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

Racing Force Group

Condensed interim consolidated financial statements as at and for the six months ended 30 June 2024

(with auditors' report on review thereof)

KPMG S.p.A.

25 September 2024

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

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Report on review of condensed interim consolidated financial statements

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

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Racing Force Group (the "group"), comprising the condensed consolidated statement of financial position, the condensed consolidated statement of profit and loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows and notes thereto, as at and for the six months ended 30 June 2024. The parent's directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Racing Force Group as at and for the six months ended 30 June 2024 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Genoa, 25 September 2024

KPMG S.p.A.

(signed on the original)

Andrea Carlucci
Director of Audit

RACING**FORCE**GROUP

CONSOLIDATED INTERIM FINANCIAL REPORT AS OF JUNE 30, 2024

Racing Force S.p.A.

Registered office: Via Bazzano 5, Ronco Scrivia (Genova)
Member of Registro Imprese di CCIAA DI GENOVA
F.C. and registration number: 02264760105
Registered to R.E.A. of CCIAA DI GENOVA n. 260454
Share Capital € 2,738,933.30 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 period ending June 30, 2024

Board of Directors' Report on the Operations and Situation of the Group in the period ending June 30, 2024

General Information

The condensed interim consolidated financial statements as of June 30, 2024 of Racing Force Group, hereinafter the Group, were prepared in accordance with IAS 34 – Interim Financial Reporting. Since they don't include all the information required by the IFRS in the preparation of the annual financial statements, the consolidated financial statements as of June 30, 2024 must be read together with the financial statements for the year ended 31 December 2023. The estimation processes and assumptions were maintained in continuity with those used for the preparation of the annual financial statements. For comparative purposes, the consolidated statements are compared with the consolidated balance sheet figures of the financial statements as of December 31, 2023 and with the consolidated economic data as of June 30, 2023.

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 first half of 2024, as well as historical data and prospective evaluations.

Group structure

The companies within the Group operate in the production of safety equipment for racing and motorsport drivers and cars or conduct business activities which are essentially complementary to or in line with these activities.

Racing Force S.p.A., parent company of Racing Force Group, is listed on Euronext Growth segment Milan (RFG) and Paris (ALRFG).

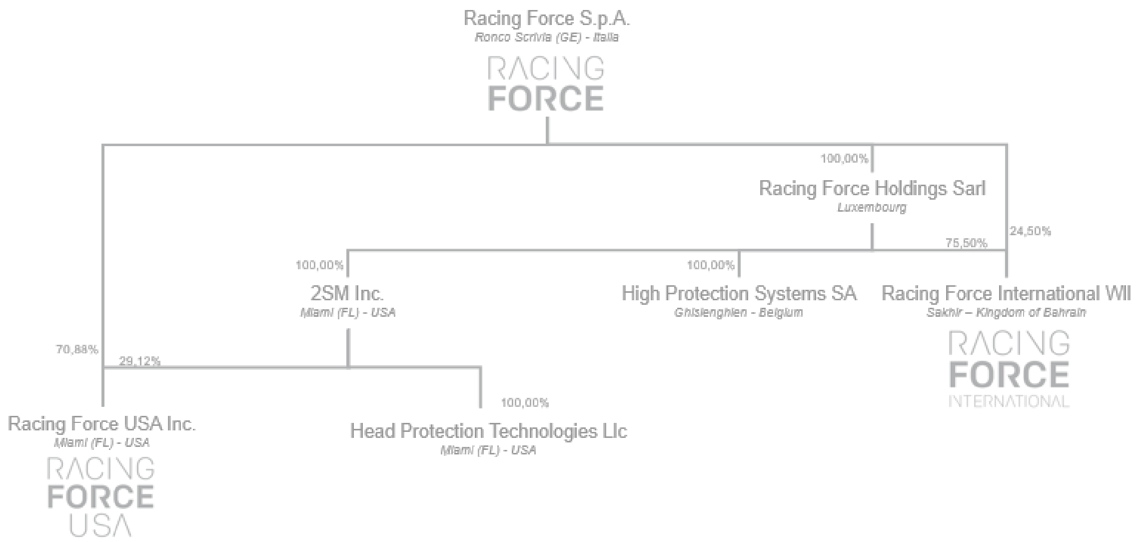
The Group structure as of June 30, 2024 is the result of the acquisitions made since the end of December 2019, when the parent company Racing Force S.p.A. acquired the control of Bell Racing Helmets Group and Zeronoise Ltd, and the subsequent transactions completed in 2021 and 2022, with the purposes 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.

During 2024 first half, the consolidated company Racing Force USA Inc. terminated the lease of its sales and customer service point in California, located in the Los Angeles area, which was replaced by an agreement with Jimco Racing Inc., a major dealer and car preparer based in San Diego, specialized in off-road racing, within which an exclusive sales and service center for the Group's products was set up.

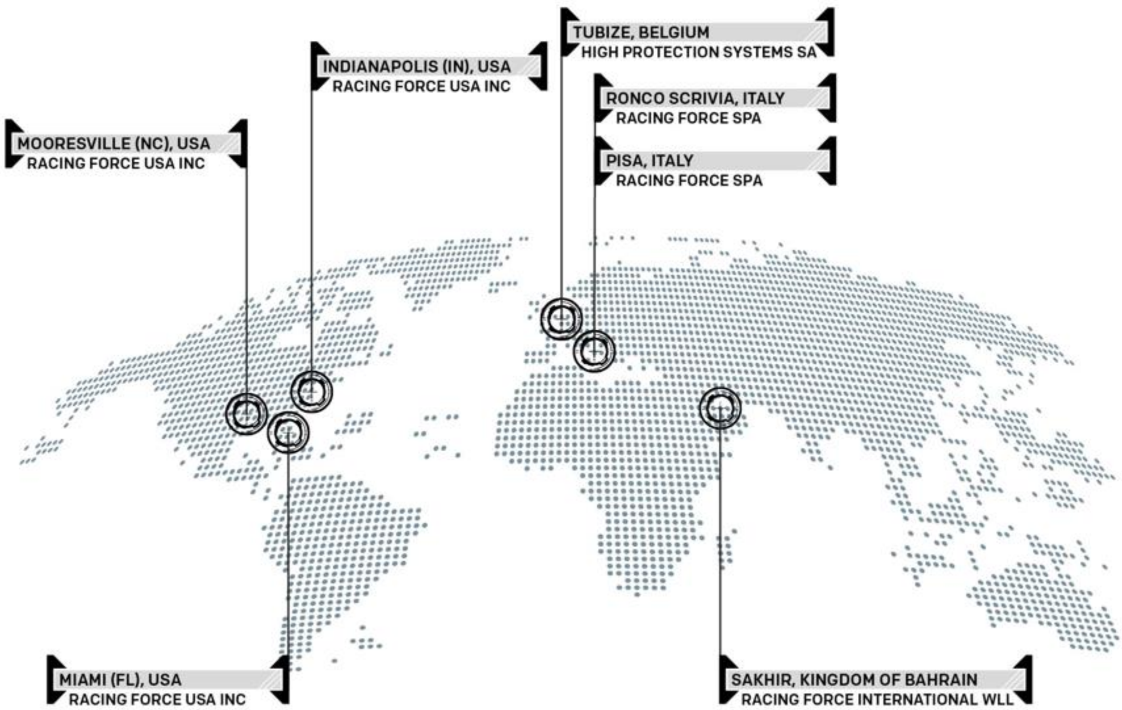
Racing Force S.p.A. is subject to the management and coordination activity of the company SAYE S.p.A. These activities have not produced particular effects on the Group and its results in the semester that require to indicate the reasons and interests affected.

The structure of the Group at the end of June 30, 2024, 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.).
OMP products are used by drivers and teams driving in world racing championships including Formula 1®, World Rally Championship – WRC, World Endurance Championship - WEC, Rally Cross World Championship - RX, Formula E, important continental competitions such as IndyCar, NASCAR in the United States, Repco supercars Championship in Oceania, other than local races and minor competitions in several countries worldwide. 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, CIK-FIA, SFI and Snell.

BELL HELMETS

Created in 1954, Bell Helmets brand (hereinafter also "Bell") is the worldwide leader in developing and production of helmets for car racing and karting.
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 2024, 12 out of 20of Formula 1® drivers wears Bell Helmet.
Bell is a technical partner of Ferrari and other Formula 1® 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 and patented 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.
Zeronoise also developed the world's first Wired-Wireless helmet for rally racing, which debuted on the track in early 2024.

RACING SPIRIT

The brand Racing Spirit was established in 2012 and became an industrial project in 2019. The aim of the project is creating a specific clothing line inspired to car competitions 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. Racing Spirit products are being chosen by an increasingly larger number of corporate customers and Teams.

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

According to the *OECD Economic Outlook, Volume 2024 Issue 1* published on May 2, 2024, despite modest growth and lingering geopolitical risks, cautious optimism prevails in the global economy.
Inflation is decelerating faster than expected, unemployment data are at historic lows, and private sector business confidence is on the rise. Global GDP growth is forecast at 3.1% for 2024, in line with 2023, with a slight increase to 3.2% in 2025. Economic recovery is uneven across regions, with the United States and major emerging markets showing higher growth than European economies.
In June 2024, the European Central Bank reduced the cost of money by 25 basis points, however, the restrictive monetary policies adopted by central banks since 2022 are still affecting market dynamics.
The high level of geopolitical tension, especially in the Middle East, continues to pose a significant risk to global economic stability, with the potential to affect energy and financial markets.

In this context, the Group recorded a sales growth of +1% in the first half of 2024 compared to the same period in the previous year, characterized by a different composition of the turnover in terms of product categories.
In particular, sales of Driver's Equipment registered an increase of Euro 0.7 million (+2.5% compared to 2023 first half), driven by the growth of the OMP brand; turnover of Car Parts increased by Euro 0.4 million (+5.4% compared to 2023 first half), primarily due to supplies linked to the production programs of some main car manufacturers in Italy; the Other segment recorded a decrease of Euro 0.7 million (-23.9% compared to 2023 first half) due to non-technical Racing Spirit branded apparel sales made at the beginning of the previous fiscal year to two major clients for the entire season, which had a combined impact of over 1 million Euro in the first semester of 2023.
In terms of geographical areas, all the major countries in the APAC region (Australia, China, and Japan) have recorded significant double-digit growth compared to the same period in the previous fiscal year, totaling an overall increase of +13.2%. Sales in the EMEA region are slightly higher than the first semester of 2023 (+1.3%). Turnover in the Americas for the first six months of the year is down 4.4% compared to 2023 first half, showing sign of improvement from the second quarter of 2024, with a 4.5% increase in the second quarter of 2024 compared to the second quarter of 2023. The variations in EMEA and the Americas were influenced by the aforementioned orders related to nontechnical Racing Spirit branded apparel. Excluding these impacts, growth stands at +2.8% in EMEA and +3.3% in the Americas for the six months.
Dealers continue to represent the primary sales channel for the Group, accounting for 62% of total revenue in the first half of the year, slightly better than the first semester of 2023 (+0.5%). Revenue from Team & Car Manufacturers are overall up 3.2% compared to the first half of 2023 (+16.7% excluding the two Racing Spirit orders in 2023), following important technical partnership agreements signed by the Group in the major world championships and national competitions (including Nascar, in the United States).

Today, Racing Force is the Group capable of offering the best and most comprehensive range of safety products for racing competitions, used by professional athletes worldwide, from F1® to the World Rally Championship, from Karting to Rally-Raid, with 60 FIA world titles won in the last 5 years using its products. The catalogs of brands marketed by the Group offer over 2,000 safety and performance items designed for race cars, drivers, and amateurs.

During the semester, the Group further increased its presence in the motorsport market, reaffirming itself as one of the undisputed global leaders: existing commercial agreements with key business partners, teams, and car manufacturers ensure significant visibility and have contributed to the consolidation of revenues. The Group's products, today are considered state-of-the-art in the motorsport safety equipment market.

Summary of consolidated financial data

The main figures related to the performance of the Group in the first half of 2024, compared with the first half of 2023 as regards the income statement and with the balances at the end of 2023 as regards the balance sheet, are reported in the tables below.

Financial data for the half-year ended at June 30

	2024	% of Revenue	2023	% of Revenue	Variance
Revenue	37,581,573		37,204,433		377,141
Gross profit	23,102,687	61.5%	23,005,909	61.8%	96,777
EBITDA	8,153,895	21.7%	7,931,598	21.3%	222,297
Bad Debt and write offs	37,281	0.1%	193,461	0.5%	(156,180)
Depreciation	1,575,913	4.2%	1,363,710	3.7%	212,202
EBIT	6,540,702	17.4%	6,374,426	17.1%	166,275
Finance income/(loss)	47,538	0.1%	(246,064)	0.7%	293,602
Taxes	1,193,751	3.2%	1,252,092	3.4%	(58,341)
Net result	5,394,489	14.4%	4,876,270	13.1%	518,219
Cash flow from operations	7,096,392	18.9%	1,365,129	3.7%	5,731,264
Dividends paid to Shareholders	2,304,414	6.1%	2,312,928	6.2%	(8,514)

Financial data at the end of the period

	06.30.2024	12.31.2023	Variance
Total Assets	91,177,809	78,097,782	13,080,028
Fixed Assets	32,373,098	29,346,676	3,026,422
Net Working Capital	26,574,408	23,978,416	2,595,993
Other items in working capital	201,512	2,896,910	(2,695,398)
	-	-	
less LT & Accrued provisions	4,350,204	4,557,077	(206,873)
Net Invested Capital	54,798,814	51,664,924	3,133,889
Net Financial Position	(4,621,190)	3,179,960	(7,801,150)
Group Equity	59,420,004	48,484,965	10,935,040
Financial Sources	54,798,814	51,664,925	3,133,889

Net Financial Position

	06.30.2024	12.31.2023	Variance
Debts with banks (A)			
- Short term	3,192,909	3,763,980	(571,071)
- Long term	8,353,615	6,075,997	2,277,618
Cash and cash equivalents (B)	15,614,684	6,106,995	9,507,688
Non current Financial Assets (C)	513,030	513,021	9
Finance active loans (D)			
Long term loan to KJK Protective Technologies LLC	40,000	40,000	-
Net Financial Position: A) - B) -C) -D)	(4,621,190)	3,179,960	(7,801,150)

Main financial KPIs

	06.30.2024	12.31.2023
Coverage of Fixed Assets		
(Net Group Equity + LT debt) / Fixed Assets	2.09	1.86
Coverage of Net Working Capital		
ST debt / Net Working Capital	0.12	0.16
Debt - Equity ratio		
(Current liabilitis + Non current liabilities) / Net Group Equity	0.53	0.61
Net Financial position / Net Group Equity	(0.08)	0.07
Capitalization		
Net Group Equity / Total Assets	0.65	0.62
Net Group Equity / Net Invested Capital	1.08	0.94
Liquidity ratio		
Working Capital / Current operating Liabilities	2.63	2.71
Net Financial position / Net invested capital	(0.08)	0.06

Main economical KPIs for the period closed at June 30

	2024	2023
ROIC		
NOPAT / Net Invested Capital	9.76%	10.59%
ROI		
EBIT / Total Assets	7.17%	8.13%
ROS		
EBIT / Revenue	17.40%	17.13%
ROA		
Net result / Total Assets	5.92%	6.22%

The revenue growth in the first half of this year (+1% compared to the first half of 2023) confirms the growth path that the Group is implementing in the motorsport sector, thanks to the synergies from the integration of the different brands and continuous product innovation. Since 2021, the year of listing on EG Milan, the Group consistently reported increasing sales in each semester compared with the same period of the previous year.

The contribution margin of 2024 first half amounted to 23,103 thousand Euro (+97 thousand Euro compared to the first half of 2023), with an impact on the Group's total revenue passing from 61.8% to 61.5%. The slight decrease in percentage margin compared to the first half of 2023 is mainly due to a different turnover composition, specifically an increase in sales of car part products characterized by lower average margins compared to other products commercialized by the Group.

During the first half of 2024, the Group achieved a gross operating margin (EBITDA) of 8,154 thousand Euro (7,932 thousand Euro in the first half of 2023), with an incidence on sales of 21.7% (21.3% in the first half of 2023). These results were obtained in a complex macroeconomic environment, characterized by strong uncertainty. For the Group, this fiscal year represents a transitional period while awaiting a significant growth recovery in the upcoming years, driven by ongoing investment and diversification projects that will be completed in the subsequent fiscal year.

Regarding structural and commercial costs, the Group exercises strict and constant control, promoting initiatives for reengineering activities to optimize organizational efficiency, rationalize expenses and improve operations, with the aim of increasing marginality.

In the first six months of the year, the following trends were observed: i) a decrease in Selling and distribution expenses, amounting to 5,378 thousand Euro in the first half of 2024, compared to 5,436 thousand Euro in the same period of 2023, primarily due to increased efficiency in outbound logistics management; ii) an increase in General and administrative expenses, amounting to 10,124 thousand Euro in the first half of 2024, compared to 9,902 thousand Euro in the first half of 2023, mainly due to higher personnel costs, resulting from a higher average number of employees in the Group during the semester and salary increases related to the renewal of the collective agreement applied to employees in Italy.

Net result for the half-year was 5,394 thousand Euro (4,876 thousand Euro in the first half of 2023), with a weight on sales of 14.4% (13.1% in the first half of 2023), after depreciation and write-offs for 1,613 thousand Euro (1,557 thousand Euro in the first half of 2023), net financial income for 47 thousand Euro (net expenses of 246 thousand Euro in the first half of 2023), and taxes for 1,194 thousand Euro (1,252 thousand Euro in the first half of 2023).

Cash flow from operations was 7,096 thousand Euro (1,365 thousand Euro in the first half of 2023), as a result of cash generated from operations before variances in net working capital for 8,201 thousand Euro (8,011 thousand Euro in the first half of 2023), partially absorbed by the increase in net working capital of 2,617 thousand Euro (4,274 thousand Euro in the first half of 2023), and other variations in working capital, interest, taxes, and provisions for a total of 1,513 thousand Euro (2,371 thousand Euro of absorption in the first half of 2023).

Variance in net working capital during the half-year period is due to: i) an increase in customer receivables of thousand 1,652 Euro, following the increase of the sales recorded in the first six months of the year compared to the second half of 2023; ii) an increase in inventory of 144 thousand Euro, mainly due to the increase in raw materials to support production in the second part of the fiscal year, particularly for helmets, and iii) a decrease in trade payables of 820 thousand Euro, following payments to suppliers for purchases made at the end of the 2023 fiscal year, in preparation for the upcoming season.

The cash flow generated by operating activities was used to meet the cash requirements of the transactions carried out during the period and contributed to finance investments in fixed assets for a total of 4,184 thousand Euro and the payment of dividends to shareholders for 2,304 thousand Euro.

As a result of the above changes, *cash conversion*, calculated as the ratio of cash flow from operating activities to EBITDA, stood at 87% in the first six months of the year, showing a significant increase from 17.2% in the first six months of 2023.

The Group's overall net financial position passed from 3,180 thousand Euro at the end of 2023 to a positive balance of 4,621 thousand Euro at the end of the half-year, thanks to the cash generated from operations and, mainly, due to the share capital increase carried out in June 2024 for a total value, including the premium, of Euro 7.5 million, net of the related costs and tax effect for 0.2 million of Euro.

For a detailed analysis, please refer to the consolidated Statement of Cash flow.

Group' net equity as of June 30, 2024 amounted to 59,420 thousand Euro (48,485 thousand Euro as of December 31, 2023), mainly due to the aforementioned share capital increase and the result generated in the first half of 2024, net of paid dividends. Details of variances in the period are shown in the Statement of changes in Equity for the period.

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 and Israeli-Palestinian 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.

The recent worsening of tensions in the Gaza Strip, as a consequence of the conflict between Israel and Palestine and the attacks on naval traffic in the Red Sea since late 2023 are likely to exacerbate the volatility of commodity prices (oil and natural gas) and hinder the Group's logistics.

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.

Starting from 2022, the Group has no credit exposure and ceased any export activities to Russian clients. Additionally, initiatives have been launched with the aim of enhancing energy efficiency at the Ronco Scrivia headquarters; investments are also planned in Bahrain, with the same goal of achieving energy cost savings and mitigating the risk of future price increases.

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.
In recent years, also influenced by the Russian-Ukrainian crisis, various sectors from which the Group procures its supplies, 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.
The recent worsening of tensions in the Gaza Strip, as a consequence of the conflict between Israel and Palestine and the attacks on naval traffic in the Red Sea since late 2023 are likely to exacerbate the volatility of commodity prices (oil and natural gas) and hinder the Group's logistics.
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 almost any price increase to final customers.

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; iv) before entering the market, the products undergo strict internal quality controls.

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 proper implementation of 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, as of today, 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 led to the completion of the Sustainability Report, starting from the one related to the fiscal year 2021, drawn up according to the Global Reporting Initiative Sustainability Reporting Standards (“GRI Standards).

In January 2024, Racing Force renewed its partnership with Deloitte Sustainability Services, a specialized firm in the development of integrated sustainability solutions, with the aim of supporting the Group in strengthening a reporting structure aligned with ESG strategy and objectives, making it progressively compliant with the requirements introduced by the Corporate Sustainability Reporting Directive (CSRD).

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.

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 completed in 2023 the first investments aimed at improving the energy efficiency of its production site in Ronco Scrivia, by the renovation of the roof, the facades cladding and the installation of solar panels, which entered into service in December 2023. The expansion plan of the subsidiary company Racing Force S.p.A. involves the construction of about 4,000 additional square meters on two floors, adhering to the existing building, expected to be completed within the first half of 2025. The investment aims at increasing the production and logistics capacity of the headquarters and has been carefully planned considering efficiency and sustainability goals for the current facility.

The same approach is applied for the construction, in partnership with the Bahrain International Circuit, of the second floor of the facility in Bahrain, for which completion is expected by the end of 2024.

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 value of the Group's sustainability initiatives is acknowledged also by Borsa Italiana, as Racing Force has been included in the new ESG ITA Growth Index, the first ESG-specific index for companies listed on Euronext Growth Milan (EGM), established in collaboration with SDA Bocconi School of Management, CRIF, and Ambromobiliare. In the absence of shared evaluation paradigms and standards, an ESG score was developed and applied to all companies listed on EGM, based on public documents and information, further refined through models, macroeconomic and climate scenarios, industry benchmarks, as well as machine learning methodologies. The eligible companies were then selected based on three main criteria: the level of sustainable governance, liquidity of their shares, and market capitalization. This index will facilitate market cluster analysis, educate investors, and bring greater liquidity to the most virtuous companies.

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.

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 half-year

On May 13, 2024, as resolved in the shareholders' meeting held on April 29, 2024, the parent company Racing Force S.p.A. announced that it had initiated a share buy-back program, appointing Equita SIM S.p.A. to coordinate and execute, in full independence, the program.
The program will be carried out in accordance with the purposes and methods permitted by the applicable regulatory provisions, including the purposes set forth in Article 5 of Regulation (EU) 596/2014 (MAR) and related implementing provisions, where applicable, and in market practices permitted pursuant to Article 13 of MAR, for the following purposes: (i) to support the liquidity of the shares themselves; (ii) to allow efficient use of the Company's liquidity for medium and long-term investment; (iii) to use the shares in connection with characteristic management operations or projects consistent with the Company's strategic guidelines; (iv) to have own shares available for the "Stock Grant Plan 2023-2025" service, as well as for any future incentive plans; (v) to have own shares available, in line with the strategic guidelines that the Company intends to pursue, as consideration in the context of any extraordinary transactions.
The program provides that the purchase of ordinary shares of the Company shall be made up to a maximum number, taking into account the Racing Force own shares held in the Company's portfolio or by its subsidiaries, not exceeding 20% of the share capital, in one or more tranches, within 18 months from the date of the Resolution and, therefore, by October 29, 2025, unless early closure upon reaching the preset threshold or revocation. The program envisages that the buyback of own shares will be carried out on the multilateral trading system Euronext Growth at a price neither lower nor higher by more than 15% compared to the reference price recorded by the security in the last trading session preceding each individual operation, in compliance with the trading conditions established in Article 3, paragraph 2, of Delegated Regulation (EU) 2016/1052, implementing MAR, and in particular: (i) shares cannot be purchased at a price higher than the highest of the last independent transaction price and the current independent purchase offer price at the trading venue where the purchase is made; (ii) it will not be possible to purchase on any trading day a volume of shares exceeding 25% of the average daily trading volume of Racing Force shares in the 20 trading days preceding the purchase dates, subject to exceptional cases provided for by regulatory provisions or market practices authorized by CONSOB.
In particular, starting from May 15, 2024, and until December 31, 2024, the first tranche of the Program will be executed for a maximum amount of Euro 250,000.
As of the closing date of the semester, the Company holds 9,033 treasury shares in its portfolio, equivalent to 0.033% of the share capital.

On June 25, 2024, the Board of Directors of the parent company resolved, in exercise of the proxy granted by the Shareholders' Meeting of April 28, 2023, pursuant to Article 2443 of the Civil Code, to increase the share capital, for cash, in divisible form, with the exclusion of option rights pursuant to Article 2441, fourth paragraph, second sentence, of the Civil Code, by issuing new ordinary shares, with no indication of par value, having the same characteristics as those outstanding on the issue date, with regular dividend rights, corresponding up to 10% of the Company's share capital. The placement was completed through the issuance of 1,690,135 shares, through the accelerated bookbuilding procedure, subscribed at a unit price of Euro 4.43, for a total consideration, including share premium, of approximately Euro 7.5 million.

The transaction enabled the Group to quickly and efficiently raise risk capital to be used to implement its business development and expansion plan. In particular, the Group announced the signing of a binding commitment with the Bahrain International Circuit (BIC), the company managing the motor racing circuit that hosts the Bahrain Formula 1 Grand Prix and owner of the land adjacent to the circuit, regarding the construction and lease to Racing Force of a new additional factory, to be built by BIC, intended for the development and production of some of the Group's products. As of today, discussions on final details are underway for the signing of the final agreements, which is expected to take place by the end of 2024.

In connection with the capital increase, the Group incurred costs totaling 204 thousand euros, which were accounted for in accordance with the provisions of IAS 32 - Financial Instruments: presentation in the financial statements and, therefore, recognized as a decrease in shareholders' equity.

Outlook

During the first two months of the second half of 2024, the Group recorded a mid-single-digit growth compared to the figures of last year, both in terms of turnover and in terms of sales orders received from customers.

In accordance with the Group's strategic plans, 2024 represents a year of transition, awaiting a significant recovery in growth in the coming years, thanks to the investments that will be completed between the end of the current year and in 2025.

On July 22, 2024 the Group proudly announced the new milestone reached by its Bell Racing brand, the first in the industry to obtain the FIA 8859-2024 homologation for a model of open-face racing helmets that will came into effect from such date.

The approval of a new FIA safety standard for helmets entails the risk of potential effects on demand in the first part of 2024, particularly from dealers, waiting for the new models, with the expectation of a strong acceleration in sales once the new homologated helmets will be available. For this reason, the development of helmets compliant with the new standard, with the aim of having a large quantity in stock by the end of 2024, is a crucial element to achieve the growth targets set for the Bell brand and gaining new market share. In addition, a new Snell homologation standard for helmets distributed on the US market is scheduled to come into force in autumn 2025.

The introduction of new safety standards has always been a technological challenge and, at the same time, an important growth opportunity for the Group. In the case of helmets, particularly, testing activities will be carried on in the second half of the year related to models still to be certified at the R&D center in Bahrain, which is unique in the competitive landscape.

With reference to other main product categories, both Car parts and Driver’s Equipment are expected to benefit from the technical partnership agreement in place for the season, starting with the agreement signed at the beginning of the year with Penske Team, one of the main American teams racing in Nascar and Indycar, that has already showed the first effects during the second quarter of 2024.

After the positive strengthening of the Group's structure in 2023, to support the expected growth in motorsport and with the aim of supporting the implementation of diversification projects, the Group's priority for the current and coming periods, together with the growth in turnover, is to achieve an efficiency increase in the structure with a positive impact on marginality and cashflow.

The prolonged war between Russia and Ukraine, coupled with escalating tensions in the Middle East, contributes to maintaining a high level of geo-political risk worldwide, generating significant uncertainty on the global economy and businesses. As of today, marginal effects impacted the Group's operating results, however it will be necessary to continue monitoring the situation's progression throughout the year.

Condensed Consolidated Interim Financial Statements

Condensed consolidated statement of financial position

	Note	06.30.2024	12.31.2023
NON CURRENT ASSETS			
Property, plant and equipment	9	13,865,303	11,247,605
Right of use assets	10	3,523,189	3,720,673
Intangible assets	11	8,749,570	8,143,362
Goodwill	11	6,235,037	6,235,037
Non current financial assets	12	513,030	513,021
Due from related parties -non current	13	20,000	20,000
Tax receivables - non current	37	297,060	263,106
Deferred tax assets	37	583,895	610,144
Other non current assets	14	12,657	13,617
		33,799,739	**30,766,564**
CURRENT ASSETS			
Cash and cash equivalents	15	15,614,684	6,106,995
Trade receivables	16	12,847,060	11,215,073
Inventories	17	25,244,793	25,101,154
Due from related parties - current	18	25,281	21,243
Tax receivables - current	37	1,262,898	1,515,390
Other current assets	19	2,383,354	3,371,362
		57,378,070	**47,331,218**
TOTAL ASSETS		**91,177,809**	**78,097,782**
EQUITY			
Share capital		2,738,933	2,569,920
Additional paid in capital		36,949,042	29,777,959
Legal reserve		514,984	514,984
Translation reserve		160,232	(351,262)
Retained earning (losses)		12,867,852	10,387,509
Treasury shares reserve		(34,580)	-
Other reserve		829,052	792,583
Net Result		5,394,489	4,793,271
Equity attributable to owners of the parent Company	20	**59,420,004**	**48,484,965**
Non-controlling interests	20	-	-
TOTAL EQUITY		**59,420,004**	**48,484,965**
NON CURRENT LIABILITIES			
Long term loans - non current	22	8,353,615	6,075,997
Lease liabilities - non current	10	2,858,168	3,078,041
Deferred Tax Liabilities	37	27,713	23,410
Employee benefits	23	1,107,415	1,122,129
Provisions	24	356,907	356,907
		12,703,819	**10,656,485**
CURRENT LIABILITIES			
Short term Loan	25	221,463	1,263,779
Trade payables	26	11,517,445	12,337,811
Long term loans - current portion	22	2,971,446	2,500,201
Lease liabilities - current	10	772,078	777,664
Due to related parties	27	84,788	58,675
Tax payables - current	37	973,427	4,246
Other payables	28	2,513,339	2,013,957
		19,053,986	**18,956,333**
TOTAL LIABILITIES AND EQUITY		**91,177,809**	**78,097,782**

Condensed consolidated statement of profit and loss for the periods ended at June 30

	Note	2024	2023
Revenue		37,581,573	37,204,433
Cost of sales		(14,478,886)	(14,198,523)
Gross profit	**29**	**23,102,687**	**23,005,909**
Other income	**30**	661,643	448,689
Selling and distribution expenses	**31**	(5,378,445)	(5,436,278)
General and administrative expenses	**32**	(10,124,032)	(9,901,979)
Other expenses	**33**	(107,958)	(184,743)
Gross operating profit (EBITDA)		**8,153,895**	**7,931,598**
Bad Debt and write offs	**34**	(37,281)	(193,461)
Depreciation	**35**	(1,575,913)	(1,363,710)
Net operating profit (EBIT)		**6,540,702**	**6,374,426**
Finance income	**36**	341,079	106,036
Finance costs	**36**	(293,541)	(352,100)
Net income (loss) before taxes		**6,588,240**	**6,128,362**
Taxes	**37**	(1,193,751)	(1,252,092)
Total net income (loss) after taxes		**5,394,489**	**4,876,270**
Income (loss) attributable to:			
Owners of the parent Company	**20**	5,394,489	4,876,270
Non-controlling interest		-	-

Condensed consolidated statement of profit or loss and other comprehensive income for the periods ended at June 30

	Note	2024	2023
Total net income (loss) after taxes		**5,394,489**	**4,876,270**
Other Comprehensive Income (Loss)			
Items that will not be reclassified through the Statements of Income			
Remeasurements of post-employment benefit obligations	**23**	(11,976)	(10,206)
Related tax impact		2,874	2,450
Remeasurements of artefacts at fair value according to IAS 16 - Property, plant and equipment	**9, 20**	24,493	90,020
Items that may be reclassified through the Statements of Income			
Changes in foreign currency translation adjustment	**20**	511,493	(191,363)
Total Other Comprehensive Income		526,885	(109,101)
Total Comprehensive Income		**5,921,374**	**4,767,169**
Income (loss) attributable to:			
Owners of the parent Company		5,921,374	4,767,169
Non-controlling interest		-	-

Condensed consolidated statement of changes in Equity for the six months ended June 30

	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, 2022		**2,375,745**	**20,249,087**	**475,149**	**88,253**	**5,191,210**	**558,122**	**7,549,063**	**36,486,629**	**-**	**36,486,629**
Share capital increase	**20**	194,175	9,528,872						9,723,046		9,723,046
Allocation of the result	**20**			39,835		7,509,228		(7,549,063)	-		-
Difference from translation of financial statements of foreign companies	**20**				(191,363)				(191,363)		(191,363)
Fair value remeasurement IAS 16	**20**						90,020		90,020		90,020
Actuarial gains and (losses)	**20**						(7,757)		(7,757)		(7,757)
Profit for the period 01.01.2023 - 06.30.2023	**20**							4,876,270	4,876,270		4,876,270
Distribution to shareholders	**20**					(2,312,928)			(2,312,928)		(2,312,928)
Balance at June 30, 2023		**2,569,920**	**29,777,959**	**514,984**	**(103,111)**	**10,387,509**	**640,384**	**4,876,270**	**48,663,916**	**-**	**48,663,916**

	Note	Share Capital	Share premium reserve	Legal reserve	Translation reserve	Retained earnings (losses)	Treasury shares Reserves	Other Reserves	Net Group result for the period	Group Equity	Non-controlling interest	Total Equity
Balance at December 31, 2023		**2,569,920**	**29,777,959**	**514,984**	**(351,262)**	**10,387,509**	**-**	**792,582**	**4,793,271**	**48,484,964**	**-**	**48,484,964**
Share capital increase	**20**	169,014	7,171,082							7,340,096		7,340,096
Allocation of the result	**20**					4,793,271			(4,793,271)	-		-
Difference from translation of financial statements of foreign companies	**20**				511,493					511,493		511,493
Fair value remeasurement IAS 16	**20**							24,493		24,493		24,493
Actuarial gains and (losses)	**20**							11,976		11,976		11,976
Treasury shares	**20**						(34,580)			(34,580)		(34,580)
Profit for the period 01.01.2024 - 06.30.2024	**20**								5,394,489	5,394,489		5,394,489
Distribution to shareholders	**20**					(2,312,928)				(2,312,928)		(2,312,928)
Balance at June 30, 2024		**2,738,933**	**36,949,042**	**514,984**	**160,232**	**12,867,852**	**(34,580)**	**829,052**	**5,394,489**	**59,420,004**	**-**	**59,420,004**

Consolidated statement of cash flows for the six months ended June 30

	Note	2024	2023
A. Cash flow from operating activities			
Net profit for the period		5,394,489	4,876,270
Income taxes	**37**	1,193,751	1,252,092
Interest expenses/(interest income)	**36**	(47,538)	246,064
(Capital gains)/losses arising from disposal of assets	**9**	7,740	(5,449)
1. Profit (loss) for the period before income taxes, interests, dividends and capital gains/losses on disposal of assets		**6,548,442**	**6,368,977**
Adjustments for non-monetary items that had no impact on the net working capital			
Accruals for provisions	**23, 34**	76,238	278,019
Depreciation and amortization	**35**	1,575,913	1,363,710
Other adjustments for non-monetary items	**12**	-	-
2. Cash flow before variances in net working capital		**8,200,592**	**8,010,706**
Variances in net working capital			
Decrease/(increase) in inventory	**17**	(143,639)	(181,416)
Decrease/(increase) in receivables from customers	**16**	(1,652,784)	(3,807,975)
Increase/(decrease) in payables to suppliers	**26**	(820,367)	(284,939)
3. Cash flow after variations in net working capital		**5,583,802**	**3,736,377**
Other variances in working capital		1,844,462	(1,238,377)
Received/(paid) interests		(244,195)	(222,792)
(Paid income taxes)		(5,272)	(875,236)
(Use of accrued provisions)		(82,404)	(34,844)
Cash flow from operating activities (A)		**7,096,392**	**1,365,129**
B. Cash flows from investing activities			
Tangible fixed assets: (cost of purchase) / sale price	**9, 10**	(3,050,453)	(2,314,414)
Intangible fixed assets: (cost of purchase) / sale price	**11**	(1,132,891)	(1,297,014)
Financial fixed assets: (cost of purchase) / sale price	**3**	-	-
Cash flow from investing activities (B)		**(4,183,344)**	**(3,611,428)**
C. Cash flows from financing activities			
Debt			
Increase (decrease) in short-term bank loans	**25**	(1,042,316)	(2,488,016)
Increase (decrease) in loans	**22**	2,748,863	(1,734,283)
Increase (decrease) in leases	**10**	(376,823)	(331,865)
Equity			
Share capital increase	**20**	7,340,096	9,723,047
Treasury shares purchase	**20**	(34,580)	-
(Paid dividends)	**20**	(2,304,414)	(2,312,928)
Acquisition of non-controlling interests	**20**	-	-
Differences from translation and other reserves	**20**	263,814	(117,783)
Cash flow from financing activities (C)		**6,594,640**	**2,738,171**
Increase (decrease) in cash and cash equivalent (A ± B ± C)		9,507,688	**491,872**
Cash and cash equivalent at the beginning of the period		6,106,995	**9,838,378**
Cash and cash equivalent at the end of the period		15,614,684	**10,330,250**

Notes to the condensed consolidated interim 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) and specifically to IAS 34 applicable to the interim financial reporting. The interim financial statements do not include all the information required by the IFRS in the preparation of the annual financial statements and therefore must be read together with the financial statements for the year ended December 31, 2023. The estimation processes and assumptions have been maintained in continuity with those used for the preparation of the annual financial statements. For comparative purposes, the first-half financial statements are compared to the balance sheet figures as of December 31, 2023 and with the profit and loss accounts as of June 30, 2023.
While not including all the information required for complete IFRS financial reporting, specific explanatory notes are included to explain the events and transactions that are relevant to understanding the changes in the Group's financial position and performance since latest annual report.
These consolidated financial statements were authorized for publication by the Company's Board of Directors on September 24, 2024.

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 June 30, 2024 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	Tubize (Belgio)	Commercial	100.00%
2SM Inc	Miami (US)	Sub-holding	100.00%
Head Protection Technologies LLC	Miami (US)	Commercial	100.00%

The interim 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.

In the first half of 2024, no transactions were carried out that led to changes in the consolidation area.

4. Functional and presentational currency

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

5. Going concern basis

These interim consolidated financial statements have been prepared on a going concern basis, assuming that the Group will be able to extinguish its liabilities.
During the first half of 2024, the Group recognized a profit after estimated tax for the period of 5,394 thousand Euro and generated cash flows from operating activities of 7,096 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 half-year 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.
The estimation processes and the assumptions were maintained in continuity with those used for the preparation of the annual 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.

Q. Share-based payments

With reference to share-based payment transactions, upon the occurrence of the conditions underlying, the Group shall recognize the effects in accordance with the provisions of the accounting standards, which require that the fair value at the grant date of the incentives is recognized in the equity-settled payment as an expense, with a corresponding increase in equity over the period during which the beneficiaries obtain the right to the incentives. The amount recognized as an expense shall be adjusted to reflect the actual number of shares for which the vesting conditions and non-market performance conditions have been satisfied, so that the final amount recognized as an expense is based on the number of shares that satisfy those conditions at the vesting date.

The fair value of the amount to be paid to the beneficiaries in respect of cash-settled share appreciation rights has to be recognized as an expense with a corresponding increase in the liability over the period during which the beneficiaries accrue the unconditional right to receive payment. The liability is revaluated at each reporting date and the settlement date on the basis of the fair value of the share appreciation rights. Any changes in the fair value of the liability have to be recognized in profit or loss for the year.

8. Adoption of new or revised accounting standards

Accounting Standards and interpretations issued by IASB for the financial years beginning on or after January 1, 2024

As of January 1, 2024, the following amendments to IFRS came into effect:

- EU Regulation 2023/2579 of November 2023, adopting amendments to IFRS 16 - Leases. The amendments to IFRS 16 specify how the selling lessee subsequently evaluates sale and leaseback transactions.
- EU Regulation 2023/2822 of December 19, 2023, adopting amendments to IAS 1 - Presentation of Financial Statements. The amendments improve the disclosures that an enterprise must make when its right to defer settlement of a liability for at least 12 months is subject to covenants.
- EU Regulation 2023/2772 of July 31, 2023, adopting the Sustainability Reporting Standards (ESRS).
- EU Regulation 2024/1317 of May 15, 2024, amending IAS 7- Statement of Cash Flows and IFRS 7- Financial Instruments: Disclosures. The document introduces disclosure requirements on a company's supply financing arrangements.

In addition, on May 8, 2024, Directive 2024/1306/EU was published in the Official Journal, amending Directive 2013/34/EU as regards the deadlines for the adoption of sustainability reporting standards for certain sectors and certain third-country companies.

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

On May 10, 2024, the IASB published the new accounting standard IFRS 19 - Subsidiaries without Public Accountability: Disclosures, which allows a subsidiary applying IFRS accounting standards to provide a lower level of disclosure in its financial statements. The new standard is effective for reporting periods beginning on or after January 1, 2027, with early application permitted.

On June 3, 2024, the IASB published Amendments to the Classification and Measurement of Financial Instruments- Amendments to IFRS 9 and IFRS 7, which clarifies a number of problematic issues that arose from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (i.e. green bonds). The amendments apply beginning with financial statements for fiscal years beginning on or after January 1, 2026.

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

06.30.2024	12.31.2023	Variations + (-)
13,865,303	11,247,605	2,617,698

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	Other tangible assets	Total
Book value at the beginning of the period							
Cost	5,448,823	6,560,484	2,082,487	1,729,760	1,561,007	694,429	18,076,990
Accumulated Depreciation	(1,381,223)	(3,451,209)	(1,512,491)	-	-	(484,462)	(6,829,386)
Net Book Value	**4,067,600**	**3,109,275**	**569,996**	**1,729,760**	**1,561,007**	**209,966**	**11,247,605**
Movements of the period							
Cost							
Additions	8,135	596,607	70,003	-	2,339,516	36,192	3,050,453
(Disposals)	-	(291,342)	(179,338)	-	-	(38,205)	(508,885)
Remeasurement at fair value IAS 16	-	-	-	24,493	-	-	24,493
Exchange rate impact	-	105,574	34,304	51,507	1,283	16,339	209,006
Reclassifications	-	-	-	-	-	-	-
Accumulated Depreciation							
Depreciation	(81,315)	(353,293)	(96,441)	-	-	(21,905)	(552,954)
(Disposals)	-	283,592	179,338	-	-	38,205	501,135
Exchange rate impact	-	(68,577)	(25,578)	-	-	(11,397)	(105,552)
Reclassifications	-	-	-	-	-	-	-
Book value at the end of the period							
Cost	5,456,958	6,971,322	2,007,457	1,805,760	3,901,807	708,754	20,852,058
Accumulated Depreciation	(1,462,538)	(3,589,487)	(1,455,172)	-	-	(479,559)	(6,986,756)
Net Book Value	**3,994,420**	**3,381,835**	**552,285**	**1,805,760**	**3,901,807**	**229,196**	**13,865,303**

During the first half, 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 maintenance of 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 increase in Plant, machinery and industrial equipment is due for Euro 143 thousand to investments made by the parent company Racing Force S.p.A., mainly aimed at increasing the production capacity of OMP brand products; for Euro 331 thousand to investments by the consolidated entity Racing Force International Wll, aimed at increasing the production of helmets in the factory in Bahrain; for Euro 103 thousand for expenses incurred to set up the Tubize office of the consolidated entity High Protection Systems and Euro 20 thousand for warehouse equipment purchased by the consolidated company Racing Force USA.

Additions in Furniture, fixtures and office equipment mainly refer to new laptops and other hardware for employees.

The assets recorded at fair value refer to original helmets and replicas of historic Bell-branded racing helmets, the value of which is determined on the basis of an appraisal drawn up by an independent expert. The fair value was determined on the basis of a market approach which reflects the prices of recent transactions for similar assets.

Assets under construction, amounting to 3,902 thousand Euro as of June 30, 2024, refer to the improvements relating to the parent company's plant in Ronco Scrivia, as part of the property expansion project and increase of production and logistics capacity.

Disposals mainly refer to fully depreciated assets that are no longer in use, for which the historical cost and accumulated depreciation values were removed from the financial statements, as well as some disposals of machinery carried out during 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

06.30.2024	12.31.2023	Variations + (-)
3,523,189	3,720,673	(197,485)

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	4,878,062	528,105	5,406,167
Accumulated Depreciation	(1,378,301)	(307,193)	(1,685,494)
Net Book Value	**3,499,761**	**220,912**	3,720,673
Movements of the period			
Cost			
Additions	8,040	53,162	61,202
(Disposals)	-	-	-
Other movements	-	372,015	372,015
Accumulated Depreciation			
Depreciation	(346,155)	(52,894)	(399,049)
(Disposals)	-	-	-
Other movements	-	(231,652)	(231,652)
Book value at the end of the period			
Cost	4,886,102	953,282	5,839,384
Accumulated Depreciation	(1,724,456)	(591,740)	(2,316,196)
Net Book Value	**3,161,646**	**361,543**	3,523,189

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 increase in the item Other Assets is due to the new agreements for cars granted to employees at the headquarter in Ronco Scrivia, while the change in the item Buildings refers to the revision of the Pisa office rent charge.

The other movements mainly reflect changes in the exchange rates of the leasing and rental agreements held by the consolidated foreign entities.

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

Income Statement	**First half 2024**
General and administrative expenses	(450,689)
EBITDA	450,689
Depreciation	399,049
EBIT	51,640
Finance loss and taxes	73,866
Net Result	(22,226)
Balance Sheet	
Right of use assets	3,523,189
Net invested capital	(107,058)
Net Equity	(25,424)
Cash Flow	
Cash flow from operations	376,823
Cash flow from investments	-
Cash flow from financial operations	(376,823)
Increase (decrease) in cash and cash equivalent	-

Lease liabilities

06.30.2024	12.31.2023	Variations + (-)
3,630,246	3,855,705	(225,459)

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 the period	3,720,673
+ Assets acquired on finance leases during the first six months	60,042
- Assets on finance leases redeemed during the first six months	-
- Lease agreements terminated during the first six months	-
- Share of depreciation for the half-year	(399,049)
+/- Adjustments/increases in finance leases	141,523
Finance leases, net of total depreciation, at the end of the period	**3,523,189**
B) Current value of unexpired lease payments	
Current value of unexpired lease payments calculated using the interest rate of the lease contract	3,630,246
of which:	
- Payable within one year	772,078
- Long term	2,858,168
C) Financial changes for the period	
Financial charges for the year calculated using the applicable interest rate	73,866

Payables for long-term leases include 2,548 thousand Euro with a maturity between one and five years and 310 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

06.30.2024	12.31.2023	Variations + (-)
8,749,570	8,143,362	606,208

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	4,734,474	6,491,113	1,732,989	12,958,576
Accumulated Depreciation	(2,768,744)	(2,046,471)	-	(4,815,214)
Net Book Value	**1,965,730**	**4,444,643**	**1,732,989**	8,143,362
Movements of the period				
Cost				
Additions	247,811	272,454	612,626	1,132,892
Reclassifications	-	102,641	(102,641)	-
Exchange rate impact	46,748	84,416	4,289	135,453
Accumulated Depreciation				
Depreciation	(366,778)	(257,132)	-	(623,910)
Exchange rate impact	(26,802)	(11,425)	-	(38,227)
Book value at the end of the period				
Cost	5,029,033	6,950,625	2,247,263	14,226,921
Accumulated Depreciation	(3,162,324)	(2,315,028)	-	(5,477,352)
Net Book Value	**1,866,710**	**4,635,597**	**2,247,263**	8,749,570

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 and Zeronoise brand products and in the subsidiary Racing 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 first half of the year is due to the recognition among intangible assets of the expenses incurred for the homologation of new products, mainly under OMP brand.

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 increase in the period includes 223 thousand Euro for investments in software and 49 thousand Euro for trademarks related expenses. Furthermore, 103 thousand Euro were reclassified during the period, previously booked in Work in progress and advances as of December 31, 2023, related to the ERP systems implemented by the consolidated companies Racing Force International Wll and High Protection Systems SA starting from early 2024.

Assets in progress as of June 30, 2024 include 2,084 thousand Euro related to development projects for defense helmets (special forces and police riot), expected to be completed by end of 2024, and 163 thousand Euro for the development of new websites for the Group.

Goodwill

06.30.2024	12.31.2023	Variations + (-)
6,235,037	6,235,037	-

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

Goodwill	06.30.2024	12.31.2023	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	**6,235,037**	**-**

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 values of goodwill have been all subject to the assessment and evaluation by the Group's management at December 31, 2023, 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 2024-2027 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: 15.32% for Racing Force International Wll; 8.77% for Racing Force USA Inc.; 10.15% for Racing Force S.p.A.; 8.75% 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 0.95 for all CGUs, except for Racing Spirit for which a 0.74 rate was used (Source: Damodaran).
- Growth rate beyond the explicit projection period equal to 3% for all the CGUs.

For the purposes of these half-yearly consolidated financial statements, all the assumptions contained in the aforementioned plans have been analyzed on the basis of i) the actual results recorded as of June 30, 2024 for each CGU; ii) the trend of the main variables used within the models, including the interest rate.

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 June 30, 2024.

12. Non current financial assets

06.30.2024	12.31.2023	Variations + (-)
513,030	513,021	9

The amount is related to a deposit (6 months) signed with ASB by the consolidated entity Racing Force International Wll expiring on December 4, 2024 on which interest income accrue at an annual rate of 4.10%..

13. Due from related parties - non current

06.30.2024	12.31.2023	Variations + (-)
20,000	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, with 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

06.30.2024	12.31.2023	Variations + (-)
12,657	13,617	(960)

The item mainly refers to guarantee deposits.

15. Cash and cash equivalents

06.30.2024	12.31.2023	Variations + (-)
15,614,684	6,106,995	9,507,688

Variations for the period are detailed as follows:

	Balance at 12.31.2023	Variations for the period	Balance at 06.30.2024
Bank deposits	6,073,708	9,507,725	15,581,433
Cash and cash on hand	33,287	(37)	33,251
	6,106,995	**9,507,688**	**15,614,684**

Bank deposits, cash and other cash on hand are not restricted and are fully available. For the analysis of cash variations, please refer to the consolidated cash flow statement.

16. Trade receivables

06.30.2024	12.31.2023	Variations + (-)
12,847,060	11,215,073	1,631,986

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

	Balance at 12.31.2023	Variations for the period	Balance at 06.30.2024
Trade receivables	11,419,370	1,652,785	13,072,155
Bad debt allowance	(204,297)	(20,798)	(225,095)
	11,215,073	**1,631,987**	**12,847,060**

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 variance of the period is due to 38 Euro thousand of accruals, net of 17 Euro thousand of utilizations.

The increase in the balance of trade receivables as of June 30, 2024 compared to the end of the previous fiscal year is in line with the increase in sales in the first half of 2024.

The ageing of trade receivables a of June 30, 2024 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	7,517,998	1,044,477	2,524,283	1,174,391	412,401	398,604	**13,072,155**

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	06.30.2024	12.31.2023	Variations + (-)
EMEA	10,780,700	9,606,256	1,174,444
AMER	1,841,805	1,465,611	376,194
APAC	449,650	347,503	102,147
	13,072,155	**11,419,370**	**1,652,784**

The Group sells its products in around 80 countries. As of June 30, 2024 four countries (Italy, United Kingdom, France and United States) individually exceed 10% of the total receivables booked as of June 30, 2024 (Italy and United Kingdom as of December 31, 2023).

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

Type	06.30.2024	12.31.2023	Variazioni + (-)
Dealers	6,176,510	4,438,039	1,738,471
Team and car manufacturers	4,565,414	5,055,670	(490,256)
Other	2,330,231	1,925,661	404,570
	13,072,155	**11,419,370**	**1,652,784**

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

06.30.2024	12.31.2023	Variations + (-)
25,244,793	25,101,154	143,639

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

	Balance at 12.31.2023	Variations for the period	Balance at 06.30.2024
Raw materials	9,100,699	1,015,330	10,116,029
Semi-finished goods	1,434,315	(189,480)	1,244,835
Finished products	14,663,466	(682,211)	13,981,255
Obsolescence Fund	(97,326)	-	(97,326)
	25,101,154	**143,639**	**25,244,793**

Balances as of June 30, 2024 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 half-year.

The obsolescence fund reflects the obsolescence rate and the timing of inventory turnover. No variances recorded for the period.

The higher balance of inventories as of June 30, 2024 compared to the end of the previous year, is in line with the increase in sales.

The variance recorded in raw materials is mainly related to the Bell branded helmets, in view of the production of new models complying with the new homologation standard, which came into effect in July 2024, following the certification of the first open face racing helmet obtained by the Group, the production of which is expected to start In the second half of 2024.

The current level of inventories allows the Group to cope with risks related to raw materials availability and price fluctuations and, at the same time, has the goal of promoting product innovation in the motorsport safety component manufacturing area.

18. Due from related parties - current

06.30.2024	12.31.2023	Variations + (-)
25,281	21,243	4,038

Receivables from related parties are composed as follows:

Due from related parties - current	06.30.2024	12.31.2023	Variations + (-)
KJK Protective Techologies LLC	20,399	20,202	197
Nehoc Systems Ltd	3,841	-	3,841
SAYE S.p.A.	1,041	1,041	-
	25,281	**21,243**	**4,038**

Balance mainly refers to the current portion of the active loan granted to KJK Protective Technologies LLC, including interest accrued for the period.
In addition, 1 thousand Euro of receivables towards the parent company SAYE S.p.A. relating to the proceeds realized under the liquidity agreement with TP ICAP - Midcap division and 4 thousand Euro receivables towards Nehoc Systems Ltd are included.

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

06.30.2024	12.31.2023	Variations + (-)
2,383,354	3,371,362	(988,008)

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

Other current assets	06.30.2024	12.31.2023	Variations + (-)
Prepaid expenses and advances	2,199,284	3,246,488	(1,047,204)
Other receivables	184,070	124,874	59,196
	2,383,354	**3,371,362**	**(988,008)**

The item prepaid expenses and advances refers to: i) 1,464 thousand Euros of costs connected to multi-year contracts incurred for technical partnerships with teams and car manufacturers, related to the following period (1,367 thousand Euros as of December 31, 2023) and ii) 735 thousand Euros advances to suppliers relating to production activities (1,879 thousand Euros as of December 31, 2023).

20. Net Equity

Share capital

06.30.2024	12.31.2023	Variations + (-)
2,738,933	2,569,920	169,014

Share capital consists of no. 27,389,333 shares with no par value and is fully subscribed and paid up by all shareholders.

The change in the half-year is due to the paid share capital increase, with the exclusion of option rights (*accelerated bookbuilding*), according to the terms resolved by the Board of Directors of the parent company on June 25, 2024, for the portion allocated to the share capital.

Additional paid-in capital

06.30.2024	12.31.2023	Variations + (-)
36,949,042	29,777,959	7,171,082

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 i) in 2021 as a result of the share capital increase following the listing on EG Milan stock exchange market for a total of 18,383 thousand Euro, net of related cost and fiscal effect; ii) in 2023, as a result of the share capital increase transaction against payment with the exclusion of the option right (*accelerated bookbuilding*) for 9,529 thousand Euro.
The change in the semester is due to the share capital increase transaction against payment with the exclusion of the option right (*accelerated bookbuilding*), according to the terms resolved by the Board of Directors of the parent company on June 25, 2024, for the portion allocated to additional paid-in capital, net of the related costs and tax effect.

Legal reserve

06.30.2024	12.31.2023	Variations + (-)
514,984	514,984	-

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.

Translation reserve

06.30.2024	12.31.2023	Variations + (-)
160,232	(351,262)	511,493

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 period is due to the exchange rate trend with the Bahraini Dinar and USD Dollar.

Retained earnings (losses)

06.30.2024	12.31.2023	Variations + (-)
12,867,852	10,387,509	2,480,343

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 29, 2024, the Shareholders' Meeting of the parent company Racing Force S.p.A. approved the distribution of dividends for 2,313 thousand Euro, attributing a unit dividend of Euro 0.09 per share. These dividends were paid out in May 2024, except for Euro 8,514 deferred for collection.

Treasury Shares reserves

06.30.2024	12.31.2023	Variations + (-)
(34,580)	-	(34,580)

Treasury shares reserves include the Company's shares purchased by the Group following the start of the buyback program as of May 13, 2024, in implementation of the parent company's shareholders' resolution of April 29, 2024. As of the reporting date, the Company held 9,033 treasury shares in its portfolio, accounting for 0.033% of the share capital.

Other reserves

06.30.2024	12.31.2023	Variations + (-)
829,052	792,583	36,469

Other reserves include 846 thousand 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 17 thousand Euro.

The movements are detailed in the Statement of changes in equity for the half-year ended June 30, 2024.

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	**49,256,245**	**2,702,331**
Impact IAS 19	(17,228)	-
Impact IFRS 3, IFRS 10	359,401	11,120
Impact IAS 32, IAS 38	(700,373)	157,993
Impact IFRS 16	9,126	1,095
Amounts as per Racing Force S.p.A. Financial Statements IAS-IFRS	**48,907,171**	**2,872,539**
Net Equity and income from consolidated subsidiaries	19,863,230	1,834,827
Elimination of consolidated investments	(9,269,163)	-
Elimination of intra-group dividend	-	-
Goodwill (IFRS 3, IFRS 10)	4,808,885	-
Intangible assets depreciation (IFRS 3, IAS 38)	(267,773)	6,432
Elimination of intra-group margin	(4,771,677)	703,886
Acturial gains and losses (IAS 19)	(34,550)	(19,737)
Lease Accounting (IFRS 16)	160,232	-
Cumulative translation reserve	23,649	(3,458)
Net Equity and result of the Group	**59,420,004**	**5,394,489**
Non-controlling interest	-	-
Amounts as per consolidated financial statements	**59,420,004**	**5,394,489**

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

06.30.2024	12.31.2023	Variations + (-)
11,325,061	8,576,198	2,748,863

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

Long term loans	06.30.2024	12.31.2023	Variations
Current	2,971,446	2,500,201	471,245
Non current	8,353,615	6,075,997	2,277,618
	11,325,061	8,576,198	2,748,863

The portion of long-term loans expiring within one year is classified under current liabilities.
The details of long-term bank loans as of June 30, 2024, 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 June 30, 2024 in Euro	Current portion in Euro	Long term portion in Euro
Bper Banca (Ex Carige)	EUR	5,000,000	9/4/2020	8/31/2026	1.10%	2,735,612	1,254,495	1,481,117
Banco BPM	EUR	4,000,000	12/10/2019	6/30/2028	2.15%	2,349,747	570,903	1,778,844
Banco BPM	EUR	1,750,000	5/26/2021	5/31/2031	1.60%	1,239,936	170,900	1,069,035
Banco BPM	EUR	1,000,000	4/13/2022	4/30/2026	2.22%	533,484	288,300	245,183
Banco BPM	EUR	4,000,000	1/25/2024	1/31/2031	4.84%	4,000,000	490,934	3,509,066
Credit Agricole (ex Creval)	EUR	400,000	6/6/2019	10/5/2025	1.35%	135,739	101,575	34,164
Simest	EUR	600,000	4/19/2021	12/31/2027	0.55%	315,000	90,000	225,000
BNP Paribas	EUR	17,350	1/16/2024	1/16/2028	4.51%	15,543	4,338	11,205
Total						**11,325,061**	**2,971,446**	**8,353,615**

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

During first half of 2024 two new long-term loans were activated:

- Banco BPM for Euro 4 million, duration 7 years and variable annual interest of Euribor 3M + spread 0.90%;
- BNP Paribas for Euro 17 thousand, duration 48 months and fixed interest rate of 4.51%.

23. Employee benefits

06.30.2024	12.31.2023	Variations + (-)
1,107,415	1,122,129	(14,714)

The balance is composed as follows:

	Balance at 12.31.2023	Variations for the period	Balance at 06.30.2024
Defined contribution plans	736,039	32,597	768,636
Defined benefit plans (TFR)	386,090	(47,311)	338,780
	1,122,129	**(14,714)**	**1,107,415**

The balance as of June 30, 2024 includes 338,780 Euro of defined benefit obligations related to the personnel employed in Italy by Racing Force S.p.A., accounted for according to IAS 19 (386,090 Euro as of December 31, 2023).
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.

Variance in defined benefits obligations in 2024 first half were the following:

Present value of obligations at December 31, 2023	**386,090**
Service cost	-
Interest	6,091
Benefits paid	(37,644)
Other changes	-
Actuarial loss/(gain)	(15,758)
Present value of obligations at June 30, 2024	**338,780**

The main assumptions of the model are the following:

- considering the current 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 is preferable 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 June 30, 2024. These interest rate values, ranging from 3.46% (1-3Y) to 3.61% (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 2023 first half, a range between 4.00% and 3.62% was used);
- the estimate of future inflation is 1.4% in 2024 and 2% in subsequent years, in line with the development of the price index for blue and white collar families;
- 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;
- considering the evolution of the data over the last 5 years, the frequency of turn-over remain unchanged (5% per year), and the annual frequency of access to the right of anticipation has decreased (1% per year).

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 4.41%.

As per the personnel employed in Bahrain from Racing Force International Wll, the liability constitutes a defined contribution plan. The detail of the variance of the period is reported in the table below:

Balance at December 31, 2023	**736,039**
Accruals	38,159
Payments	(27,479)
Exchange rate impact	21,917
Balance at June 30, 2024	**768,636**

24. Provisions

06.30.2024	12.31.2023	Variations + (-)
356,907	356,907	-

The provisions as of June 30, 2024 include the liabilities set aside to cover the losses deriving from any commercial disputes and tax claims.
No changes incurred in the half-year.

Provisions	06.30.2024	12.31.2023	Variations + (-)
Tax Claims	216,907	216,907	-
Other accrued liabilities	140,000	140,000	-
	356,907	**356,907**	**-**

Provision for tax claims relate to the amounts 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.
In January 2024, the Supreme Court of Cassation upheld the appeal filed by the Company with reference to the 2008 tax year and referred the claim back to the second instance Tax Court, which will then have to reevaluate it in accordance with the indications provided in the legitimacy judgment.

The other accrued liabilities refer to a single dispute that originated in 2007 with a commercial counterparty, which is still ongoing.

25. Short Term Loans

06.30.2024	12.31.2023	Variations + (-)
221,463	1,263,779	(1,042,316)

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 as of June 30, 2024 is shown below:

Bank	Currency	Interest rate	ST credit lines limits in currency as of 06.30.2024	ST credit lines limits in Euro as of 06.30.2024	ST debt as of 06.30.2024
BNL	EUR	Euribor + spread	1,050,000	1,050,000	-
Unicredit	EUR	Euribor + spread	1,750,000	1,750,000	-
Bper Banca	EUR	Euribor + spread	900,000	900,000	-
Banco BPM	EUR	Euribor + spread	2,000,000	2,000,000	-
Credit Agricole	EUR	Euribor + spread	2,150,000	2,150,000	-
Intesa SanPaolo	EUR	Euribor + spread	2,500,000	2,500,000	69,636
Credem	EUR	Euribor + spread	850,000	850,000	151,440
Deutsche Bank	EUR	Euribor + spread	850,000	850,000	-
Monte dei Paschi di Siena	EUR	Euribor + spread	1,000,000	1,000,000	-
ASB	BHD	6.25%	350,000	868,486	387
TOTAL				**13,918,486**	**221,463**

26. Trade payables

06.30.2024	12.31.2023	Variations + (-)
11,517,445	12,337,811	(820,367)

The variation compared to December 31, 2023 is mainly due to the payment of trade payables for supplies made at the end of the previous year in view of the following season.

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	06.30.2024	12.31.2023	Variations + (-)
EMEA	10,661,252	11,675,034	(1,013,782)
AMER	463,626	283,166	180,460
APAC	392,566	379,611	12,955
	11,517,445	**12,337,811**	**(820,367)**

Only a country (Italy) individually accounts for more than 10% of the total trade payables recorded as of June 30, 2024, as well as of December 31, 2023.

The breakdown of the balance at the end of the half-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	8,672,094	519,322	1,373,070	571,254	27,784	353,921	**11,517,444**

27. Due to related parties

06.30.2024	12.31.2023	Variations + (-)
84,788	58,675	26,113

Payables to related parties at June 30, 2024 are composed as follows:

Due to related parties	06.30.2024	12.31.2023	Variations + (-)
MSV Ltd	84,788	56,662	28,126
GMP Consulting	-	2,013	(2,013)
	84,788	**58,675**	**26,113**

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

28. Other payables

06.30.2024	12.31.2023	Variations + (-)
2,513,339	2,013,957	499,382

Other payables as of June 30, 2024 are detailed in the table below:

Other payables	06.30.2024	12.31.2023	Variations + (-)
Payable to personnel	1,302,874	972,849	330,025
Social Security payables	367,870	375,648	(7,778)
Deferred income	360,488	170,817	189,671
Other accrued payables	482,107	494,643	(12,536)
	2,513,339	**2,013,957**	**499,382**

The increase in payables to personnel is mainly due to the accrual of an additional salary paid out in July (14th monthly payment).
The increase in deferred income is related to higher advances received from customers for goods shipped after the first half closing.

29. Gross profit

	First Half 2024	First Half 2023	Variations + (-)
Revenue	37,581,573	37,204,433	377,141
Cost of sales	(14,478,886)	(14,198,523)	(280,363)
Gross profit	**23,102,687**	**23,005,909**	**96,777**

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 dedicated to the sale of mini-helmets and Racing Spirit is the brand for non-technical lifestyle apparel, inspired by motorsport.

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

Category	First Half 2024	First Half 2023	Variations + (-)
Driver's equipment	27,510,524	26,840,520	670,004
Car parts	7,845,856	7,440,981	404,875
Other	2,225,192	2,922,931	(697,739)
	37,581,573	**37,204,433**	**377,140**

Compared to the previous fiscal year, the Group's sales mix in the first half of 2024 has been characterized by a different composition in terms of product categories.
In detail, sales of Driver's Equipment registered an increase of Euro 0.7 million (+2.5%) compared to 2023 first half, driven by the growth of the OMP brand; turnover of Car Partsincreased by Euro 0.4 million (+5.4%), primarily due to supplies linked to the production programs of some main car manufacturers in Italy; the Other segment recorded a decrease of Euro 0.7 million (-23.9%) due to non-technical Racing Spirit branded apparel sales made at the beginning of

the previous fiscal year to two major clients for the entire season, which had a combined impact of over 1 million Euro in the first half of 2023.

The breakdown of revenue by distribution channel is shown below:

Type	First Half 2024	First Half 2023	Variations + (-)
Dealers	23,329,197	23,211,202	117,996
Teams and car manufacturers	9,254,310	8,964,240	290,070
Other	4,998,066	5,028,991	(30,926)
	37,581,573	**37,204,433**	**377,140**

Dealers continue to represent the primary sales channel for the Group, accounting for 62% of total revenue in the first half of the year, slightly better than the first half of 2023 (+0.5%), mainly due to the growth registered in the second quarter of 2024 (+Euro 0.3 million, equal to +3.4% compared to the second quarter of 2023).
Revenue from Team & Car Manufacturers are overall up 3.2% compared to the first half of 2023 (+16.7%) excluding the two Racing Spirit orders in 2023), following important technical partnership agreements signed by the Group in the major world championships and national competitions (including Nascar, in the United States), while sales to customers classified as Other are substantially aligned with the first half of 2023.

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	First Half 2024	First Half 2023	Variations + (-)
EMEA	24,911,706	24,597,623	314,082
AMER	8,688,415	9,089,997	(401,581)
APAC	3,981,452	3,516,812	464,639
	37,581,573	**37,204,433**	**377,140**

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 2024 first half (the same countries were exceeding the threshold even in the first half of 2023).

In terms of geographical areas, all the major countries in the APAC region (Australia, China, and Japan) have recorded significant growth compared to the same period in the previous fiscal year, totaling an overall increase of +13.2%. Sales in the EMEA region are slightly higher than the first semester of 2023 (+1.3%).
Turnover in the Americas for the first six months of the year is down 4.4% compared to the first semester of 2023, showing improvement from the first quarter, with a 4.5% increase in the second quarter of 2024 compared to the second quarter of 2023.
The variations in EMEA and the Americas were influenced by the aforementioned orders related to non technical Racing Spirit branded apparel. Excluding these impacts, growth stands at +2.8% in EMEA and +3.3% in the Americas for the six months.

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

	First Half 2024	First Half 2023	Variations + (-)
Raw materials	11,893,576	12,859,980	(966,404)
Change in inventory of finished and semi-finished goods	871,691	(479,868)	1,351,559
Trasport and duties on purchases	1,383,705	1,545,761	(162,056)
Other costs related to purchases	329,914	272,651	57,264
	14,478,886	**14,198,523**	**280,363**

Variation compared to prior year is mainly due to the increase of turnover during the first half of 2024.

As for transport and customs charges, the reduction is due to both the decrease in average rates charged by carriers and the rationalization of logistics within the Group.

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

The gross margin in absolute value increased by 97 thousand Euro compared to the previous year; gross margin percentage, calculated as the ratio between gross margin and total revenues, is equal to 61.5% (61.8% in 2023 first half). Variance is mainly due to a different breakdown of turnover and, particularly, to higher sales of items included in the macro-category of Car parts products, having a lower average marginality, compared to other types of products commercialized by the Group.

30. Other income

	First Half 2024	First Half 2023	Variations + (-)
Other income	661,643	448,689	212,954

Other income includes 291 thousand Euro relating to sales of materials to suppliers (227 thousand Euro in the first half of 2023); 213 thousand Euro for development services provided as part of technical partnerships (52 thousand Euro in the first half of 2022); 102 thousand Euro of government grants, recognized as tax credit, for the purchases made in previous years of interconnected fixed assets meeting the requirements of Law No. 232 December 11, 2016 (so called *Industry 4.0*) and 39 thousand Euro received by the subsidiary Racing Force International Wll for new personnel hired in the company (111 thousand Euro in first half of 2023).

31. Selling and distribution expenses

	First Half 2024	First Half 2023	Variations + (-)
Selling and distribution expenses	(5,378,445)	(5,436,278)	57,834

Details of the expenses incurred by the Group in 2024 first-half are reported in the following table:

Selling and distribution expenses	First Half 2024	First Half 2023	Variations + (-)
Technical partnerships and sponsorhips	3,708,578	3,323,443	385,135
Freight out	1,253,454	1,645,568	(392,114)
Commissions and other cost on sales	416,413	467,267	(50,854)
	5,378,445	**5,436,278**	**(57,834)**

Technical partnerships mainly refer to the portion of costs related to the half-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 2024 compared to the same period of the prior year.
The decrease in freight out, despite the higher turnover recognized in 2024 first half compared to the previous year, is due both to the reduction in average freight charges applied from carriers, and the logistics rationalization activities within the Group
The decrease in commissions and other costs on sales is related to the rationalization of expenses incurred for racing service activities.

32. General and administrative expense

	First Half 2024	First Half 2023	Variations + (-)
General and administrative expenses	(10,124,032)	(9,901,979)	(222,052)

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

General and administrative expenses	First Half 2024	First Half 2023	Variations + (-)
Personnel	7,285,871	6,921,292	364,579
Professional fees	830,806	983,521	(152,715)
Compensation to BoD	422,084	403,941	18,144
Utilities	346,185	369,064	(22,879)
Repair & maintenance	233,912	248,084	(14,172)
Travel expenses	423,664	327,347	96,317
Rent expenses	96,476	151,359	(54,883)
Insurances	77,761	95,288	(17,527)
Bank charges	124,514	99,498	25,016
Other G&A	282,757	302,584	(19,827)
	10,124,032	**9,901,979**	**222,052**

Personnel costs include wages and salaries for the employees of Group's companies for Euro 5,553 thousand (Euro 5,312 thousand in 2023 first half), as well as social security and other expenses relating to personnel for Euro 1,732 thousand (Euro 1,609 thousand in 2023 first half). The increase compared to the first half of 2023 is mainly due to the higher number of average employees within the Group during the period, as detailed in note 39 - Other information, in addition to salaries increase related to the renewal of the collective agreement applied to personnel in Italy, recognized starting from April 2024.

No accruals related to the stock grant plan 2023-2025 were booked in the period, as the minimum requirements for the activation of the plan were not met.

The variation in Professional fees is mainly due the decrease in production consulting expenses for 121 thousand Euro, following the internalization of some activities at the end of 2023, as well as lower compensations and fees to other professionals for 32 thousand Euro.

The decrease in Utilities refers mostly to the solar panels installed in Ronco Scrivia, which entered into service at the end of the previous fiscal year, and the resulting savings from increased energy efficiency in the company.

The balance of Repair and maintenance including ordinary maintenance activities, not qualifying as Property, Plant and Equipment, decreased compared to 2023 first-half, due to lower number of activities carried out at the Group's main operating locations during the semester.

The change in travel expenses is mainly due to the higher number of employees business travels during the period, for the implementation of Group's projects.

The decrease in Rent expenses is mainly attributable to the termination of the rental of an external warehouse in Miami, since August 2023, following the move to the new Doral location.

Lower Insurances costs during the first half of 2024 are due to the insurance coverage required for the provision of services related to the Driver's Eye in the U.S. territory during 2023 first-half.

The increase in bank fees is mainly attributable to fees charged by credit institutions on credit cards collections in the United States, as a result of increased use of this payment method by customers.

The other general and administrative costs mainly refer to consumables and other management costs. Furthermore, the item includes 16,380 Euro of fees for the board of statutory auditors of the parent company Racing Force S.p.A., consistent with what was recognized in 2023 first-half.

33. Other expenses

	First Half 2024	First Half 2023	Variations + (-)
Other expenses	(107,958)	(184,743)	76,785

Other expenses mainly refer to costs for research incurred during the period and development costs not meeting the requirements for capitalization for 50 thousand Euro (135 thousand Euro in 2023 first half), in addition to taxes other than income taxes and other charges for 58 thousand Euro (50 thousand Euro in 2023 first half).

34. Bad Debt and write-off

	First Half 2024	First Half 2023	Variations + (-)
Bad Debt and write off	(37,281)	(193,461)	156,180

The balance as of June 30, 2024 is due to the accrual of 37 thousand Euro for bad debt provision (Euro 180 thousand in 2023 first half).

35. Depreciation

	First Half 2024	First Half 2023	Variations + (-)
Depreciation	(1,575,913)	(1,363,710)	(212,202)

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	First Half 2024	First Half 2023	Variations + (-)
Intangible Assets	623,910	579,970	43,940
Right of use assets	399,049	374,819	24,230
Property, Plant & Equipment	552,954	408,921	144,033
	1,575,913	**1,363,710**	**212,202**

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

36. Finance income and costs

	First Half 2024	First Half 2023	Variations + (-)
Finance income	341,079	106,036	235,043
Finance costs	(293,541)	(352,100)	58,559
Net Finance result	**47,538**	**(246,064)**	**293,602**

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	First Half 2024	First Half 2023	Variations + (-)
Bank interest income	80,858	101,329	(20,472)
Foreign exchange income	259,822	-	259,822
Other interest income	399	4,706	(4,307)
	341,079	**106,036**	**235,043**

Bank interest income in the first half of 2024 refers to amounts accrued on the parent company ordinary bank account for Euro 70 thousand and to interest income on six-months deposit signed with ASB by the consolidated company Racing Force International Wll for Euro 11 thousand.

Foreign exchange income consist of Euro 24 thousand arising from positive exchange differences realized during the six-month period and Euro 236 thousand from unrealized positive exchange rate differences, mainly due to the effect of the depreciation of the Euro on liabilities booked in this currency in the consolidated companies Racing Force International Wll and Racing Force USA Inc., having respectively Bahrain Dinar ad US Dollar as functional currencies.

Finance costs	First Half 2024	First Half 2023	Variations + (-)
Interests on Banks debt	227,903	151,633	76,270
Interest leasing IFRS 16	52,534	35,387	17,147
Foreign exchange loss	-	158,833	(158,833)
Interest IAS 19	6,091	6,212	(122)
Other finance costs	7,013	35	6,978
	293,541	**352,100**	**(58,559)**

The increase in interest expense on bank borrowings is due to the higher average level of indebtedness during the period.

37. Taxes

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

	First Half 2024	First Half 2023	Variations + (-)
Taxes	(1,193,751)	(1,252,092)	58,341

The composition of the balance as of June 30, 2024 is as follows:

Taxes	First Half 2024	First Half 2023	Variations + (-)
Current income taxes	1,110,019	1,175,176	(65,157)
Deferred taxes	83,732	76,916	6,816
	1,193,751	**1,252,092**	**(58,341)**

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

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

Changes in current taxes during the half-year

	06.30.2024	12.31.2023	Variations + (-)
Tax receivables			
current	1,262,898	1,515,390	(252,492)
non current	297,060	263,106	33,954
Total tax receivables	**1,559,958**	**1,778,496**	**(218,538)**
Tax payables			
current	973,427	4,246	969,182
non current	-	-	-
Total tax payables	**973,427**	**4,246**	**969,182**

Tax credits are mainly due to VAT credit.

The item also includes Euro 102 thousand for incentives recognized in the form of a tax credit, against the purchase made in previous years of interconnected capital goods meeting the requirements of Law No. 232 of December 11, 2016 (*Industry 4.0*), which can be offset for tax payments during three fiscal years, starting from the current.

The change in the non-current portion refers to the balance of the credit for *Industry 4.0* that can be offset in the payment for the following year.

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

Changes in deferred taxes during the period

	06.30.2024	12.31.2023	Variations + (-)
Deferred tax assets			
current	-	-	-
non current	583,895	610,144	(26,249)
Total deferred tax assets	**583,895**	**610,144**	**(26,249)**
Deferred tax liabilities			
current	-	-	-
non current	(27,713)	(23,410)	(4,303)
Total deferred tax assets	**(27,713)**	**(23,410)**	**(4,303)**

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

Below is the breakdown of the movements in deferred taxes as of June 30, 2024:

Deferred Tax Assets	06.30.2024	12.31.2023	Variations + (-)
Listing costs IAS 32	296,718	300,894	(4,176)
Intra-group margin in stock	231,078	249,369	(18,291)
Defined benefit plan under IAS 19	5,441	9,223	(3,782)
Other deferred tax assets	50,658	50,658	-
	583,895	**610,144**	**(26,249)**
Deferred Tax Liabilities			
Goodwill	(26,265)	(21,962)	(4,303)
Unrealized Fx rate differences	(1,448)	(1,448)	-
	(27,713)	**(23,410)**	**(4,303)**

The breakdown of taxes by type is shown below:

Type	Amount 06.30.2024	Deferred Tax Assets 06.30.2024	Amount 12.31.2023	Deferred Tax Assets 12.31.2023
Listing costs IAS 32	1,063,507	296,718	771,172	300,894
Intra-group margin in stock	828,235	231,078	893,795	249,369
Defined benefit plan under IAS 19	19,502	5,441	33,056	9,223
Other differences	195,266	50,658	195,266	50,658
	2,106,509	**583,895**	**1,893,289**	**610,144**

Type	Amount 06.30.2024	Deferred Tax Liabilities 06.30.2024	Amount 12.31.2023	Deferred Tax Liabilities 12.31.2023
Goodwill	(94,141)	(26,265)	(78,718)	(21,962)
Unrealized Fx rate differences	(6,034)	(1,448)	(6,034)	(1,448)
	(100,175)	**(27,713)**	**(84,752)**	**(23,410)**

The main amount as of June 30, 2024 relates to the deferred tax assets resulting from costs incurred for the listing, booked among Equity, and to the deferred tax assets resulting from the elimination of the intragroup 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 period.

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 and Israeli-Palestinian 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.
The recent worsening of tensions in the Gaza Strip, as a consequence of the conflict between Israel and Palestine and the attacks on naval traffic in the Red Sea since late 2023 are likely to exacerbate the volatility of commodity prices (oil and natural gas) and hinder the Group's logistics.
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.
Starting from 2022, the Group has no credit exposure and ceased any export activities to Russian clients. Additionally, initiatives have been launched with the aim of enhancing energy efficiency at the Ronco Scrivia headquarters; investments are also planned in Bahrain, with the same goal of achieving energy cost savings and mitigating the risk of future price increases.

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.
In recent years, also influenced by the Russian-Ukrainian crisis, various sectors from which the Group procures its supplies, 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.
The recent worsening of tensions in the Gaza Strip, as a consequence of the conflict between Israel and Palestine and the attacks on naval traffic in the Red Sea since late 2023 are likely to exacerbate the volatility of commodity prices (oil

and natural gas) and hinder the Group's logistics.
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 almost any price increase to final customers.

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; iv) before entering the market, the products undergo strict internal quality controls.

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 proper implementation of 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, as of today, 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 as of June 30, 2024 and the average for the period, broken down by homogeneous categories.

Headcount	06.30.2024	Average First Half 2024	06.30.2023	Average First Half 2023
Managers	56	54	43	43
Employees (office)	119	122	127	119
Warehouse / Production	375	367	392	369
Total	**550**	**543**	**562**	**531**

At the end of the six-months period a reduction of 12 employees is noted compared to June 30, 2023, mainly due to the temporary vacancy of some roles, for which selection procedures have already been initiated and are expected to be covered by the end of the year.
The average number of employees in the first six months of 2024 is higher than 2023, due to the hiring of personnel during the first months of 2023, mainly to support the increase in production capacity, in force for the entire six-month period in 2024.

Fees to Directors and Statutory Auditors

	First Half 2024	First Half 2023	Variations + (-)
Board of Directors	422,084	403,941	18,144
Statutory Auditors	16,380	16,380	-

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

	First Half 2024	First Half 2023	Variations + (-)
KPMG Italy - audit	11,000	11,000	-
Total	**11,000**	**11,000**	**-**

Fees to KPMG reported in the previous table relate to the limited audit on the consolidated interim financial statements of the Group.
These values do not include monetary revaluation and expenses.

Donations and contributions

There are no disbursements to be disclosed for 2024 first half.

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 June 30, 2024 of 1,239,936 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 interim financial statements.

A summary of the balances with related parties of June 30, 2024 and the transaction recorded in the Profit and Loss during the half-year is provided below.

Related party	Relationship	Receivables	Payables	Revenue	Costs
SAYE S.p.A.	A	1,041	-	1,887	-
KJK Protective Technologies LLC	B	40,399	-	399	-
GMP Consulting	B	-	-	-	5,000
Nehoc Systems Ltd	B	3,841	-	3,841	-
MSV Ltd	C	-	84,788	-	94,187

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

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

The balances as of June 30, 2024 include the loan to KJK Protective Technologies LLC for Euro 40,000 in addition to interest accrued and not yet collected at the end of the period for Euro 399.

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

Revenues from Nehoc Systems Ltd refer to the sale of non-technical clothing under the Racing Spirit brand; the resulting receivable at the end of the half year was fully collected in July 2024.

MSV Ltd is the company that provides technical, research and development services, managed by the Chief Technical Officer (CTO) 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.

On July 22, 2024, the Group proudly announced the new milestone reached by its Bell Racing brand, the first in the industry to obtain the FIA 8859-2024 homologation for racing helmets, which came into effect immediately from such date.

On September 9, 2024, the Group announced it had received its first order for the production of carbon shells for the Next Generation Fixed-Wing Helmet (NGFWH) by LIFT Airborne Technologies, for the U.S. Air Force. For Racing Force, this marks the official start of sales of equipment destined for the defense sector, a milestone in the diversification projects through which the Group aims to bring the expertise and technology acquired at the top of motorsport to other industries.

The following week, on September 17, Racing Force and Oakley (EssilorLuxottica Group) announced a Marketing and Development agreement to launch the revolutionary Skier's Eye technology, which will offer a unique perspective in alpine skiing specialties. Thanks to Skier's Eye, TV viewers will enjoy an unprecedented experience, with high-resolution images showing the exact view of the skiers during the race.

The system is based on the patented technology of Driver's Eye™, which has been successfully introduced at the top motorsport competitions since 2020. The agreement with Oakley marks the first concrete step towards adopting the technology beyond motorsport, paving the way for future applications.

As regards the conflict between Russian Federation and Ukraine and tensions in the Middle-East, 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