. The identification of impairment indicators, the estimate of future cash flows and the determination of the fair value of each asset require management to make significant estimates and assumptions regarding the determination of the discount rate to be applied, the useful life and the residual value of resources.

Allowance for bad debt

The recoverability of receivables is assessed taking into account the risk of bad debt, their age and the losses on receivables recorded in the past for similar types of receivables.

Inventory obsolescence fund

Provisions are recorded for raw materials, finished products, spare parts and other obsolete and slow-moving inventories, based on their expected future use and their realizable value. The net realizable value is the estimated sales price in the normal course of business, less the estimated completion costs and the estimated sales and distribution costs.

Provisions, potential liabilities and employee benefits

Provisions for contingent liabilities require a significant level of estimates. The provisions relating to personnel, in particular to defined benefit obligations, are determined on the basis of actuarial assumptions.

Deferred tax assets

The assessment of the recoverability of prepaid taxes takes into account the estimate of future taxable income and is based on prudent tax planning.

7. Significant accounting policies

Unless otherwise specified, the accounting principles described below have been applied consistently for all periods included in these consolidated financial statements.

A. Consolidation criteria

i. Business combinations

The Group accounts for business combinations by applying the acquisition method when the set of activities and assets acquired meets the definition of business and the Group obtains control. In determining whether a certain set of activities and assets represents a business, the Group assesses whether that set includes, at a minimum, a factor of production and a substantial process and if it has the ability to generate production.

The Group has the right to carry out a "concentration test" which makes it possible to ascertain with a simplified procedure that the acquired set of activities and assets is not a company asset. The concentration test, which is optional, is positive if almost all the fair value of the gross assets acquired is concentrated in a single identifiable asset or in a group of identifiable assets with similar characteristics.

The consideration transferred and the identifiable net assets acquired are usually recognized at fair value. The book value of any goodwill is subjected to impairment testing annually to identify any losses due to impairment. Any profits deriving from a purchase at favorable prices are immediately recognized in profit / (loss) for the year, while costs related to the combination, other than those relating to the issue of debt securities or equity instruments, are recognized as expenses in profit / (loss) for the year when incurred.

Amounts relating to the termination of a pre-existing relationship are excluded from the consideration transferred. Normally these amounts are recognized in profit / (loss) for the year.

The contingent consideration is recognized at fair value on the acquisition date. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not subject to subsequent valuation and the future settlement is recognized directly in equity. Other contingent payments are measured at fair value at each year-end date and changes in fair value are recognized in profit / (loss) for the year.

In the event that the incentives recognized in the share-based payment (substitutive incentives) are exchanged for incentives owned by employees of the acquiree (acquiree's incentives), the value of those substitutive incentives of the acquirer is fully or partially included in the evaluation of the consideration transferred for the business combination. This evaluation takes into account the difference in the market value of the substitutive incentives compared to the value of the acquiree's incentives and the proportion of substitutive incentives that refers to the provision of services prior to the aggregation.

ii. Subsidiaries

Subsidiaries are those entities in which the Group holds control, or when the Group is exposed to variable returns deriving from its relationship with the entity, or has rights to such returns, being capable at the same time to influence them by exercising its power over the entity itself. The financial statements of subsidiaries are included in the consolidated financial statements from the moment in which the parent company begins to exercise control until the date in which such control ceases.

iii. Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in a subsidiary that do not result in the loss of control are accounted for as transactions carried out between parties as shareholders.

iv. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

v. Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and a joint venture.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and the joint venture are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity accounted investees, until the date on which significant influence or joint control ceases.

vi. Operations eliminated in the consolidation process

In the preparation of the consolidated financial statements, the balances of intra-group transactions, as well as the unrealized revenues and costs (excluding exchange differences) are eliminated. Unrealized profits resulting from transactions with subsidiaries accounted for using the equity method are eliminated in proportion to the Group's stake in the entity. Unsupported losses are eliminated in the same way as unrealized profits, to the extent that there are no indicators that can give evidence of a reduction in value.

B. Foreign currency

i. Foreign currency transactions

Foreign currency transactions are translated into the functional currency of each Group entity at the exchange rate in effect on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss and presented within finance costs.

However, the exchange differences deriving from the translation of the following elements, if present, are recognized among the other components of the comprehensive income statement: i) equity securities designated to FVOCI (excluding losses due to impairment, in which case the exchange differences recognized among the other components of the comprehensive income statement have been reclassified to profit / (loss) for the year); ii) financial liabilities designated to hedge the net investment in a foreign operation to the extent that the hedge is effective; and iii) cash flow hedges to the extent that the hedge is effective.

ii. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments resulting from the acquisition, are translated into Euro using the exchange rate recorded at the closing date of the financial year. The revenues and costs of foreign entities operations are converted into Euro using the average exchange rate for the year, which approximates the exchange rates in force at the date of the operations.

Exchange differences are recognized among the other components of the comprehensive income statement and included in the translation reserve, with the exception of exchange differences that are attributed to NCI.

C. Revenues from contracts with customers

Revenues are valued based on the consideration specified in the contract with the customer. The Group recognizes revenues when it transfers control of goods or services.

For the sale of goods, the transfer of control, and therefore the recognition of revenues, generally corresponds to the date on which the goods are made available to the customer, or when the goods are released to the carrier responsible for their transport to the customer.

Revenues from services are recognized once the service is provided. If a service is provided on an ongoing basis over time, the related revenue is recorded pro rata on an accrual basis.

D. Employee benefits

The net obligation of the Group deriving from defined benefit plans is calculated separately for each plan by estimating the amount of the future benefit that employees have accrued in exchange for the activity performed in the current and previous years; this benefit is discounted and the fair value of any plan assets are deducted from the liabilities.

The calculation is performed by an independent actuary using the projected unit credit method. If the calculation generates a benefit for the Group, the amount of the recognized asset is limited to the present value of the economic benefits available in the form of repayments from the plan or reductions in future contributions from the plan. In order to establish the present value of the economic benefits, the minimum financing requirements applicable to any plan of the Group are considered.

Actuarial gains and losses, returns from plan assets (excluding interest) and the effect of the asset ceiling (excluding any interest) that emerge following the revaluation of the net liability for defined benefit plans are recognized immediately in the other components of the comprehensive income statement. Net interest for the year on the net liability / (asset) for defined benefits is calculated by applying to the net liability / (asset) the discount rate used to discount the defined benefit obligation, determined at the beginning of the year, considering any changes in the net liability / (asset) for defined benefits that occurred during the year following the contributions received and the benefits paid. Net interest and other costs relating to defined benefit plans are instead recognized in profit / (loss) for the year.

When changes are made to the benefits of a plan or when a plan is curtailed, the portion of the economic benefit relating to past service or the profit or loss deriving from the plan curtailment are recognized in the profit / (loss) of the exercise when the adjustment or reduction occurs.

E. Grants

The grants that offset the costs incurred by the Group are recognized in profit / (loss) for the year, with a systematic criterion, to set them against the costs that the grant intends to offset in the same period, unless the conditions for receiving the contribution are not satisfied after the relevant costs have been recognized. In this case, the contribution is recognized when it becomes due.

F. Costs

Costs are recognized on the basis of their function in the income statement. Costs for purchases of goods are recognized when control of products is transferred. For services, the cost is recognized once the service is provided. In the event of a service provided over time, the related cost is accounted for pro rata on an accrual basis.

G. Financial income and expenses

The Group's financial income and expenses are recognized on an accrual basis and include interest income, interest expense, dividends.

Interest income and expense are recognized in profit / (loss) for the year on an accrual basis. Dividend income is recognized when the Group's right to receive payment is established.

H. Income taxes

The tax charge for the year includes current and deferred taxes recognized in profit / (loss) for the year, except for those relating to business combinations or items recognized directly in equity or among other components of the comprehensive income statement.

The Group has determined that the interest and penalties relating to income taxes, including the accounting treatments to be applied to income taxes of an uncertain nature, are accounted for in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* as they do not meet the definition of income taxes.

i. Current taxes

Current taxes include the estimate of the amount of income taxes due or to be received, calculated on taxable income or tax loss for the year as well as any adjustments to previous year taxes. The amount of taxes due or to be received, determined on the basis of the tax rates in force or substantially in force at the end of the financial year, also includes the best estimate of any amount to be paid or received which is subject to factors of uncertainty. Current taxes also include any taxes relating to dividends.

Current tax assets and liabilities are offset only when certain criteria are met.

ii. Deferred taxes

Deferred taxes are recognized with reference to the temporary differences between the book values of the assets and liabilities recorded in the financial statements and the corresponding values recognized for tax purposes. Deferred taxes are not recognized for:

- temporary differences relating to the initial recognition of assets or liabilities in a transaction other than the business combination that does not affect either the accounting profit (or loss) or taxable income (or tax loss);
- temporary differences relating to investments in subsidiaries, associates and joint ventures to the extent that the Group is able to control the timing of the cancellation of the temporary differences and it is probable that, in the foreseeable future, the temporary difference will not reverse; and
- the taxable temporary differences relating to the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses and tax credits, as well as for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which such assets can be used. The future taxable income is defined on the basis of the offsetting of the relative deductible temporary differences. If the amount of the taxable temporary differences is not sufficient to fully recognize a deferred tax asset, the future taxable income is taken into account, adjusted for the offsetting of the existing temporary differences, provided for by the business plans of the individual subsidiaries of the Group. The value of deferred tax assets is reviewed at each year-end date and is reduced to the extent that it is no longer likely that the related tax benefit will be realized. These reductions must be reinstated when the probability of generating future taxable income increases.

Unrecognized deferred tax assets are reviewed at the closing date of each financial year and are recognized to the extent that it has become probable that the Group will achieve a future taxable profit sufficient for their use.

Deferred taxes are valued using the tax rates that are expected to be applicable to temporary differences in the year in which they will be reversed on the basis of the tax rates established by provisions in force or substantially in force at the end of the year and reflect any uncertainties relating to income taxes.

The valuation of deferred taxes reflects the tax effects that arise from the ways in which the Group expects, at the closing date of the financial year, to recover or extinguish the book value of the assets and liabilities. The presumption that the book value of real estate investments measured at fair value will be fully recovered through a sale transaction has not been refuted.

Deferred tax assets and liabilities are offset only when certain criteria are met.

I. Inventories

Inventories include raw materials, semi-finished and finished products.

Inventories are initially entered at purchase or production cost and subsequently valued at the lower of cost and the corresponding realizable value inferable from the market.

Purchase cost means the actual purchase price plus ancillary charges. The purchase cost of the materials includes, in addition to the price of the material, also the costs of transport, customs, other taxes and other costs directly attributable to that material. Returns, commercial discounts, allowances and bonuses are brought down to costs.

Production cost means all direct costs and indirect costs for the portion reasonably attributable to the product relating to the period of manufacture and up to the time from which the asset can be used, considered on the basis of normal production capacity.

The cost calculation method adopted for fungible assets is the weighted average cost.

A provision is made for raw materials, finished products, spare parts and other obsolete or slow-moving inventories based on their expected future use and their realizable value, if this is lower than the book value. The realizable value is the estimated sale price in the normal course of business, net of the estimated completion costs and the estimated sales and distribution costs.

J. Property, plant and equipment

Tangible fixed assets are initially recognized at cost and include the purchase price, any costs directly attributable to bringing the assets to the place and conditions necessary to be able to operate in the manner intended by management and any initial estimate of the costs of dismantling and removal of the asset and the estimate of the costs of restoring the site where it is located. Internally generated assets are initially recognized at production cost. Subsequent expenses and the cost of replacing parts of an asset are capitalized only if the future economic benefits incorporated in that asset increase. All other expenses are charged to the income statement when incurred. When replacement costs are capitalized, the book value of the parts that are replaced is charged to the income statement.

Tangible fixed assets are depreciated on a straight-line basis over their estimated useful life using the following depreciation rates:

Property, Plant & Equipment	Depreciation period
Building	33 years
Plant, Machinery and Equipment	6-7 years
Furniture, fixtures and office equipment	5-7 years
Other tangible assets	4-5 years

The depreciation methods, useful lives and residual values are verified at the closing date of the financial year and adjusted where necessary.

Some particular types of assets, such as historical helmets, are accounted for according to their fair value at the date of the measurement, net of any subsequent accumulated depreciation and any subsequent loss due to accumulated impairment.

Remeasurements are made regularly and kept up to date. The redetermination increases are recognized in the other components of the comprehensive income statement and accumulated in the shareholders' equity, unless they offset a previous decrease in a revaluation of the same asset previously recognized in the income statement. If the book value of an asset has decreased following a restatement, the decrease must be recognized in the income statement. However, the decrease must be recognized in the statement of the other components of the comprehensive income statement as a revaluation surplus to the extent that there are any credit balances in the revaluation reserve with reference to this asset. The decrease recognized in the statement of the other components of the comprehensive income statement reduces the amount accumulated in equity under the item revaluation reserve.

If the intended use of a property is transformed from instrumental to real estate investment, the property is valued at fair value and reclassified among real estate investments. Any increase resulting from this assessment is attributed to the profit / (loss) for the year to the extent that it rectifies a previous loss due to the reduction in value of that property. Any excess portion of the increase is recognized directly among the other components of the comprehensive income statement and presented in the net equity restatement reserve. Any loss is recognized directly in the profit / (loss) for the year. In addition, if an amount has been recognized in the revaluation reserve for this property, the loss is recognized in the other components of the comprehensive income statement as a reduction of the equity reserve until this amount is zeroed.

K. Intangible assets and goodwill

Goodwill arising from the acquisition of subsidiaries is valued at cost net of accumulated impairment losses. For the evaluation of goodwill, the full goodwill method is used as required by IFRS 3. Full goodwill is calculated on the entire business and not only on the share acquired by evaluating at fair value also the investment held by minority shareholders at the acquisition date.

Research expenses are recognized in the profit / (loss) of the year in which they are incurred.

Development expenses are capitalized only if the cost attributable to the asset during its development can be reliably assessed, the product or process is feasible in technical and commercial terms, future economic benefits are probable, and the Group intends and has sufficient resources to complete its development and to use or sell the asset. Other development expenses are recognized in profit / (loss) for the year at the time they are incurred. Capitalized development expenses are recognized at cost net of accumulated depreciation and any accumulated impairment losses.

Other intangible assets, including commercial relationships with customers, patents and trademarks, acquired by the Group, which have a defined useful life, are recognized at cost net of amortization and any accumulated impairment losses.

Subsequent costs are capitalized only when they increase the expected future economic benefits attributable to the asset to which they refer. All other subsequent costs, including those relating to goodwill and internally generated trademarks, are charged to the profit / (loss) for the year in which they are incurred.

Intangible assets are initially recognized at cost and subsequently valued at cost net of accumulated amortization.

Depreciation is calculated on a straight-line basis as follows:

Intangible Assets	Amortization period
Development costs	5 years
Software	5 years
Patents, Licences	based on contract period
Other intangible assets	lower than useful life and contract period

An intangible asset with an indefinite useful life (for example, a perpetual license) is not amortized, but is checked annually, or whenever there is an indication that it has not suffered a reduction in value.

At the end of the fiscal year, it is assessed whether there is evidence that a particular asset may have suffered a loss in value. In this case, an estimate of the recoverable value of the asset is made on the basis of the greater between the fair value and its value in use. If the recoverable value of an asset is lower than its book value, this lower value of the asset is recognized and the difference is recognized in the income statement.

When an intangible asset is sold, the profit or loss from the disposal is included in the income statement.

L. Financial instruments

i. Recognition and measurement

Trade receivables and debt securities issued are recognized at the time they originate. All other financial assets and liabilities are initially recognized on the trade date, i.e. when the Group becomes a contractual party to the financial instrument.

With the exception of trade receivables that do not contain a significant financing component, financial assets and liabilities are initially measured at fair value plus or minus, in the case of financial assets or liabilities not measured at FVTPL, the costs of the transaction directly attributable to the acquisition or issue of the financial asset. At the time of initial recognition, trade receivables that do not have a significant financing component are valued at their transaction price.

ii. Classification and subsequent measurement

Financial assets

At the time of initial recognition, a financial asset is classified according to its valuation: amortized cost; fair value recognized in the other components of the comprehensive income statement (FVOCI) - debt security; FVOCI - equity security; or at fair value recognized in profit / (loss) for the year (FVTPL).

Financial assets are not reclassified after their initial recognition, unless the Group changes its business model for the management of financial assets. In this case, all the financial assets involved are reclassified on the first day of the first financial year following the change in the business model.

A financial asset must be valued at amortized cost if both of the following conditions are met and it is not designated to the FVTPL: i) the financial asset is owned as part of a business model whose objective is to own the financial assets for the purpose of the collection of the related contractual financial flows; and ii) the contractual terms of the financial activity provide for financial flows at certain dates represented solely by payments of capital and interest on the amount of capital to be repaid.

A financial asset must be valued at the FVOCI if both of the following conditions are met and it is not designated at the FVTPL i) the financial asset is owned as part of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets; ii) the contractual terms of the financial activity provide for financial flows at certain dates represented solely by payments of capital and interest on the amount of capital to be repaid.

Upon initial recognition of an equity security not held for trading purposes, the Group can make the irrevocable choice of presenting subsequent changes in fair value in the other components of the comprehensive income statement. This choice is made for each activity.

All financial assets not classified as valued at amortized cost or at FVOCI, as indicated above, if any, are valued at FVTPL. All derivative financial instruments are included. Upon initial recognition, the Group can irrevocably designate the financial asset as measured at fair value through profit / (loss) for the year if by so doing it eliminates or significantly reduces an accounting asymmetry that would otherwise result from the valuation of the asset financial at amortized cost or to FVOCI.

Financial assets: evaluation of the business model

The Group evaluates the objective of the business model under which the financial asset is held at the portfolio level as it best reflects the manner in which the business is managed, and the information communicated to the company management. This information includes:

- the criteria set out and the objectives of the portfolio and the practical application of these criteria, including, inter alia, if the management strategy is based on obtaining interest income from the contract, on maintaining a certain interest rate profile interest, on the alignment of the duration of the financial assets to that of the related liabilities or on the expected cash flows or on the collection of cash flows through the sale of the assets;

- the methods for evaluating the performance of the portfolio and the methods for communicating the performance to the Group's executives with strategic responsibilities;

- the risks affecting the performance of the business model (and of the financial assets held under the business model) and the way these risks are managed;

- the methods of remuneration of company executives (for example, if the remuneration is based on the fair value of the assets managed or on the contractual cash flows collected); and

- the frequency, value and timing of sales of financial assets in previous years, the reasons for the sales and expectations regarding future sales.

The transfers of financial assets to third parties in the context of transactions that do not involve derecognition are not considered sales for the purpose of evaluating the business model, in line with the Group's maintenance of these activities in the financial statements.

Financial assets - evaluation to establish whether the contractual financial flows are represented solely by payments of principal and interest

For valuation purposes, "principal" is the fair value of the financial asset at the time of initial recognition, while "interest" constitutes the consideration for the time value of money, for the credit risk associated with the amount of capital to be repaid during a given period of time and for other basic risks and costs related to the loan (for example, liquidity risk and administrative costs), as well as for the profit margin.

In assessing whether the contractual cash flows are represented solely by payments of principal and interest, the Group considers the contractual terms of the instrument. Therefore, it evaluates, among others, whether the financial asset contains a contractual clause that changes the timing or amount of the contractual cash flows such as not to satisfy the following condition. For the purposes of the assessment, the Group considers:
- contingent events that would change the timing or the amount of financial flows;
- clauses that could adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specific assets (for example, non-recourse elements).

A prepayment feature is in line with the criterion of "cash flows represented solely by payments of principal and interest" when the amount of the advance payment substantially represents the unpaid amounts of principal and interest accrued on the amount of the capital to be repaid, which may include reasonable compensation for early termination of the contract. Furthermore, in the case of a financial asset acquired with a significant premium or discount on the contractual nominal amount, an element that allows or requires an advance payment equal to an amount that substantially represents the contractual nominal amount plus the contractual interest accrued (but not paid) (which may include a reasonable compensation for early termination of the contract) is accounted for in accordance with this criterion if the fair value of the prepayment element is not significant at the time of initial recognition.

Financial assets: subsequent measurement and profits and losses

Financial assets valued at FVTPL: These assets are subsequently measured at fair value. Net profits and losses, including dividends or interest received, are recognized in profit / (loss) for the year.

Financial assets valued at amortized cost: These assets are subsequently measured at amortized cost in accordance with the effective interest criterion. The amortized cost is decreased by the losses due to value reduction. Interest income, exchange gains and losses and impairment losses are recognized in the profit / (loss) for the year as well as any profits or losses from elimination.

Debt securities valued at FVOCI: These assets are subsequently measured at fair value. Interest income calculated in accordance with the effective interest method, exchange gains and losses and losses due to impairment are recognized in profit / (loss) for the year. Other net gains and losses are recognized in the other components of the comprehensive income statement. At the time of derecognition, the profits or losses accumulated in the other components of the comprehensive income statement are reclassified in the profit / (loss) for the year.

Equity securities valued at FVOCI: These assets are subsequently measured at fair value. Dividends are recognized in profit / (loss) for the year unless they clearly represent a recovery of part of the investment cost. Other net profits and losses are recognized in the other components of the comprehensive income statement and are never reclassified in profit / (loss) for the year.

Financial Liabilities - Classification, Subsequent measurement and Profits and Losses

Financial liabilities are classified as measured at amortized cost or at FVTPL. A financial liability is classified at the FVTPL when it is held for trading, represents a derivative instrument or is designated as such at the time of initial recognition. Financial liabilities at FVTPL are measured at fair value and any changes, including interest expense, are recognized in profit / (loss) for the year. The other financial liabilities are subsequently measured at amortized cost using the effective interest criterion, except for trade payables that do not contain a significant financing component. Interest expense and exchange gains / (losses) are recognized in profit / (loss) for the year, as well as any profits or losses resulting from the derecognition.

M. Impairment losses

i. Financial instruments and assets deriving from contracts

The Group recognizes bad debt provisions for expected credit losses relating to financial assets measured at amortized cost, any debt securities valued at FVOCI and assets deriving from the contract.

In addition, the Group recognizes the bad debt provision under trade receivables and other receivables for expected losses over the entire duration of the receivables implicit in leasing contracts.

The Group evaluates the bad debt provision at an amount equal to the expected life-long losses of the credit, except as indicated below, for the following twelve months:

- debt securities with low credit risk at the balance sheet date; and
- other debt securities and bank current accounts whose credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not significantly increased after initial recognition.

Provisions for bad debts for trade receivables (including those relating to leasing) and for assets deriving from contracts are always measured at an amount equal to the expected losses over the entire life of the credit.

In order to determine whether the credit risk relating to a financial asset has increased significantly after initial recognition and to estimate expected credit losses, the Group considers reasonable and demonstrable information that is relevant and available without excessive cost or effort. This includes quantitative and qualitative information and analyzes, based on the historical experience of the Group, on the credit assessment as well as on information indicative of expected developments ("forward-looking information").

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are the present value of all non-collections (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). Expected credit losses are discounted using the criterion of the effective interest of the financial asset, unless the effects of such discounting are negligible compared to the nominal value.

The gross book value of a financial asset is written down (in part or entirely) to the extent that there is no real prospect of recovery.

ii. Non-financial assets

At each year-end closing date, the Group checks whether there is objective evidence of impairment with reference to the book values of its non-financial assets, with the exception of biological assets, property investments, inventories, assets deriving from the contract and deferred tax assets. If on the basis of the verification it emerges that the assets have actually suffered a reduction in value, the Group estimates their recoverable value. On the other hand, the recoverable value of goodwill is estimated annually.

For the purpose of identifying any losses due to impairment, the assets are grouped into the smallest identifiable group of assets that generate financial flows that are largely independent from the financial flows generated by other assets or groups of assets (the "CGU" or "cash- generating unit "). The goodwill acquired through a business combination is allocated to the group of CGUs which envisages the benefit of the synergies of the combination.

The recoverable value of an asset or a CGU is the greater of its value in use and its fair value less the costs of disposal. To determine the value in use, the estimated expected cash flows are discounted using a pre-tax discount rate that reflects the current market valuations of the time value of money and the specific risks of the CGU's business.

When the book value of an asset or a CGU exceeds the recoverable value, an impairment loss is recognized.

Losses due to impairment are recognized in profit / (loss) for the year. Those relating to the CGU are first attributed to a reduction in the carrying amount of any goodwill allocated to the CGU, then proportionately to a reduction in the other assets that make up the CGU.

Losses due to impairment of goodwill cannot be reversed. For other assets, impairment losses recognized in previous years are reinstated up to the book value that would have been determined (net of depreciation) if the impairment loss on the asset had never been recognized.

N. Accrued provisions

Provisions for risks and charges include provisions for current obligations (legal or implicit) deriving from a past event, for the fulfillment of which it is probable that an use of resources may be required, the amount of which can be reliably estimated. The changes in the estimate are reflected in the income statement for the year in which the change occurred. If the effect of the discounting is significant, the funds are shown at their current value.

O. Leasing

At the beginning of the contract, the Group assesses whether the contract is, or contains, a lease. The contract is, or contains, a lease if, in exchange for a consideration, it transfers the right to control the use of an identified asset for a period of time.

At the beginning of the contract or the modification of a contract that contains a leasing component, the Group assigns the consideration of the contract to each leasing component on the basis of its separate price. However, in the case of leasing of buildings, the Group has decided not to separate the non-leasing components from the leasing components and to account for the leasing and non-leasing components as a single component.

On the effective date of the lease, the Group recognizes the asset for the right of use and the liability of the lease. The right-of-use asset is initially measured at cost, including the amount of the initial valuation of the lease liability, adjusted for the payments due for the lease made on or before the effective date, increased by the initial direct costs incurred and an estimate of the costs that the lessee will have to incur for the dismantling and removal of the underlying asset or for the restoration of the underlying asset or the site where it is located, net of leasing incentives received.

The asset for the right of use is subsequently amortized on a straight-line basis from the effective date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or, considering the cost of the asset for the right of use, it is expected that the Group will exercise the purchase option. In this case, the asset for the right of use will be amortized over the useful life of the underlying asset, determined on the same basis as that of property, plant and machinery. In addition, the asset for the right of use is regularly decreased by any losses due to impairment and adjusted to reflect any changes resulting from subsequent valuations of the lease liability.

The Group evaluates the lease liability at the present value of the payments due for the lease not paid at the effective date, discounting them using the implicit interest rate of the lease. Where it is not possible to determine this rate easily, the Group uses the marginal loan rate. Generally, the Group uses the marginal borrowing rate as the discount rate.

The Group's marginal financing rate is calculated on the basis of the interest rates obtained from various external financing sources, making some adjustments that reflect the conditions of the lease and the type of asset being leased.

The payments due for the lease included in the measurement of the lease liability include:

- fixed payments (including substantially fixed payments);
- the variable payments due for the lease that depend on an index or a rate, initially valued using an index or a rate at the effective date;
- the amounts expected to be paid as a guarantee on the residual value; and
- the exercise price of a purchase option that the Group has the reasonable certainty of exercising, the payments due for the lease in an optional renewal period if the Group has the reasonable certainty of exercising the renewal option, and the penalty for early termination of the lease, unless the Group is reasonably certain that it will not terminate the lease early.

The lease liability is measured at amortized cost using the effective interest criterion and is remeasured in the event of a change in the future payments due for the lease resulting from a change in the index or rate, in the event of a change in the amount that the Group expects to have to pay as a guarantee on the residual value or when the Group changes its valuation with reference to the exercise or otherwise of a purchase option, extension or termination or in the event of a revision of the payments due for the leasing fixed in substance .

When the lease liability is remeasured, the lessee proceeds to a corresponding modification of the asset for the right of use. If the book value of the asset for the right of use is reduced to zero, the lessee recognizes the change in the profit / (loss) for the year.

In the statement of financial position, the Group shows the assets for the right of use that do not meet the definition of real estate investments in the item “right of uses assets” and the leasing liabilities among the “financial liabilities”.

Short-term leasing and leasing of small value assets

The Group has decided not to recognize the assets for the right of use and the leasing liabilities relating to assets of modest value and short-term leases, including IT equipment. The Group recognizes the related payments due for the lease as a cost on a straight-line basis over the lease term.

P. Fair value measurement

The "fair value" is the price that would be received at the measurement date for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators in the main (or most advantageous) market at which the Group has access at that time. The fair value of a liability reflects the effect of a risk of default.

Various accounting principles and some disclosure obligations require the Group to evaluate the fair value of financial and non-financial assets and liabilities.

Where available, the Group evaluates the fair value of an instrument using the listed price of that instrument in an active market. A market is active when transactions relating to the asset or liability occur with a frequency and volumes sufficient to provide useful information for determining the price on an ongoing basis.

In the absence of a listed price in an active market, the Group uses valuation techniques by maximizing the use of observable input data and minimizing the use of unobservable input data. The valuation technique chosen includes all the factors that market participants would consider when estimating the transaction price.

The best proof of the fair value of a financial instrument at the time of initial recognition is usually the transaction price (i.e. the fair value of the consideration given or received). If the Group notes a difference between the fair value at the time of initial recognition and the transaction price and the fair value is not determined either by using a price listed in an active market for identical assets or liabilities, or by means of a valuation technique whose unobservable input data are considered insignificant, the financial instrument is initially measured at fair value, adjusted in order to defer the difference between the fair value at the time of initial recognition and the transaction price. Subsequently, this difference is recognized in the profit / (loss) for the year over the life of the instrument with an appropriate method, but no later than the time when the valuation is fully supported by observable market data or the transaction is concluded.

8. Adoption of new or revised accounting standards

Accounting Standards and interpretations issued by IASB and adopted by the EU for the financial years beginning on or after January 1, 2022

- Starting from January 1, 2022, the following changes to IFRS came into effect:
  - Amendments to *IFRS 3 - Business combinations*: they update the reference mentioned in IFRS 3 to the Conceptual Framework in the revised version, without changes to the provisions of the standard.
  - Amendments to *IAS 16 - Property, plant and equipment*: it does not allow the amount received from the sale of goods produced before the asset was ready for use to be deducted from the cost of fixed assets. These sales revenues and the related costs will be recognized in the income statement.
  - Amendments to *IAS 37 - Provisions, contingent liabilities and contingent assets*: it clarifies which cost items must be considered to assess whether an agreement will be an onerous contract.
  - Annual improvements: amendments are made to IFRS 1 - First adoption of International Financial Reporting Standards, to *IFRS 9 - Financial instruments*, *to IAS 41 - Agriculture* and to the Illustrative Examples accompanying *IFRS 16 - Leasing*.
- Furthermore, EU Regulation 2022/1491 was approved on September 8, 2022, adopting amendments to *IFRS 17 - Insurance Contracts*. The amendment of the transitional provisions of IFRS 17 allows companies to overcome the one-off classification differences of the comparative information of the previous year at the moment of the first application of IFRS 17 and of *IFRS 9 - Financial Instruments*. Companies can apply the amendment only on the first-time adoption of IFRS 17 and IFRS 9.

These amendments did not have a significant impact on the Group’s financial statements.

Accounting Standards and interpretations issued by IASB but not adopted yet

- In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*, which affects the requirements in IAS 1 for the presentation of liabilities, including clarifications of one of the criteria for classifying a liability as non-current. The amendments, which will be effective for annual reporting periods beginning on or after January 1, have not yet been homologated by European Union.
- EU Regulation 2022/357 of March 2, 2022, which adopted amendments to *IAS 1 - Presentation of Financial Statements* and *IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments provide guidelines for the application of materiality criteria to accounting policies and clarify the differences between accounting policies and estimates, in order to ensure consistent application of accounting policies and comparability of financial statements. Companies apply the provisions on or after January 1, 2023.
- EU Regulation 2022/1392 of August 11, 2022, which adopted the amendments to *IAS 12 - Income taxes*, specifying how companies must account for deferred taxes on transactions such as leasing and obligations arising from dismantling, with the aim of reducing the differences in the recognition of deferred tax assets and liabilities on leases and dismantling obligations. Companies apply the provisions from 1 January 2023 or later.
- Directive 2022/2464/EU of December 14, 2022 amending EU regulation 537/2014, directive 2004/109/EC, directive 2006/43/EC and directive 2013/34/EU, as regards corporate sustainability reporting (CSRD). The directive provides that the sustainability reporting obligations are extended to all large companies, as well as to all companies with

securities admitted to trading on regulated markets, with the sole exception of micro-enterprises. The directive will enter into force on January 5, 2023 and, with certain exceptions expressly provided for, must be applied to financial years starting on January 1, 2024 or later.

The management is still evaluating the impacts that these changes will have on the consolidated financial statements, however no significant impacts are expected.

9. Property, Plant and Equipment

12.31.2022	12.31.2021	Variations + (-)
8,028,567	6,330,962	1,697,605

Variations for the period, on the basis of consistent categories, are detailed as follows:

	Land and Building	Plant, machinery and equipment	Furniture, fixtures and office equipment	Assets held at fair value	Work in progress and advances	Other tangible assets	Total
Book value at the beginning of the period							
Cost	4,384,715	5,510,791	1,570,976	1,254,160	-	560,606	**13,281,247**
Accumulated Depreciation	(1,077,860)	(4,289,220)	(1,190,156)	-	-	(393,049)	**(6,950,285)**
Net Book Value	**3,306,855**	**1,221,570**	**380,820**	**1,254,160**	**-**	**167,557**	**6,330,962**
Movements of the fiscal year							
Cost							
Additions	350,289	1,245,573	191,112	-	491,097	98,365	**2,376,436**
(Disposals)	-	(2,073,471)	(51,788)	-	-	(2,110)	**(2,127,370)**
Remeasurement at fair value IAS 16	-	-	-	202,410	-	-	**202,410**
Exchange rate impact	-	147,240	52,593	78,190	-	27,088	**305,110**
Reclassifications							
Accumulated Depreciation							
Depreciation	(140,975)	(569,030)	(174,067)	-	-	(77,062)	**(961,134)**
(Disposals)	-	2,019,847	51,788	-	-	254	**2,071,890**
Exchange rate impact	-	(106,959)	(44,103)	-	-	(18,678)	**(169,739)**
Reclassifications				-	-	-	
Book value at the end of the period							
Cost	4,735,004	4,830,132	1,762,892	1,534,760	491,097	683,949	**14,037,835**
Accumulated Depreciation	(1,218,835)	(2,945,362)	(1,356,537)	-	-	(488,534)	**(6,009,268)**
Net Book Value	**3,516,169**	**1,884,770**	**406,355**	**1,534,760**	**491,097**	**195,415**	**8,028,567**

During the fiscal year, in accordance with the planning, the Group proceeded to make the necessary investments to renew plants, machinery, equipment and other depreciable assets, in order to guarantee the highest standards of production.

Some assets, of immaterial unit value, were expensed in the period in which they were purchased; the decision not to capitalize the value of these assets finds an economic reason in the fact that these are goods of small value, whose duration is very limited and difficult to determine.
Maintenance costs of an incremental nature are accounted for as an increase in the assets to which they refer; the incremental expenses do not assume independent relevance with respect to the asset they refer to and, therefore, the calculation of the depreciation takes place in a unitary and indistinct way both as regards the cost on which the depreciation is calculated, and as regards the relative percentage of depreciation.

The item Land and Buildings refers to the balance resulting from the acquisition in fiscal year 2021 of the company Pier S.r.l., former owner of the headquarters of the parent company Racing Force S.p.A. in Ronco Scrivia. The increase in 2022 is due to improvements carried out on the building, mainly related to the renovation of the roof.

The additions recorded in Plant, machinery and equipment are due to 694 thousand Euro for investments made by the parent company Racing Force S.p.A., finalized to enhance the production capacity of the OMP branded products; to 543 thousand Euro for investments made by the subsidiary Racing Force International Wll, aimed to increase the production of helmets in the Bahraini factory; and, lastly, to 10 thousand Euro for warehouse equipment purchased by the consolidated companies Racing Force USA Inc and High Protection Systems.

The assets held at fair value refer to original helmets and replicas of historic Bell branded racing helmets, whose value at the end of the year is determined on the basis of an appraisal provided by an independent expert. Fair value was determined based on a market approach that reflects recent transaction prices for similar assets.

Work in progress, amounting to 491 thousand Euro as of December 31, 2022, refers to advances for facades cladding, solar panels installation and other improvements related to the headquarters of the parent company in Ronco Scrivia, as part of the expansion plan aimed at increasing production and logistics capacity.

Disposals mainly refer to fully depreciated assets that are no longer in use, for which historical cost and accumulated depreciation have been written-off, in addition to some machinery disposals recorded in the period.

10. Right of use assets and lease liabilities

The Group owns factories, warehouses and shops through leasing agreements. The duration of these leases varies from 2 to 15 years, with the possibility of renewal. Lease payments are renegotiated periodically to reflect market rents. Some leases provide for additional payments that depend on local variations in the price index.

The Group also leases IT equipment (printers), whose duration is between 3 and 5 years, and cars, with a duration between 3 and 4 years.

Other leasing contracts, if short-term and / or if referring to assets of modest value, are not recognized among assets and liabilities for the right of use.

Right of use assets

12.31.2022	12.31.2021	Variations + (-)
3,147,592	2,390,711	756,880

Variations for the period, on the basis of consistent categories, are detailed as follows:

	Buildings	Other assets	Total
Book value at the beginning of the period			
Cost	3,402,516	363,288	3,765,805
Accumulated Depreciation	(1,132,396)	(242,697)	(1,375,094)
Net Book Value	**2,270,120**	**120,591**	2,390,711
Movements of the fiscal year			
Cost			
Additions	1,133,596	205,031	1,338,627
(Disposals)	(284,629)	(35,983)	(320,612)
Other movements	305,135	2,528	307,663
Accumulated Depreciation			
Depreciation	(509,974)	(91,590)	(601,563)
(Disposals)	173,272	35,983	209,255
Other movements	(174,241)	(2,248)	(176,488)
Book value at the end of the period			
Cost	4,556,618	534,864	5,091,482
Accumulated Depreciation	(1,643,339)	(300,551)	(1,943,891)
Net Book Value	**2,913,279**	**234,313**	3,147,592

In compliance with IFRS 16, buildings include the value of the rights of use relating to premises subject to leasing contracts in which the entities of the Group carry out their activities; other tangible assets mainly relate to printers and leased vehicles.

The increases in the year include the rights of use relating to the new lease contract signed by the subsidiary Racing Force USA Inc for a building in Mooresville (North Carolina) for Euro 845 thousand Euro, the lease agreement for the office in Pisa for Zeronoise production for Euro 234 thousand Euro and the rent of the shop located in Indianapolis for 49 thousand Euro. The addition in the Other Assets is related to new contracts for printers for 110 thousand Euro and new cars rentals for 95 thousand Euro.

Disposals are related to lease contracts terminated in the fiscal year. The other movements mainly reflect the changes in the exchange rates of the lease contracts of the consolidated foreign companies.

The impact of leasing transactions on the balance sheet, income statement and cash flow statement are shown below:

Income Statement	**2022**
General and administrative expenses	(713,229)
EBITDA	713,229
Depreciation	601,563
EBIT	111,665
Finance loss and taxes	92,356
Net Result	19,309
Balance Sheet	
Right of use assets	3,147,592
Net invested capital	(128,028)
Net Equity	(16,890)
Cash Flow	
Cash flow from operations	713,229
Cash flow from investments	-
Cash flow from financial operations	(713,229)
Increase (decrease) in cash and cash equivalent	-

Lease liabilities

12.31.2022	**12.31.2021**	**Variations + (-)**
3,275,620	2,504,116	771,504

The details of the right-of-use assets and leasing liabilities, including current and long-term portions, are shown in the following table:

A) Value of assets	
Finance leases, net of total depreciation, at the beginning of year	2,390,711
+ Assets acquired on finance leases	1,338,627
- Assets on finance leases redeemed	-
- Lease agreements terminated	(111,358)
- Share of depreciation for the year	(601,563)
+/- Adjustments/increases in finance leases	131,175
Finance leases, net of total depreciation, at the end of the year	**3,147,592**
B) Current value of unexpired lease payments	
Current value of unexpired lease payments calculated using the interest rate of the lease contract	3,275,620
of which:	
- Payable within one year	652,577
- Long term	2,623,043
C) Financial changes for the year	
Financial charges for the year calculated using the applicable interest rate	92,356

Payables for long-term leases include 1,992 thousand Euro with a maturity between one and five years and 631 thousand Euro with a maturity over five years.

The expiry dates of the contracts on the basis of which the current value of the unexpired lease payments was determined are those indicated on the contracts, unless the Group has the reasonable certainty of exercising the renewal option.

11. Intangible Assets and Goodwill

Intangible assets

12.31.2022	12.31.2021	Variations + (-)
7,421,943	6,727,144	694,799

Variations for the period, on the basis of consistent categories, are detailed as follows:

	Development costs	Licences, patents and trademarks	Work in progress and advances	Total
Book value at the beginning of the period				
Cost	2,882,016	5,115,670	1,181,988	9,179,673
Accumulated Depreciation	(1,312,269)	(1,140,261)	-	(2,452,529)
Net Book Value	**1,569,747**	**3,975,409**	**1,181,988**	6,727,144
Movements of the fiscal year				
Cost				
Additions	626,851	578,211	416,490	1,621,552
Reclassifications	430,717	451,246	(881,963)	-
Disposals	(63,622)	-	-	(63,622)
Exchange rate impact	62,976	150,493	28,786	242,255
Accumulated Depreciation				
Depreciation	(720,029)	(418,135)	-	(1,138,164)
Disposals	63,622	-	-	63,622
Exchange rate impact	(20,175)	(10,669)	-	(30,845)
Book value at the end of the period				
Cost	3,938,937	6,295,620	745,301	10,979,858
Accumulated Depreciation	(1,988,850)	(1,569,065)	-	(3,557,916)
Net Book Value	**1,950,087**	**4,726,555**	**745,301**	7,421,943

Development costs mainly refer to expenses for technical, laboratory and homologation tests for the Group's products, incurred by Racing Force S.p.A. for OMP brand products and, starting from November 2020, also for Zeronoise branded products, and in the subsidiary Bracing Force International for Bell branded helmets.

Development costs are recognized under intangible assets since they are considered recoverable, as they relate to specific development projects that can be carried out and for which the Group has the necessary resources. These costs, in fact, relate to a product or process that is clearly defined as well as identifiable and measurable.

The increase in development costs during the fiscal year is due to the recognition among intangible assets of the expenses incurred for the homologation of new OMP and Bell brand products, including 431 thousand Euro booked in Work in progress and advances at the end of the previous fiscal year.

The item licenses, patents and trademarks include the trademarks owned by the Group, the value of the licenses for the sale of Bell branded products and the international patent for the technology called *In-Helmet Camera IHC* (video camera inside the helmet) which integrates the so-called *Driver's Eye*.
The additions recorded in the year include i) 708 thousand Euro for the new ERP implementation in Racing Force S.p.A. and Racing Force USA Inc., of which 452 thousand Euro booked among Work in progress and advances at the end of the previous fiscal year; ii) 174 thousand Euro for investments in other software and iii) 149 thousand Euro for trademarks, of which 75 thousand Euro for the acquisition of the ownership of the Racing Spirit trademark in the U.S. territory, as part of the acquisition of the business completed in the second half of 2022.

Work in progress includes 669 thousand Euro related to the development of helmets for the defense industry (US Airforce and special forces) and 76 thousand Euro for projects under development relating to Bell branded racing helmets.

Goodwill

12.31.2022	12.31.2021	Variations + (-)
6,235,037	5,662,557	572,480

Below is a table summarizing the composition of the goodwill recorded in the Consolidated Financial Statements:

Goodwill	12.31.2022	12.31.2021	Variations
Racing Force International Wll	3,717,556	3,717,556	-
Racing Force USA Inc.	1,345,001	1,345,001	-
Racing Force S.p.A.	600,000	600,000	-
Racing Spirit	572,480	-	572,480
	6,235,037	**5,662,557**	**572,480**

Goodwill represents the excess of the fair value of the consideration paid in a business combination over the fair value of net tangible and intangible assets separately identifiable at the time of the acquisition.

The increase in 2022 is the result of the acquisition of the Racing Spirit business, as reported in the paragraph Significant events in the fiscal year.

The values of goodwill have been all subject to the assessment and evaluation by the Group's management at December 31, 2022, based on the projection of the discounted operating cash flows for each cash generating unit (impairment test).

The impairment tests were performed on the basis of the projections of the 2023-2026 Business Plan prepared by the management of each consolidated company and Racing Spirit business unit, considered as separate cash generating units for the purposes of the valuations. For the calculations in the impairment test, the Unlevered Discounted Cash Flow method was used.

The operating cash flows expected for future years have been discounted using the weighted average cost of capital or WACC (Weighted Average Cost of Capital), which adjusts the expected cash flows depending on the monetary value of time, the risk of the company, the sector and country. The discount rate is used to homogenize cash flows referring to different periods and to take into account their volatility based on the riskiness of the various cash generating units.

Below is a summary of the main assumptions used:

- WACC: 17.58% for Racing Force International Wll; 9.99% for Racing Force USA Inc.; 12.62% for Racing Force S.p.A.; 9.91% for Racing Spirit business unit, determined on the basis of the rate of return of risk-free assets and the market premium in the various countries and increased, prudentially, by an additional risk component.
- Beta equal to 1.14 for all CGUs, except for Racing Spirit for which a 0.84 rate was used (Source: Damodaran).
- Growth rate beyond the explicit projection period equal to 3% for all the CGUs.

A sensitivity analysis was carried out for each assessment, keeping the other inputs constant, based on: i) an increase in the WACC equal to 1%; ii) a reduction of operating flows expected for the period 2023-2026 equal to 5%; iii) an expected growth rate beyond the explicit projection period equal to zero. These changes would not have had any effect on the result for the year.

Based on the above analysis, management has determined that no trigger events have emerged that would require an impairment test to be performed in connection with the preparation of the Interim Consolidated Financial Statements as of December 31, 2022.

12. Investments booked at Equity method

12.31.2022	12.31.2021	Variations + (-)
-	128,475	(128,475)

The list of investments in not consolidated companies is reported below:

	Balance at 12.31.2021	Variations for the period Equity method evaluation	Increases / (Decreases)	Balance at 12.31.2022	%
Associates and Joint Ventures					
Racing Spirit Llc	128,475	-	(128,475)	-	-
	128,475	-	(128,475)	-	

On July 1, 2022, the Board of Directors of Racing Force S.p.A. approved an operation to reorganize the activities related to the brand Racing Spirit, including the sale of the investment held in the company Racing Spirit Llc for 183 thousand Euro. For further details on the operation, please refer to the paragraph on the Significant events in the fiscal year.
As a result of the operation, a gain on sale amounting to 54 thousand Euro was booked in the Financial Income of the year.

13. Due from related parties - non current

12.31.2022	12.31.2021	Variations + (-)
40,000	60,000	(20,000)

The balance is related to the long-term portion of the loan granted to KJK Technologies in 2021 for the original amount of Euro 100 thousand. The collection of the credit, on which interest accrues at the rate of 2% per annum, is expected through 5 annual installments of Euro 20,000 each, the first installment collected in September 2021.

Complete information on transactions with related parties is provided in the section Other information - Transactions with related parties, to which reference should be made.

14. Other non current assets

12.31.2022	12.31.2021	Variations + (-)
18,758	18,667	91

The item mainly refers to guarantee deposits.

15. Cash and cash equivalents

12.31.2022	12.31.2021	Variations + (-)
9,838,378	17,752,959	(7,914,581)

Variations for the period are detailed as follows:

	Balance at 12.31.2021	Variations for the period	Balance at 12.31.2022
Bank deposits	17,705,042	(7,898,128)	9,806,914
Cash and cash on hand	47,917	(16,453)	31,464
	17,752,959	**(7,914,581)**	**9,838,378**

Bank deposits, cash and other cash on hand are not restricted and are fully available, except for a short-term deposit (3 months) signed with ASB by the consolidated entity Racing Force International Wll, amounting to 1 million Euro, on which interest income accrue at an annual rate of 1.25%. On February 28, 2023, at the expiring date, such deposit was renewed for 500 thousand Euro, for further 3 months, at an annual interest rate of 3.90%.

For the analysis of cash variations, please refer to the consolidated cash flow statement.

16. Trade receivables

12.31.2022	12.31.2021	Variations + (-)
10,315,187	7,675,933	2,639,253

Trade receivables are shown net of the allowance for bad debt.

	Balance at 12.31.2021	Variations for the period	Balance at 12.31.2022
Trade receivables	7,795,730	2,705,722	10,501,452
Bad debt allowance	(119,797)	(66,468)	(186,265)
	7,675,933	**2,639,254**	**10,315,187**

Trade receivables are classified as current, since they are collectable by the end of the following fiscal year and do not include any significant past due balance for which the collection is at risk, except for those positions considered within the bad debt allowance.
The bad debt provision is calculated on the basis of the principles set out in these explanatory notes, to which reference should be made.

The increase in the balance of trade receivables at December 31, 2022 compared to the end of the previous year is in line with the strong increase in sales in 2022.

The ageing of trade receivables at December 31, 2022 is reported below.

	Not Due	Due 1 - 30 days	Due 31 - 90 days	Due 91 - 180 days	Due 181 - 365 days	Due > 1 year	Total
Trade receivables	7,367,350	992,477	1,126,204	424,477	384,115	206,829	**10,501,452**

Trade receivables past due by more than one year consist of: amounts covered by bad debt allowance, amounts that will be offset on the basis of agreements with customers who are also suppliers for partnerships and sponsorships, and residual amounts that are being recovered.

The breakdown of trade receivables by geographical area, before the bad debt provision, divided between the Americas (AMER), Asia and Oceania (APAC) and Europe, the Middle East and Africa (EMEA), is as follows:

Area	12.31.2022	12.31.2021	Variations + (-)
EMEA	8,469,152	6,549,107	1,920,045
AMER	1,827,604	969,904	857,700
APAC	204,696	276,719	(72,023)
	10,501,452	**7,795,730**	**2,705,722**

The Group sells its products in around 80 countries. Only 3 countries (Italy, United States and United Kingdom) individually exceed 10% of the total receivables booked as at December 31, 2022. As of December 31, 2021, only 3 countries (Italy, United Kingdom, and Germany) individually exceeded 10% of the total receivables recorded at that date.

The table below shows the breakdown of the balance of trade receivables, before the bad debt provision, by type of customer.

Type	12.31.2022	12.31.2021	Variazioni + (-)
Dealers	4,574,098	3,952,717	621,381
Team and car manufacturers	4,010,508	2,556,763	1,453,745
Other	1,916,845	1,286,249	630,596
	10,501,452	**7,795,730**	**2,705,722**

Group management assumes that there are no risks associated with a particular geographical area, or to the concentration of receivables. For more information, see paragraph 38 on risk management.

17. Inventories

12.31.2022	12.31.2021	Variations + (-)
21,590,904	14,715,341	6,875,563

Variations for the period, on the basis of consistent categories, are detailed as follows:

	Balance at 12.31.2021	Variations for the period	Balance at 12.31.2022
Raw materials	4,864,554	3,341,196	8,205,751
Semi-finished goods	2,009,770	(727,781)	1,281,989
Finished products	7,900,981	4,288,904	12,189,885
Obsolescence Fund	(59,964)	(26,756)	(86,720)
	14,715,341	**6,875,564**	**21,590,904**

Balances as at December 31, 2022 are reported net of the elimination of the intragroup margin on the sale of goods between the companies that fall within the consolidation area, as regards the products still in stock at the end of the year.

The obsolescence fund reflects the obsolescence rate and the timing of inventory turnover.

The variance in inventories as of December 31, 2022 compared to the end of the previous fiscal year, is mainly due to the non-recurring stock increase of both raw materials and finished products, according to the strategy of advance procurement already implemented by the parent company at the end of the previous fiscal year and further executed and extended to the other consolidated companies in 2022.

This strategy allowed the Group to i) reduce risks related to the availability of raw materials and price fluctuations; ii) raise the stock to a level deemed adequate to support sales growth and increase customer's service quality.

18. Due from related parties - current

12.31.2022	12.31.2021	Variations + (-)
21,146	425,211	(404,065)

Receivables from related parties are composed as follows:

Due from related parties - current	12.31.2022	12.31.2021	Variations + (-)
Studiomilano	-	110,715	(110,715)
Racing Spirit Llc	-	268,167	(268,167)
Racing Spirit Srl	-	25,809	(25,809)
KJK Protective Techologies LLC	20,302	20,519	(217)
SAYE S.p.A.	844	-	844
	21,146	**425,211**	**(404,065)**

During 2022, the loan granted in 2021 to Racing Spirit Llc has been reimbursed for 265,000 Euro, as well as interests accrued at an annual rate of 1.5%, as part of the acquisition of the Racing Spirit business previously disclosed. Receivables from Studiomilano, resulting at the end of the previous fiscal year for 111 thousand Euro, were also repaid in 2022.

A complete disclosure of transactions with related parties is provided under the section Other Information – Relationships with related parties, to which we refer.

19. Other current assets

12.31.2022	12.31.2021	Variations + (-)
1,677,509	1,338,819	338,691

The detail of the other current assets is shown in the following table:

Other current assets	12.31.2022	12.31.2021	Variations + (-)
Prepaid expenses	1,510,339	1,327,030	183,310
Other receivables	167,169	11,789	155,381
	1,677,509	**1,338,819**	**338,691**

Prepayments mainly refer to costs connected to long-term contracts incurred for technical partnerships with teams and car manufacturers and sponsorships, related to the following period.

20. Net Equity

Share capital

12.31.2022	12.31.2021	Variations + (-)
2,375,745	2,375,745	-

The share capital was subscribed and fully paid up by all shareholders.

Additional paid-in capital

12.31.2022	12.31.2021	Variations + (-)
20,249,087	20,014,823	234,265

Additional paid-in capital is the share premium reserve which includes the excess of the issuing price of the shares compared to their nominal value. This share premium was generated in 2019 with the in-kind contribution of the company Zeronoise Ltd for 1,632 thousand Euro and increased in 2021 as a result of the capital raised following the listing on EG Milan stock exchange market for a total of 18,383 thousand Euro.

The change of the period reflects the recognition of a tax credit on costs incurred for the listing on EG Milan during the previous year, as stated by Article 1, paragraphs 89 to 92, of the Law No. 205 of December 27, 2017 (Financial Statements Law 2018 - *Legge di Bilancio 2018*).

Legal reserve

12.31.2022	12.31.2021	Variations + (-)
475,149	398,931	76,218

The legal reserve is required by Italian law and must be set aside until reaching 20% of the share capital of the company to which it refers, the minimum annual provision is equal to 5% of the net profit for the year.

The variation in the period is related to the allocation of 2021 result of the parent company, as approved by the Shareholders' Meeting held on April 28, 2022.

Translation reserve

12.31.2022	12.31.2021	Variations + (-)
88,253	(93,852)	182,105

The translation reserve is generated by the conversion into Euro of the financial statements of subsidiaries that have a functional currency other than the Euro. The change of the year is mainly due to the exchange rate trend with the Bahraini Dinar and USD Dollar.

Retained earnings (losses)

12.31.2022	12.31.2021	Variations + (-)
5,191,210	2,762,780	2,428,430

Retained earnings / (losses) are related to the results for the year that the Group has decided not to distribute or allocate to a specific reserve.

On April 28, 2022, the Shareholders' Meeting of the parent company Racing Force S.p.A. approved the distribution of dividends for Euro 1,663,021, attributing a unit dividend of Euro 0.070 per share. These dividends were paid out in May 2022.

Other reserves

12.31.2022	12.31.2021	Variations + (-)
558,121	291,074	267,048

Other reserves include 575,011 Euro for the fair value remeasurement of the assets recorded in the subsidiary Racing Force International Wll, as described in the note on Property, plant and equipment and the negative reserve deriving from the actuarial valuation of defined benefit obligations in accordance with the accounting standard IAS 19, net of the related tax impact, for 16,890 Euro.

The movements are detailed in the Statement of changes in equity for the period ended December 31, 2022.

Statement of agreement between Racing Force S.p.A. shareholders' equity and result and Group consolidated shareholders' equity and result

	Shareholders' equity	Net income for the period
Amounts as per Racing Force S.p.A. financial statements ITA GAAP	**31,161,637**	**2,955,976**
Impact IAS 19	(16,890)	-
Impact IFRS 3, IFRS 10	326,040	130,390
Impact IAS 32, IAS 38	(720,754)	184,302
Impact IFRS 16	6,698	2,966
Amounts as per Racing Force S.p.A. Financial Statements IAS-IFRS	**30,756,732**	**3,273,634**
Net Equity and income from consolidated subsidiaries	12,896,565	5,568,177
Elimination of consolidated investments	(10,955,439)	(30,575)
Elimination of intra-group dividend	-	(290,063)
Goodwill (IFRS 3, IFRS 10)	6,663,732	-
Intangible assets depreciation (IFRS 3, IAS 38)	(272,504)	(33,198)
Elimination of intra-group dividend	-	-
Elimination of intra-group margin	(2,774,215)	(1,083,670)
Acturial gains and losses (IAS 19)	(12,172)	36,638
Lease Accounting (IFRS 16)	88,253	-
Cumulative translation reserve	95,678	108,119
Net Equity and result of the Group	**36,486,629**	**7,549,063**
Non-controlling interest	-	-
Amounts as per consolidated financial statements	**36,486,629**	**7,549,063**

21. Capital management

The Group's capital management policies provide for the maintenance of an adequate level of capital in order to maintain a relationship of trust with shareholders, creditors and the market, also allowing for future development of the business. In addition, the Group's management monitors the return on capital and the level of dividends to be distributed to the shareholders.

The Board of Directors tries to maintain a balance between obtaining higher returns through the use of a higher level of debt and the advantages and safety offered by a solid financial situation. In particular, the Group monitors its exposure in terms of net financial position (short and long-term bank debt, net of cash and cash equivalents and financial receivables from the parent company, minority shareholders and associated companies) and gross operating margin (EBITDA).

22. Long term loans

12.31.2022	12.31.2021	Variations + (-)
11,830,457	14,076,922	(2,246,464)

The breakdown of long-term loans between current and non-current portion is as follows:

Long term loans	12.31.2022	12.31.2021	Variations
Current	3,256,084	3,202,394	53,689
Non current	8,574,373	10,874,527	(2,300,154)
	11,830,457	14,076,922	(2,246,464)

The portion of long-term loans expiring within one year is classified under current liabilities.
The details of long-term loans to banks as at December 31, 2022 including the current portion, are shown in the following table:

Bank	Currency	Original amount in currency	Starting date	Maturity date	Interest base rate	Outstanding debt at December 31, 2022 in Euro	Current portion in Euro	Long term portion in Euro
Banca Carige	EUR	5,000,000	9/4/2020	8/31/2026	1.10%	**4,591,681**	1,233,975	3,357,706
Credit Agricole	EUR	700,000	5/31/2019	2/28/2023	0.90%	**88,189**	88,189	-
Banco BPM	EUR	600,000	6/23/2017	10/31/2023	1.90%	**103,996**	103,996	-
Banco BPM	EUR	4,000,000	12/10/2019	6/30/2028	2.15%	**3,192,662**	552,833	2,639,829
Banco BPM	EUR	1,750,000	5/26/2021	5/31/2031	1.60%	**1,480,717**	166,850	1,313,866
Banco BPM	EUR	1,000,000	4/13/2022	4/30/2022	2.22%	**954,121**	278,867	675,254
Monte dei Paschi di Siena	EUR	350,000	5/30/2018	6/30/2023	1.20%	**58,333**	58,333	-
Monte dei Paschi di Siena	EUR	400,000	12/16/2019	9/30/2023	1.20%	**171,429**	171,429	-
Credito Valtellinese	EUR	400,000	6/6/2019	10/5/2025	1.35%	**285,555**	**99,540**	**186,015**
Credito Valtellinese	EUR	500,000	10/24/2018	10/5/2023	1.38%	**168,968**	**168,968**	**-**
Credito Emiliano	EUR	400,000	11/29/2017	6/30/2024	1.22%	**123,371**	**81,668**	**41,704**
UBI	EUR	500,000	1/13/2020	10/13/2023	1.15%	**251,435**	**251,435**	**-**
Simest	EUR	600,000	4/19/2021	12/31/2027	0.55%	**360,000**	**-**	**360,000**
Total						**11,830,457**	**3,256,084**	**8,574,373**

In 2022, the parent company Racing Force S.p.A. activated a new loan for 1,000,000 Euro with Banco BPM, duration 4 years and fixed annual interest rate of 2.22%

The maturity dates of the loans shown in the table, where applicable, are those restated following the extended terms granted by the banks.

23. Employee benefits

12.31.2022	12.31.2021	Variations + (-)
962,857	839,508	123,349

The balance is composed as follows:

	Balance at 12.31.2021	Variations for the period	Balance at 12.31.2022
Defined contribution plans	377,383	213,258	590,641
Defined benefit plans (TFR)	462,125	(89,908)	372,216
	839,508	**123,349**	**962,857**

The increase compared to the previous year is mainly due to the changes in the liability set aside by the subsidiary Racing Force International Wll for the staff employed in Bahrain, which constitutes a defined contribution plan. A detail of the variation for the period is shown in the following table.

Balance at December 31, 2021	**377,383**
Accruals	230,111
Payments	(37,985)
Exchange rate impact	21,132
Balance at December 31, 2022	**590,641**

The balance as of December 31, 2022 includes 372,216 Euro of defined benefit obligations related to the personnel employed in Italy by Racing Force S.p.A., accounted for according to IAS 19 (462,175 Euro as of December 31, 2021).
The amount of the benefit to which each employee is entitled to is paid upon leaving the Group and is calculated on the basis of the period of employment and the taxable income of each employee. Under certain conditions, the amount can be partially advanced to an employee during his working life.
The Italian legislation ruling this subject was amended by Law 296 of December 27, 2006 and subsequent decrees and regulations issued in 2007. With these changes, companies with at least 50 employees were obliged to transfer the accrued defined obligation to the "Treasury Fund" managed by social security institution of the Italian State ("INPS") or complementary pension funds. Before the aforementioned legislation, the employee severance indemnity (TFR) of all Italian companies could be managed by the company itself. Subsequently, the obligation of the Italian companies towards INPS and the contributions to complementary pension funds take the form of defined contribution plans pursuant to IAS 19 - Employee benefits, while the amounts recorded as TFR up to December 31, 2006 maintain the nature of a defined benefit plan, determined in existence and amount but uncertain in its manifestation.

The amount of the defined benefit obligation is calculated and certified annually by an independent external actuary based on the "Projected unit credit" method, based on specific financial, actuarial and demographic assumptions. Actuarial gains and losses are recognized on an accrual basis directly within Equity.

The changes of defined benefit obligations in 2022 were as follows:

Present value of obligations at December 31, 2021	**462,125**
Service cost	-
Interest	4,529
Benefits paid	(12,581)
Other changes	-
Actuarial loss/(gain)	(81,857)
Present value of obligations at December 31, 2022	**372,216**

The main assumptions of the model are the following:
- Considering the market situation, which sees a sharp rise in rates and the beginning of greater differentiation of yields according to maturity, the adoption of a curve rather than a single average value, as previously used in the assessments up to December 31, 2021, is significant for the purpose of quantifying the IAS liability.
Consistently with previous assessments, yields published by Markit on maturities 1-3Y, 3-5Y, 5-7Y, 7-10Y and finally 10+Y, were considered to construct an iBoxx Corporate AA "rate curve" as of December 31, 2022.
These interest rate values, ranging from 3.3381% (1-3Y) to 3.7686% (10+Y), were then used to calculate the present value of the flows for the purpose of quantifying Racing Force S.p.A.'s severance pay liability (for FY 2021, a weighted average discount rate of 0.98% was used).
- The current high tensions in economic and financial markets mean that the inflation curve outlook exhibits a significant spike for very short-term maturities (1-2 years), followed by a rapid decline in the medium term and a flattening just below 2% in the long term. In this context, similar to what has been considered for interest rates, a curve of expected inflation was introduced, rather than using a single average value as previously considered. The inflation curve that was then obtained and used for the purpose of quantifying the liability for severance pay is as follows: 4.267% (Y1), 2.351% (Y2), then stabilized at 2.00% for the subsequent years (a prospective inflation rate of 1.79% was used in 2021);
- the annual revaluation rate is equal to 75% of inflation plus one and a half percentage points;
- annual rates of increase in salaries were used according to the qualifications of the employees: managers 3.50%, middle managers / clerks / blue-collar workers 3.00%;
- the 2016 ISTAT survival table of the Italian population was used to estimate the mortality phenomenon within the collective of employees subject to the assessment. An INPS table differentiated according to age and sex was used to estimate the phenomenon of disability within the group of employees subject to the assessment;
- achievement of the minimum requirements of the Compulsory General Insurance (AGO) in line with the criteria defined by the Monti-Fornero law;
- the annual frequency of access to the right of anticipation (3% per annum) and the frequency of turnover (3% per annum) have been inferred from historical experiences. For the purposes of this estimate, the last five years of data were considered to be significant. Instead, a zero probability of early retirement was considered.
The discount rate is one of the valuation parameters that definitely has the greatest impact on the dimensioning of the defined benefit obligations ("DBOs"). According to the revised version of the standard (the so-called IAS19R) and with a view of providing a sensitivity analysis of the DBO to changes in the discounting rate of interest, a further assessment has been performed by introducing a -50bp shock to the adopted iBoxx Corporate "AA" rate curve.
As was natural to expect, lowering the rate leads to an increase in the DBO of 5.1%.

24. Provisions

12.31.2022	**12.31.2021**	**Variations + (-)**
356,907	320,000	36,907

The provisions as at December 31, 2022 include the liabilities set aside to cover the losses deriving from any commercial disputes and tax claims.

Provisions	**12.31.2022**	**12.31.2021**	**Variations + (-)**
Tax Claims	216,907	180,000	36,907
Other accrued liabilities	140,000	140,000	-
	356,907	**320,000**	36,907

The change in the fiscal year is due to 37 thousand Euro provision for tax claims, prudentially accrued to cover the tax credit originated against payments made by the parent company in relation to tax claims on VAT for the tax years 2008, 2010, 2011, 2012, whose judgment is currently pending in the Court of Cassation.

The other accrued liabilities refer to a single dispute that originated in 2012 with a commercial counterparty, which is still ongoing.

25. Short Term Loans

12.31.2022	12.31.2021	Variations + (-)
2,488,016	4,691,924	(2,203,908)

The item refers to short-term loans, current account overdrafts and advances on invoices in relation to credit lines granted, with original maturity within twelve months.
The Group has credit lines with a plurality of financial institutions, such as to allow the adequacy of the financial resources that it requires. The summary of the short-term credit lines and balances at December 31, 2022 is shown below:

Bank	Currency	Interest rate	ST credit lines limits in currency as of 12.31.222	ST credit lines limits in Euro as of 12.31.2022	ST debt as of 12.31.2022
BNL	EUR	Euribor + spread	1,050,000	1,050,000	-
Unicredit	EUR	Euribor + spread	1,750,000	1,750,000	297,001
Carige	EUR	Euribor + spread	1,100,000	1,100,000	271,889
Banco BPM	EUR	Euribor + spread	2,000,000	2,000,000	316,087
Credit Agricole	EUR	Euribor + spread	650,000	650,000	120,584
Intesa SanPaolo	EUR	Euribor + spread	2,500,000	2,500,000	1,223,162
Credem	EUR	Euribor + spread	950,000	950,000	105,085
Deutsche Bank	EUR	Euribor + spread	1,000,000	1,000,000	
Monte dei Paschi di Siena	EUR	Euribor + spread	1,000,000	1,000,000	28,880
Credito Valtellinese	EUR	Euribor + spread	1,600,000	1,600,000	-
ASB	BHD	6.25%	350,000	872,818	125,327
TOTAL			**13,950,000**	**14,472,818**	**2,488,016**

26. Trade payables

12.31.2022	12.31.2021	Variations + (-)
12,426,159	10,673,433	1,752,726

The variation compared to December 31, 2021 is mainly due to the higher value of purchases made during fiscal year, in line with the higher volumes of turnover and the increase in warehouse stock.

The breakdown of trade payables by geographical area, divided between Americas (AMER), Asia and Oceania (APAC) and Europe, Middle East and Africa (EMEA), is as follows:

Area	12.31.2022	12.31.2021	Variations + (-)
EMEA	11,651,483	9,907,147	1,744,337
AMER	319,022	315,579	3,444
APAC	455,653	450,708	4,945
	12,426,159	**10,673,433**	**1,752,726**

Only a country (Italy) individually accounts for more than 10% of the total trade payables recorded as of December 31, 2022, as well as of December 31, 2021.

The breakdown of the balance at the end of the year by age group is shown below:

	Not Due	Due 1 - 30 days	Due 31 - 90 days	Due 91 - 180 days	Due 181 - 365 days	Due > 1 year	Total
Trade payables	10,222,360	1,112,852	507,715	83,462	177,360	322,410	**12,426,159**

27. Due to related parties

12.31.2022	12.31.2021	Variations + (-)
171,076	106,167	64,909

Payables to related parties at December 31, 2022 are composed as follows:

Due to related parties	12.31.2022	12.31.2021	Variations + (-)
Racing Spirit Llc	-	14,403	(14,403)
Racing Spirit Srl	-	8,598	(8,598)
MSV Ltd	34,239	20,449	13,790
AXH Management Bv	18,010	10,074	7,936
Gabriele Pedone	69,123	-	69,123
GMP Consulting	5,290	30,113	(24,823)
Sports Business & Development Ltd	28,961	-	28,961
Tyrrell Properties Llc	15,452	-	15,452
	171,076	**83,636**	**87,439**
Dividends approved but still to be paid	-	22,531	(22,531)
	171,076	**106,167**	**64,909**

A complete disclosure of transactions with related parties is provided under the section Other Information – Relationships with related parties.

28. Other payables

12.31.2022	12.31.2021	Variations + (-)
1,890,804	1,507,491	383,314

Other payables at December 31, 2022 are detailed in the table below:

Other payables	12.31.2022	12.31.2021	Variations + (-)
Payable to personnel	997,141	799,781	197,361
Social Security payables	291,838	271,990	19,848
Deferred income	250,236	78,024	172,212
Other accrued payables	351,588	357,695	(6,107)
	1,890,804	**1,507,491**	**383,314**

The increase in payables to personnel and social security is mainly due to the higher number of employees as of December 31, 2022 (510 units) compared to December 31, 2021 (413 units).

29. Gross profit

	2022	2021	Variations + (-)
Revenue	**58,872,869**	46,674,333	12,198,536
Cost of sales	(22,090,948)	(19,470,848)	(2,620,100)
Gross profit	**36,781,921**	**27,203,485**	**9,578,436**

Group's revenues are mainly due to the sales of finished products to dealers, distributors, teams, car manufacturers and individual customers. The products offered by the Group consist of safety components for drivers (fireproof and anti-abrasive suits, helmets, intercoms, gloves, shoes and more) and for racing cars (seats, seat belts, steering wheels, roll bars, fire extinguishers and other car components), which are marketed under the OMP, Bell, Zeronoise and B2 brands. In addition, Sports Mini Line is the line dedicated to the sale of mini-helmets.

The breakdown of revenue by main category of products is reported below:

Category	2022	2021	Variations + (-)
Driver's equipment	43,023,514	33,075,462	9,948,052
Car parts	13,988,948	12,068,629	1,920,319
Other	1,860,407	1,530,242	330,165
	58,872,869	**46,674,333**	**12,198,536**

During 2022, the Group recorded a strong increase in sales both in terms of driver’s equipment (+ 30.1%), driven by the growing success of helmets, and in terms of car components (+ 15.9%).

The breakdown of revenue by distribution channel is shown below:

Type	2022	2021	Variations + (-)
Dealers	37,999,302	32,463,773	5,535,529
Teams and car manufacturers	13,179,721	9,719,955	3,459,766
Other	7,693,847	4,490,605	3,203,242
	58,872,869	**46,674,333**	**12,198,536**

Dealers represent the main sales channel for the Group, accounting for 64.5% of total consolidated revenues (69.6% in 2021) with a 17.1% growth compared to prior year.
The increase of revenues towards Teams and car manufacturers (+35.6%) is due to significant partnership agreements in place during 2022.
Other revenues include sales to from different partners within the motorsport business, other than the ones listed above, and customers operating in other sectors.

The breakdown of revenue by geographical area, divided between Americas (AMER), Asia and Oceania (APAC) and Europe, Middle East and Africa (EMEA), is as follows:

Area	2022	2021	Variations + (-)
EMEA	36,841,277	30,019,018	6,822,259
AMER	15,998,932	11,086,011	4,912,921
APAC	6,032,660	5,569,304	463,356
	58,872,869	**46,674,333**	**12,198,536**

Group's revenues are generated in approximately 80 countries. Among these, only three countries (United States, Italy and United Kingdom) individually exceed the 10% threshold of the Group's total revenues during 2022 (the same countries were exceeding the threshold even in 2021).

The increase in revenues in 2022 compared prior year is mainly due to the strengthening of the synergies among the brands marketed by the Group.

The breakdown of the cost of goods sold by nature of expenditure is shown below:

	2022	2021	Variations + (-)
Raw materials	21,673,235	18,838,785	2,834,450
Change in inventory of finished and semi-finished goods	(3,561,123)	(1,749,505)	(1,811,619)
Trasport and duties on purchases	3,446,675	1,897,752	1,548,923
Other costs related to purchases	532,162	483,816	48,346
	22,090,948	**19,470,848**	**2,620,100**

Variation compared to prior year is due to the increase of turnover during 2022.

Other costs include production waste, packaging and other minor purchases.

The gross margin in absolute value increased by 9,578 thousand Euro compared to the previous year; gross margin percentage, calculated as the ratio between gross margin and total revenues, is equal to 62.5% (58.3% in 2021). This increase is mainly due to a different breakdown of turnover and, particularly, to higher sales of products included in the macro-category of Driver's Equipment, showing a higher average marginality, net of higher costs incurred in 2022, both for freights and for the average cost of certain raw materials.

30. Other income

	2022	2021	Variations + (-)
Other income	1,461,833	1,444,804	17,029

Other income includes 600 thousand Euro relating to sales of materials to suppliers (494 thousand Euro in 2021); 308 thousand Euro for development services provided as part of technical partnerships (369 thousand Euro in 2021); 175 thousand Euro arising from the tax credit related to costs incurred in the previous year related to the listing on Euronext Growth Milan, as stated by Article 1, paragraphs 89 to 92, of Law No. 205 of December 27, 2017 (Financial Statements Law 2018 - *Legge di bilancio 2018*), recorded in the income statement for the portion attributable to the pre-existing shares sold, in accordance with International Accounting Standard; 100 thousand Euro of government grants, of which 72 thousand Euro received by the subsidiary Racing Force International Wll for new personnel hired and 27 thousand Euro as an energy bonus received by the parent company.
The 2021 also included 240 thousand Euro of grants provided by Simest, under the Integrated Promotion Fund, within the terms and according to the procedures set out in the Law Decree of March 17, 2020, nr. 19 converted with Law nr. 27 of April 24, 2020, as subsequently amended and 42 thousand Euro of government grants received by the subsidiary Racing Force International Wll, linked to the Covid-19 pandemic.

31. Selling and distribution expenses

	2022	2021	Variations + (-)
Selling and distribution expenses	(9,267,540)	(6,399,095)	(2,868,445)

Details of the General and administrative expenses incurred by the Group in 2022 are reported in the following table::

Selling and distribution expenses	2022	2021	Variations + (-)
Technical partnerships and sponsorhips	5,522,727	4,144,540	1,378,186
Freight out	2,734,139	1,678,065	1,056,074
Commissions and other cost on sales	1,010,674	576,490	434,184
	9,267,540	**6,399,095**	**2,868,445**

Technical partnerships mainly refer to the portion of costs related to the fiscal year deriving from contracts entered into with leading car manufacturers and teams, for which there was an increase compared to the previous year, due to a higher number of agreements signed in 2022 compared to the prior year.
The increase in freight out is due to the higher turnover recognized in 2022 compared to 2021 and due to the higher charges applied from the main shipping companies, mostly in the first half of the year.
The increase in commissions and other cost on sales is related to higher volumes in sales compared to the previous year.

32. General and administrative expense

	2022	2021	Variations + (-)
General and administrative expenses	(16,935,192)	(14,098,349)	(2,836,843)

Expenses in 2022 are detailed as reported below:

General and administrative expenses	2022	2021	Variations + (-)
Personnel	11,726,455	9,208,050	2,518,406
Professional fees	1,813,609	2,158,150	(344,541)
Compensation to BoD	811,815	740,385	71,431
Utilities	629,106	463,032	166,075
Repair & maintenance	399,020	391,860	7,160
Travel expenses	610,231	358,296	251,935
Bank charges	174,619	191,305	(16,686)
Other G&A	770,337	587,273	183,064
	16,935,192	**14,098,349**	**2,836,843**

Personnel costs include wages and salaries for the employees of Group's companies for Euro 8,955 thousand (Euro 7,120 thousand in 2021), as well as social security and other expenses relating to personnel for Euro 2,771 thousand (Euro 2,088 thousand in 2021). The increase compared to the previous year is mainly due to the higher number of employees within the Group, as detailed in note 39 - Other information.

The variation in Professional fees is mainly due to i) the decrease of costs incurred for the listing on Euronext Growth Milan and Paris (293 thousand Euro in 2022 compared to Euro 1,054 thousand in 2021), partially offset by the increase of marketing and communication for 243 thousand Euro , ii) 79 thousand Euro for consulting services provided as part of sustainability and governance activities and iii) higher fees to other professionals for Euro 95 thousand.

The change in travel expenses is linked to the end of restrictions imposed in the previous years to face the Covid-19 pandemic and, consequently, the higher number of business travels in the current fiscal year.

The other general and administrative costs mainly refer to consumables and other management costs. Furthermore, the item includes 31,500 Euro of fees for the board of statutory auditors of the parent company Racing Force S.p.A. (31,500 Euro in 2021).

33. Other expenses

	2022	2021	Variations + (-)
Other expenses	(385,376)	(250,165)	(135,210)

Other expenses mainly refer to costs for research incurred during the period and development costs not meeting the requirements for capitalization for 164 thousand Euro (119 thousand Euro in 2021), to costs recognized in 2022 referring to previous years for 64 thousand Euro (49 thousand Euro in 2021), in addition to taxes other than income taxes and other charges for 95 thousand Euro (82 thousand Euro in 2021). The amount also includes 43 thousand Euro as losses on machinery sales recorded in the period from the parent company.

34. Bad Debt and write-off

	2022	2021	Variations + (-)
Bad Debt and write off	(141,268)	(138,111)	(3,157)

The balance is due to 77 thousand Euro bad debt provision (Euro 124 thousand in 2021), 37 thousand Euro accrual on tax credits (none in 2021) and 27 thousand Euro accrual for stock obsolescence (Euro 14 thousand in 2021).

35. Depreciation

	2022	2021	Variations + (-)
Depreciation	(2,700,862)	(2,251,467)	(449,394)

The breakdown of depreciation by consistent categories of assets is provided in the comment to the items relating to intangible and tangible assets. The detail of depreciation by category of asset is provided below:

Type	2022	2021	Variations + (-)
Intangible Assets	1,138,164	892,402	245,762
Right of use assets	601,563	501,340	100,224
Property, Plant & Equipment	961,134	857,725	103,409
	2,700,862	**2,251,467**	**449,395**

Changes compared to the previous year are due to the investments made by the Group and to assets entered into service in 2022 that were booked under Work in progress and advances at the end of the previous fiscal year.

36. Finance income and costs

	2022	2021	Variations + (-)
Finance income	397,811	405,948	(8,136)
Finance costs	(497,840)	(681,988)	184,148
Net Finance result	**(100,029)**	**(276,040)**	**176,011**

Financial income and costs are recorded on an accrual basis during the fiscal year.

The composition of finance income and costs is detailed in the tables below:

Finance income	2022	2021	Variations + (-)
Foreign exchange income	300,058	376,363	(76,305)
Gain on sale of Racing Spirit Llc	54,488	-	54,488
Bank interest income	38,466	-	38,466
Interests with SAYE S.p.A.	-	21,413	(21,413)
Other interest income	4,799	8,172	(3,373)
	397,811	**405,948**	**(8,136)**

The net foreign exchange rate income is due to 116 thousand Euro realized income and 184 thousand Euro unrealized income.

Finance costs	2022	2021	Variations + (-)
Banks debt	392,322	501,340	(109,017)
Interest leasing IFRS 16	92,356	76,737	15,620
Racing Spirit Llc equity method evaluation	-	14,918	(14,918)
Interest IAS 19	4,529	1,575	2,954
Other finance costs	8,633	87,418	(78,786)
	497,840	**681,988**	**(184,148)**

37. Taxes

Income taxes recognized in profit / (loss) for the year

	2022	2021	Variations + (-)
Taxes	(1,164,425)	(1,067,392)	(97,033)

The composition of the balance as of December 31,2022 is as follows:

Taxes	2022	2021	Variations + (-)
Current income taxes	1,195,842	805,954	389,888
Prior year taxes	762	135,562	(134,800)
Deferred taxes	(32,180)	125,876	(158,056)
	1,164,425	**1,067,392**	**97,033**

Current taxes refer to income taxes for the fiscal year, calculated analytically by each company in the Group.

Taxes balance of 2021 included 120,000 Euro of provision for tax risks, as well as 15,562 Euro of taxes relating to the company 2SM Europe Sprl, liquidated at the end of 2020.

Deferred taxes concern positive or negative income components respectively subject to taxation or deduction in periods other than the current one.

Reconciliation of the effective tax rate

	2022		2021		Variations + (-)
Net profit before taxes		8,713,488		5,235,061	3,478,427
Income tax using the Italian tax rate	24.0%	2,091,237	24.0%	1,256,415	834,823
Impact from different tax rate in other countries	(10.6%)	(925,842)	(5.3%)	(459,891)	(465,951)
Impact from non deductible expenses	1.1%	94,786	1.2%	101,491	(6,705)
Impact from non taxable income	(3.0%)	(259,655)	(1.6%)	(137,883)	(121,771)
Impact from taxes related to prior year	0.0%	762	1.6%	135,562	(134,800)
Other	(0.3%)	(26,875)	0.4%	36,297	(63,172)
Effective tax rate	11.2%	974,413	17.8%	931,990	42,423
IRAP		190,012		135,402	54,610
Total taxes for the period		1,164,425		1,067,392	97,033

IRAP is excluded from the calculation of the effective tax rate, as it is calculated on a taxable basis other than the net profit before taxes of the fiscal year.

Changes in current taxes during fiscal year

	12.31.2022	12.31.2021	Variations + (-)
Tax receivables			
current	1,289,888	813,200	476,687
non current	280,081	211,952	68,129
Total tax receivables	**1,569,969**	**1,025,153**	**544,816**
Tax payables			
current	598,777	195,248	403,530
non current	-	77,710	(77,710)
Total tax payables	**598,777**	**272,958**	**325,820**

Tax credits are mainly due to VAT credit.

Tax payables refer mainly to income taxes accrued for the fiscal year by the consolidated entities and the parent company.

The balance of current payables is related to income taxes that have to be paid by the parent company and the consolidated entities as of the end of the fiscal year. Furthermore, the balance as of December 31, 2022 includes Euro 77 thousand related to the tax due on Ronco Scrivia building revaluation, booked under non-current tax payables at the end of the previous year.

Changes in deferred taxes during the year

	12.31.2022	12.31.2021	Variations + (-)
Deferred tax assets	582,313	657,757	(75,444)

Deferred tax assets are calculated using the current tax rates applicable in each country.

Below is the breakdown of the movements in deferred tax assets at December 31, 2022:

Deferred Tax Assets	12.31.2022	12.31.2021	Variations + (-)
Listing costs IAS 32	322,735	430,314	(107,578)
Intra-group margin in stock	215,740	146,335	69,404
Goodwill	6,069	34,100	(28,031)
Defined benefit plan under IAS 19	5,334	24,980	(19,646)
Other differences	32,435	22,028	10,407
	582,313	**657,757**	**(75,444)**

The breakdown of taxes by type is shown below:

Type	Amount 12.31.2022	Deferred Tax Assets 12.31.2022	Amount 12.31.2021	Deferred Tax Assets 12.31.2021
Listing costs IAS 32	1,156,758	322,735	1,542,343	430,314
Intra-group margin in stock	773,261	215,740	524,499	146,335
Goodwill	21,752	6,069	122,222	34,100
Defined benefit plan under IAS 19	19,119	5,334	104,082	24,980
Other differences	121,054	32,435	78,953	22,028
	2,091,944	**582,313**	**2,372,100**	**657,757**

The main amount at the end of December 31, 2022 relates to the deferred tax assets resulting from costs incurred for the listing on EG Milan, booked among Equity, and to the deferred tax assets resulting from the elimination of the intra-group unrealized margin on the sales of Racing Force S.p.A. to the American subsidiary Racing Force USA Inc., with reference to the products recorded in the subsidiary's inventories at the end of the year.

38. Risk Management

The Group operates in a free market and it is therefore exposed to risk factors and uncertainty.

The Group has set up mechanisms and procedure at the level of each consolidated entity for the constant monitoring of the foregoing risks, so as to avoid potential negative effects and implement any actions required to contain those risks. In this connection, below is a more detailed qualitative and quantitative analysis of each type of risk.

Main risks considered by management to be at medium and significant materiality are the following:

Risks associated with the Russian-Ukrainian conflict

The conflict between the Russian Federation and Ukraine and the sanctions imposed by Europe, the United Kingdom and the United States, risk having very significant impacts on the international economy and on businesses. Regardless of how the current crisis is resolved, the consequences could be long-term and negatively affect economic activities of companies and, in particular, the cost of energy supplies.
In this context of great uncertainty and geopolitical instability, the Group carefully monitors the evolution of the conflict and the risk of spreading to other countries.
During 2022, the Group zeroed out its credit exposure with Russian customers and stopped exporting to the country. Furthermore, the Group has started projects aimed at improving the energy efficiency of its production site in Ronco Scrivia, as well as other investments have been planned in Bahrain and in the United States, with the same goal of achieving savings in energy costs and reducing the risks of future price increases, even though a decrease in utilities charges was experienced in the first months of 2023.

Risks associated with the procurement and price fluctuation of raw materials

Several of the Group's products are the result of complex production processes that require the use of raw materials available in illiquid goods markets characterized by a small number of suppliers at the world level. Any production planning problems, delays in supplies and/or difficulties in the procurement of raw materials could have an impact on costs, especially in the event that replacement material is not promptly available.
During the two-year period 2020-2021 and 2022, various sectors, including those from which the Group procures its supplies, also as an effect of the current Russian-Ukrainian crisis, have recorded an increase in the price of certain noble metals, other basic raw materials and strategic advanced components, and a shortage or delay in the supply of electronic materials that led to a rapid increase in prices, with a consequent increase in purchase costs as well as problems in the supply chain.
As regards the risk of shortage or delay in the supply of raw materials, the risk is mitigated through a careful planning of the purchases by the Group.

As to the increase of prices of raw materials, the risk is however mitigated by the capacity of the Group to re-charge any price increase to final customers.

Risks associated with the Covid-19 epidemiological emergency and the complex conditions of the global economy

The continuing epidemic related to the spread of the COVID-19 virus ("Coronavirus" or "COVID-19") has had, and may have in the future, a negative impact on the Group's operations, results and the entire market in which it operates. Even though the Group was not exposed to restrictive measures, made exception for the activity carried out in its industrial plant in Bahrain, which was interrupted for 10 days in 2020, it is not possible to exclude that it will be exposed in the future to the risk arising from the adoption by public authorities of additional and new measures to prevent and/or limit the spread of the Coronavirus and the operational and economic consequences arising from the adoption of such measures. In response to this emergency, the Group has also promptly adopted all the health and behavioral precautions imposed by the competent national and local authorities at its offices and production plants, including the development of social distancing plans, also implementing, where possible, remote operating methods for personnel.

Risks associated with the product liability and brand awareness

The products manufactured and distributed by the Group can be divided into two macro categories: homologated and non-homologated products.
In both cases, any defects in the design or manufacture of the Group's products could expose the Group itself to the risk of liability to third party and consequent claims for damages.
With regard to homologated products, then, the Group, as manufacturer, has the responsibility to homologate them in compliance with FIA standards. In this respect, the Group also has in-house laboratories that are able to carry out in-house tests on products that will then be carried out by FIA-accredited laboratories to verify compliance with homologation regulations.
Furthermore, pursuant to the regulations in force in Italy (art. 114 of Legislative Decree no. 206/2005, the so-called Consumer Code) and abroad on product liability, any design or manufacturing defects in both homologated Products and non-homologated offered by the Group could expose it to the risk of liability actions by third parties and, consequently, to potentially significant claims for damages.
Although no action for damage has so far been brought against the Group, and insurance coverage in relation to product liability is in place, it cannot be excluded that such actions may be brought against it in the future.
Furthermore, one of the key factors in the Group's success is the recognizability of Racing Force Group’s brands, namely OMP and Bell Helmets, which have been in the market of safety equipment.
This recognition is influenced by many factors, such as the high quality of craftsmanship, creativity, attention to detail, the ability to meet the needs of individual customers and the presence. Moreover, the Group constantly strives to maintain and increase its brands recognition through advertising and promotional campaigns, including on social networks, as well as implementing communication and branding strategies.
Should, in the future, brand awareness is not effectively maintained and developed by the Group, this could result in a negative impact on the reputation and, therefore, on the economic and financial situation of the Group itself, arising out in connection with (i) the possible confusion of the Group's brands with those of other companies operating in the same filed, (ii) the inability to communicate to the market the distinctive values of its brand and to maintain them over time, or (iii) the spreading by third parties of partial, untrue or defamatory information about the Group and (iv) the inability to attract and/or retain customers.

The risk is mitigated by the tightly controlled process that products need to go through before the commercialization: i) first of all the manufacturer has to be authorized and recognized by FIA to produce; ii) there are regulations and technical standards issued by FIA to which products must comply with; iii) tests are performed in third-party FIA authorized laboratories.

Risks associated with implementing future strategies and programs

The Group is exposed to the risk of not being able to achieve its growth strategy, or of not achieving it within the planned time frame, if the basic assumptions on which it is based, including the assumptions in the business plan, prove to be incorrect or if the strategy does not produce the expected results for other reasons, including those outside the Group's control.
Although no significant deviations from the estimates made by management have been found in the past, the estimates and assumptions contained in this document, although currently considered reasonable, may prove to be incorrect in the future also due to the occurrence of unforeseen factors and/or circumstances other than those considered, which could impact the Group's results or performance.

Risks associated with protection of the Group's know-how and industrial secrets

To make the production processes increasingly efficient and, consequently, to make the product offerings competitive, the Group must continually update its technologies, also by investing in research and development; should the Group not be able to acquire or adequately develop the technologies currently available, or those available in the future, it may have to change or reduce its development objectives or see its competitive strength reduced.
The Group, as owner of IP assets that are worth and strategic for their success on the market, is subject to risks related to their protection and is actively engaged in the implementation of actions aimed at containing and, possibly, eliminating such risks of undue use of such intangible assets, directly bearing the related costs.
The Group has implemented both internal and external procedures aimed at the protection of the know-how internally developed.

Main risks considered by the management to be of low materiality are the following:

Credit risk

The financial activities of the Group are to be considered as of good credit quality.
Customers are selected after being carefully evaluated under a commercial and financial standpoint. Many of the Group's top customers are historical and loyal partners, with a good financial capacity and a demonstrated track in terms of reliability and timing of payments. For these reasons, the risk of bad debt is well below the normal standards deemed physiological by the bank system for any commercial enterprise. The current size of the bad debt provision is in fact such as to cover all the positions considered to be of possible risk. Based on these elements, the Group has evaluated not to proceed with credit risk hedging actions with any insurance tools.

Liquidity risk

The liquidity risk is related to the ready availability of sufficient cash and financial resources when needed to meet commitments associated with financial instruments and carry out operations and planned investments.
The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring losses or risking damage to the reputation of any of the Group's entities.
There are no significant risk factors for the Group, considering that the credit lines granted by the banks are largely adequate for the current business needs.

Market risk

The specific market risks to which the Group is exposed are those arising from fluctuations in exchange and interest rates.
As regards the interest rate risk, the Group has covered its exposure on medium-long term debt positions recurring to fixed interest rates. Therefore, based on the current composition of debts, the Group did not deem it necessary to resort interest rate risk hedging instruments.
As for the exchange rate risk associated with commercial relations with foreign customers and suppliers, for which transactions are not regulated in the functional currency of each of the consolidated entities, the risk is mitigated by the fact that the total volumes of transactions in foreign currency are lower than the volumes made in functional

currency. The Group ensures that the net exposure is kept to an acceptable level, by dealing in currencies that do not fluctuate significantly. Under these circumstances, the Group did not consider it necessary and / or appropriate to enter into financial hedging instruments.

Other risks considered by management to be at low materiality are risks associated with products counterfeiting, risks associated with the license agreements to use the Bell Helmets trade mark, risks associated with key people, risks associated with the loss of qualified resources and the difficulty of finding new ones, risks associated with APIs (Alternative Performance Indicators), risks associated with transactions with related parties, risks associated with the price fluctuation of raw materials, risks associated with international activities and regulations in the various markets in which the Group operates, risks associated with compliance with workplace safety regulations, risks associated with tax regulations, risks associated with potential conflicts of interest of directors, risks associated with the failure to adopt the organizational model pursuant to Legislative Decree no. 231/2001, risks connected to potential overdue tax payables, risk of interruption of production and catastrophic events. Management does not consider that these risks can have a significant influence on the financial statements.

39. Other Information

Personnel

The following table shows the number of employees of the Group of December 31, 2022 and the average for the year, broken down by homogeneous categories.

Headcount	12.31.2022	Average 2022	12.31.2021	Average 2020
Managers	43	41	27	27
Employees (office)	111	103	101	90
Warehouse / Production	356	321	285	255
Total	**510**	**465**	**413**	**371**

The increase in the total number of employees compared to the previous year is mainly due to the hiring of personnel in the production factories of the Group.

Fees to Directors and Statutory Auditors

	2022	2021	Variations + (-)
Board of Directors	811,815	740,384	71,431
Statutory Auditors	31,500	31,500	-

Fees paid to the Board of Directors refer to the parent company Racing Force S.p.A. and to other consolidated companies, where applicable.
The fees to the statutory auditors are those referred to the parent company Racing Force S.p.A.

Fees to Independent Auditors

	2022	2021	Variations + (-)
KPMG Italy - audit	45,000	47,000	(2,000)
KPMG Italy - other services	-	70,000	(70,000)
KPMG Bahrain	15,152	17,511	(2,359)
Total	**60,152**	**134,511**	**(74,359)**

Fees to KPMG Italy - audit relate to the financial statements of Racing Force S.p.A. for Euro 22 thousand, to the Group's consolidated financial statements for Euro 12 thousand and to the limited audit of the half-yearly consolidated financial statements for Euro 11 thousand.
Fees to KPMG Bahrain refer to the audit of the financial statements of Racing Force International Wll.
These values do not include monetary revaluation and expenses.

Donations and contributions

There are no disbursements to be disclosed for the fiscal year 2022, except for 2 thousand Euro donation to the association San Francesco Onlus of La Spezia.

Commitments, guarantees and contingent liabilities

There are no commitments, guarantees or potential liabilities not shown in the financial statements, with the exception of the mortgage loan granted by Banco BPM during 2021, for a residual amount as of December 31, 2022 of 1,491,216 Euro, for which a mortgage was taken out on the building in favor of the lending bank.

Derivative financial instruments

The Group did not invest in derivative financial instruments.

Relationships with related parties

All the balances with related parties at year end are disclosed throughout the Notes to these consolidated financial statements.

A summary of the balances with related parties of December 31, 2022 and the transaction recorded in the Profit and Loss during the fiscal year is provided below.

Related party	Relationship	Receivables	Payables	Revenue	Costs
SAYE S.p.A.	A	844	-	844	-
KJK Protective Technologies LLC	B	60,302	-	2,019	-
GMP Consulting	B	-	5,290	-	10,290
Gabriele Pedone	B	-	69,123	-	-
Tyrrel Properties Llc	C	-	15,452	-	191,450
AXH Managment Bv	C	-	18,010	-	171,997
MSV Ltd	C	-	34,239	-	140,611
Sports Businees & Development Ltd	C	-	28,961	-	140,754

A: parent company; B: Subsidiaries’ shareholders and top managers; C: companies controlled by shareholders or top manages of consolidated entities.

Revenues from SAYE S.p.A., and the corresponding receivable as of year-end, are related to the profit realized under the liquidity agreement with IT ICAP – Midcap division.

The balances as of December 31, 2022 include the loan to KJK Protective Technologies LLC for Euro 60,000 in addition to interest accrued and not yet collected at the end of the fiscal year for Euro 302.

GMP Consulting provides accounting and administrative consultancy to the subsidiary Racing Force Holdings Sarl.

Payables to Gabriele Pedone include the balance to be paid for the acquisition of the Racing Spirit Llc business, amounting to 9,156.77 Euro, in addition to the estimate of the amount to be paid as earn-out, amounting to Euro 59,966,57 as agreed by the parties as part of the operation.

Tyrrell Properties Llc is the company that provides the facilities where the consolidated company Racing Force USA Inc. is based in Miami.

AXH Management BV, MSV Ltd and Sports Business & Development Ltd are companies that provide technical, operational, research and development and marketing consulting services, respectively managed by the Chief Operating Officer (COO), the Chief Technical Officer (CTO) and the Marketing & Communication Senior director of the Group.

All other commercial relations with related parties were concluded under normal market conditions.

Material events arising after the balance sheet date

Events occurring after the end of the period that highlight conditions already existing at the reporting date and requiring changes to the values of assets and liabilities, in accordance with the relevant accounting standard, are recognized in the financial statements, in accordance with the postulate of accrual, to reflect the effect that such events have on the financial situation and on the economic result at the end of the year.

Events occurring after the end of the period that indicate situations arising after the balance sheet date, which do not require changes in the balance sheet values, in accordance with the provisions of the relevant accounting standard, as they pertain to the following year, are not recognized in the financial statements but are illustrated in the explanatory notes, if deemed material for a more complete understanding of the situation of the Group.

Starting from January 1, 2023 the parent company Racing Force S.p.A. qualified as *Issuer of financial instruments widely distributed among the Public* as the conditions set out in Article 2-bis of Regulation No. 11971 of May 14, 1999, have been met: i) the total number of shareholders, other than the company's controlling shareholders who collectively hold at least 5% of RFG's share capital is more than 500; ii) the limits specified in Article 2435-bis, first paragraph, of the Civil Code are exceeded.

On January 11, 2023, the parent company has successfully completed the private placement, through an *accelerated bookbuilding*, of no. 1,941,748 newly issued ordinary shares, without par value, having the same characteristics as those in circulation, resulting from the share capital increase with the exclusion of option rights, according to the terms resolved by the Board of Directors on January 11, 2023. The newly issued shares were subscribed at a price of Euro 5.15, for a total consideration, including share premium, of Euro 10 million.
The transaction allowed the Group to raise new share capital, quickly and efficiently, in order to implement its expansion plan in the motorsport business and to support the diversification program in the defense sector. Specifically, the funds will be used to finance the start-up of new production and logistics capacity in the United States and implement other planned investments to increase current production and logistics capacity in Italy and Bahrain.

On February 8, 2023, the parent company Racing Force S.p.A. entered into an agreement with the Municipality of Ronco Scrivia, concerning the definition of the urbanization charges due for the fulfillment of functional endowment obligations related to the construction of the new building as an extension of the existing production factory, settled for a total of 128,877 Euro. This agreement is preparatory to the start of the site expansion works.

Starting February 13, 2023, the consolidated company Racing Force USA Inc. has entered into a lease agreement for a new pro-shop in California, located in the Los Angeles area between Anaheim and Santa Ana in Orange County. The contract, expiring at the end of 2023 with a renewal option for 2024, will strengthen the Group's presence on the West Coast of the United States.

In March 2023, the Group, in partnership with the Bahrain International Circuit, announced the expansion project for the headquarters of its subsidiary Racing Force International at Sakhir Bahrain, involving the construction of a second floor for the current plant, with a 60% extension of the total surface area, in order to meet the growing demand for helmets products in the global motorsport market. Works will start in spring 2023 and are expected to be completed by the end of 2023, giving Racing Force Group the opportunity to double the current manufacturing capacity of Bell branded helmets.

With reference to the ongoing health emergency connected to Coronavirus - Covid-19, given the solidity of the fundamentals of both the value chain and the economic and financial structure of the consolidated companies and the Group as a whole, no significant effects are expected on operating results for the current year.

As regards the conflict between Russian Federation and Ukraine, there’s great uncertainty at global level about the impacts the war will produce on the global economy and businesses. To date, no significant effects have been incurred on operating results of the Group, but it will be necessary to wait for the evolution of the situation over the course of the year.

RACINGFORCEGROUP

OMP | BELL HELMETS | ZN ZERONOISE | Racing Spirit The Original Racing CO. +