

ANNUAL REPORT





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BOARD OF DIRECTORS

Chairman

Donatina Dell'Anna

Deputy Chairman

Riccardo Cavagna

Managing Directors

Valentino Pellenghi Daniele Marconi Gianpietro Gamba

Other Managing Directors

Fausto Rodella

Term of office: date of approval of the financial statements for the year ended 31 December 2023

BOARD OF STATUTORY AUDITORS

Chairman

Dr. Renato Camodeca

Standing auditors

Dr. Stefano Colpani Dr. Silvio Piccinelli

Alternate auditors

Dr.ssa Cecilia Accampi Avv. Giulia Mina

Term of office: date of approval of the financial statements for the year ended 31 December 2023

AUDITORS

KPMG S.p.A.

Term of office: date of approval of the financial statements for the year ended 31 December 2024

KEY MANAGEMENT INDICATORS

Income Statement - Values in k€	2023	2022	2021
Turnover	250.206	245.065	218.564
Gross Operating Margin (EBITDA)	34.509	38.010	35.782
Depreciation/Provisions	18.449	17.289	17.290
Operating profit (EBIT)	16.061	20.721	18.491
Earnings before taxes (EBT)	13.096	19.799	18.348
Net income (EAT)	10.160	14.532	13.590
Net Cash Flow	28.609	31.821	30.880

Balance sheet - Values in k€	2023	2022	2021
Net Working Capital	74.440	72.514	64.606
Net technical assets	120.498	110.969	108.213
Financial fixed assets	4.175	3.642	1.895
Severance indemnity and other allowances	-9.624	-9.202	-8.978
Net Invested Capital	189.489	177.923	165.736
Net financial position	58.086	51.076	48.277
Equity	131.403	126.847	117.459

Values in k€	2023	2022	2021
Investments in Real Estate	3.884	5.732	3.600
Factory-related investments	9.858	7.657	6.752
Information technology & communication	1.871	960	784
Other investments	2.473	4.668	983
Total investments	18.086	19.01 <i>7</i>	12.119
Expenses for R&S personnel only	1.599	1.579	1.681
of which capitalised	0	0	0

Geographical distribution of sales - Values in k€	2023	2022	2021
Italy	116.844	123.587	99.278
EU	80.415	73.393	68.070
Asia	16.897	13.869	18.202
South America	6.327	5.917	4.634
North America	12.142	13.077	9.842
Extra EU	11.812	10.440	13.924
Oceania	4.215	4.134	3.665
Africa	1.554	648	949
Total	250.206	245.065	218.564
% Italy sales on total	47%	50%	45%

	delta 2023-2022	delta 2023-2021
Italia	-6.743	17.566
Export	11.884	14.076
Total Delta	5.141	31.642
	2%	14%





RELAZIONE SULLA GESTIONE DEL CONSIGLIO DI AMMINISTRAZIONE

Metal Work is an industrial group dealing in the design, production and marketing of components for pneumatic automation, based in Concesio, in the province of Brescia, Italy.

The company produces fittings, air treatment units, actuators and valves and markets other products in the industrial pneumatics sector. The company was established in 1998 as a Limited Liability Company and was the subject, at the time, of a double contribution by the companies Metal Work Service S.p.A. and Metal Fin S.p.A., now Metal Work Holding S.p.A.

The structure of the Metal Work S.p.A. Group includes:

- for the distribution of its product in Italy, 17 companies called Metal Work Service, located mainly in northern Italy, which carry out both commercial and manufacturing activities, relating to the implementation of automation solutions for the end customer; during the year, Metal Work Service of Brescia acquired a majority shareholding in the company Bonomi & Facchetti S.r.l., which operates in the same sector;
- for the distribution of its product in Europe, 15 companies, exercising both commercial and manufacturing activities, with reference to the accomplishment of automation solutions for the end customer, called Metal Work or Metal Work Pneumatic, located in the main countries of the European Union as well as in Ukraine, Russia, Great Britain and Switzerland;
- for the coverage of the South American market, the company Metal Work Pneumatica do Brasil, a Brazilian production company held indirectly, through a holding company, and jointly with local management;
- for the distribution of its product in the rest of the world, 10 companies with both commercial and manufacturing
 activities, with reference to the implementation of automation solutions for the end customer, called Metal Work or
 Metal Work Pneumatic, located in the United States of America, South-East Asia, Oceania, China, South Africa
 and India;
- the company Eurofit S.r.I., which produces and distributes its own range of fittings and other accessories;
- the company Alfa Meccanica S.r.l., dealing in the industrial automation and handling sector;
- the company Fluid Force S.r.l., dealing in the production of speed regulators and hydraulic brakes;
- the companies Assemblaggi Industriali S.r.l., Tecnopolimeri S.r.l. and Meridian S.r.l., production satellites of Metal Work S.p.A. in the areas of fitting assembly, plastic moulding and mechanical turning;
- the company Metal Work Automation S.r.l., dealing in the production of special assembly and assembly machines and switchboards, as well as in the implementation of software for industrial purposes;
- the company Vdm S.r.l., dealing in the painting of industrial parts;
- the associated company Signal S.r.l., dealing in the sector of electronics applied to industrial automation;
- the Spanish associated company Ar Vacuum Technologies S.I., dealing in the vacuum sector;
- the company American Cylinder Inc., based in Peotone (IL), wholly owned through the company Metal Work Pneumatic USA Inc., which produces cylinders for the American market;
- the investment holding company Eurocomp Holding S.r.l., which holds some shareholdings in Italian companies specialising in the sale of compressors for industrial use, as well as their servicing and maintenance.





	·	<u>i</u>	
Metal Work Portugal			
100%			
Metal Work Iberica	90% 97,5%	Metal Work Polska	Metal Participacoe
Metal Work UK	93% 100%	Metal Work Ukraine	
Metal Work Neaderland	100% 98%	Metal Work Danmark	Metal Pneumatio
Metal Work France	99,8% 100%	Metal Work Pneumatic Components (Shangai)	
Metal Work Deutschland	100% 99,09%	Metal Work Pneumatic India	
Metal Work Finland	100% 100%	Metal Work Pneumatic Russia	
Metal Work Sweden	100% 100%	Metal Work Pneumatic Svizzera	
Metal Work Pneumatic CZ	80% 73,65%	Metal Work Pneumatic Indonesia	
Metal Work neumatic Thailand	49% 100%	Metal Work Pneumatic South Africa	
Metal Work Australia	100% 74,63%	Metal Work Pneumatic Romania	
Metal Work neumatic Malaysia	100% 95%	Metal Work Pneumatic USA	
Metal Work neumatic Singapore	100%	100%	
Metal Work Pneumatic Vietnam	100%	American Cylinder	







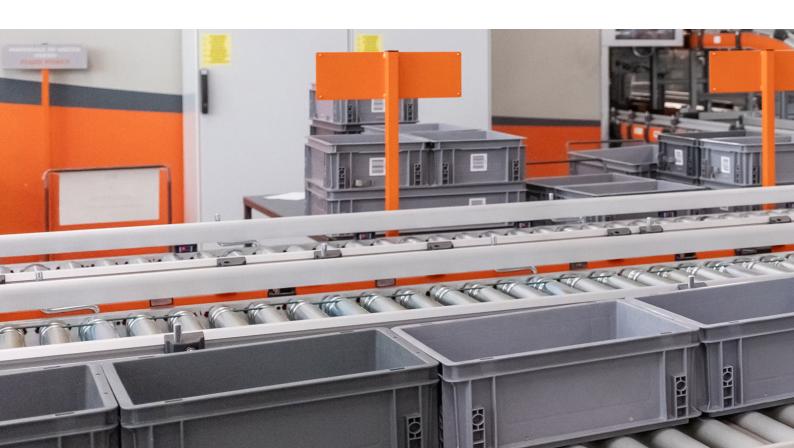
SCENARIO ANALYSIS

2023 was a year during which international tensions escalated: the protracted conflict in Ukraine, the outbreak of a new crisis in the Middle East and the growing opposition between the United States and China conditioned economic and trade policies, increased financial risks for companies and prompted a reconfiguration of trade towards partners considered safer. In relation to these tensions, the global economy grew by 3.2 per cent last year, slightly less than in 2022. Output dynamics were heterogeneous across regions: the dynamism of activity in the United States and a general resilience in emerging economies were contrasted by the sharp slowdown in the euro area and a lower-than-expected recovery in China, conditioned by the fragility of the real estate sector.

Central banks in the major advanced economies further tightened the stance of monetary policies to counteract price pressures still largely stemming from bottlenecks in global production chains and the increase in energy prices in the previous two years. Inflation fell rapidly from the peaks reached in 2022 back to levels closer to the central banks' targets by the end of last year, with a marked slowdown also in the underlying components. Higher interest rates have increased the risk of default for low-income countries with large external debts. According to leading international financial institutions, more than half of these economies are in a state of high financial vulnerability.

In 2023, the gross domestic product of the euro area slowed down sharply after two years of sustained growth. Investment was affected by the restrictive monetary policy; household consumption, albeit in a disinflationary environment, was held back by the high price level of many expenditure items. Tensions in global markets slowed down trade. Output dynamics remained moderate in the first months of 2024.

Against a backdrop of high inflation, increases in official interest rates and the expectation that they would remain at high levels for a long time to come helped to keep financial conditions tight until last October. In the latter part of the year, the rapid decline in inflation, thanks to the fall in energy prices and the lesser buoyancy of core inflation, generated expectations of an earlier and more rapid easing of monetary tightening by the major central banks. This favored a marked improvement in financial conditions, with share prices rising and both government and private bond yields and respective risk premiums falling. Green bond issues by private entities and public institutions also continued during the year. According to analysts and the most recent forecasts of international bodies, disinflation will continue this year and next, bringing price growth back in line with the European Central Bank's inflation target.



Last year, Italy's GDP grew by 0.9 per cent at constant prices. The expansion affected all areas of the country. The net deceleration with respect to 2022, when GDP had increased by 4.0 per cent, was impacted by the exhaustion of the recovery of the activities most affected by the pandemic, the weakness of global demand, and the more restrictive monetary conditions.

The slowdown in international trade particularly affected the dynamics of industry in the narrow sense; the decline was greater in more energy-intensive manufacturing. The recovery in services weakened, due to the lesser boost from the tourism-recreation sector and the reduction in demand linked to the downturn in industrial activity. The marked slowdown in energy prices drove the disinflation process, which has been underway since the beginning of the year and intensified in the autumn, when inflation returned below 2.0 per cent.

In 2023, consumer inflation declined rapidly from the peak levels reached at the end of the previous year: it averaged 5.9 per cent annually and has been below 2 since October. Significant declines were observed for energy goods prices, which had contributed about two-thirds to overall inflation in 2022. Core inflation (net of food and energy components), which had risen in the first part of the year mainly as a result of past increases in energy commodity prices, then fell significantly. Growth in hourly labor costs in the non-agricultural private sector strengthened last year, although it remained below the euro area average: contractual wages accelerated, while the other wage components slowed down. With the further decline in energy prices, consumer inflation fell to very low levels in the first months of 2024; the core component also declined further, to just above 2 per cent. The gradual easing of price pressures on raw materials and intermediate goods and the weakness in demand, which is also attributable to monetary tightening, would keep inflation low, despite the fact that contractual wage trends are expected to continue to intensify.

In 2023, the Asian economy faced both challenges and opportunities. China and Thailand recorded higher growth than the previous year, but growth in the rest of the region was more subdued due to tight financial conditions and weak external demand. India maintained positive numbers and forecasts, while Japan continued to innovate its economic policy, addressing demographic challenges and maintaining a high level of patents and scientific research.







THE INDUSTRIAL AUTOMATION MARKET AND OUR PLANS

After a 2022 of great expansion, characterized by economic development, with double-figure growth, which affected practically all world markets, a year of consolidation on stable or slightly declining numbers was widely expected.

Our final performance shows a general stability in sales volumes, with positive values above all on the domestic market thanks to the widespread presence, in all the main Italian districts, of our Metal Work Service companies.

Less brilliant was the performance of the foreign subsidiaries, which encountered difficulties due to the fact that their main manufacturing customers had significantly increased their inventories in the previous year.

The order flow slowly returned to normal during the first months of this year and we are confident that the improvement will continue throughout 2024.

During 2023 we worked on the implementation of the sales plan for the next five years, which will be included in the Group's Business Plan from 2024 to 2028.

During 2023, we completed the renovation of the new Metal Work UK building, which allowed us to double the size available and thus provide the company with the areas it needs for its future development.

In Poland, we also completed the extension of the current building, which will allow us to cope with the growth envisaged in the Polish subsidiary's business plan with total peace of mind.

We strengthened the technical structure of the parent company, which is available to our subsidiaries, by adding two more engineers in the Product Specialists department, bringing the current number to 4.

We also created within the Group the function of Key Account Manager for the management of customers shared by several subsidiaries and for the development of large Oem's and End Users who tie their purchases exclusively through specifications.

During 2023, we worked to better integrate the Spanish company AR Vacuum especially in commercial terms with our sales department, and we count on using all possible technical and production synergies between the parent company and the AR company.

Also in 2023, the last company set up in Vietnam became operational, a particularly laborious investment from a bureaucratic point of view.

We defined the new production layout of the subsidiary American Cylinders, with the help of the head of the industrialization department of the parent company, who personally went to the American company to define all the necessary operations

The estimates produced by Cetop showed a slight decline in the global automation market in 2023, especially in the Western markets, while Asia, particularly in China, albeit to a lesser extent, continued their expansion.

The global decline was estimated at around 4%, bringing the total value of the pneumatic automation market to around Euro 13 billion.

The activity of Eurocomp Holding continues in positive terms, which, in a sector contiguous to compressed air, such as that of compressors, has acquired three companies of provincial importance with a size between Euro 1M and Euro 6M, in addition to the purchase of the company Eurocomp S.r.l. deriving from the demerger of the compressors branch of the company Metal Work Service S.r.l.; to date, the sub-consolidated Eurocomp Holding generates, pro forma, a value of sales of Euro 10.8M, characterized by a deep commercial widespread coverage.

Business Outlook

ADDED VALUE INCOME STATEMENT

	Dec.23	%Dec.23	Dec.22	%Dec.22	Dec.21	%Dec.21
REVENUES	250.206	100,00 %	245.065	100,00 %	218.564	100,00 %
COST OF SALES	143.338	57,29 %	137.492	56,10 %	118.862	54,38 %
ADDED VALUE	106.867	42,71 %	107.573	43,90 %	99.702	45,62 %
STAFF COSTS	72.359	28,92 %	69.563	28,39 %	63.920	29,25 %
GROSS OPERATING MARGIN (EBITDA)	34.509	13,79 %	38.010	15,51 %	35.782	16,37 %
OPERATING PROFIT (EBIT)	16.061	6,42 %	20.721	8,46 %	18.491	8,46 %
NET FINANCIAL EXPENSES (INCOME)	3.672	1,47%	1.286	0,52%	500	0,23%
ADJUSTMENTS TO NET FINANCIAL ASSETS	707	0,28%	364	0,15%	357	0,16%
EARNINGS BEFORE TAX (EBT)	13.096	5,23 %	19.799	8,08 %	18.348	8,40 %
TAXES	2.935	1,17 %	5.267	2,15 %	4.759	2,18 %
PROFIT OR LOSS FOR THE FINANCIAL YEAR	10.160	4,06 %	14.532	5,93 %	13.590	6,22 %
MINORITY SHAREHOLDERS' PROFIT SHARE	1.121	0,45 %	1.601	0,65 %	1.351	0,62 %
GROUP PROFIT SHARE	9.039	3,61 %	12.931	5,28 %	12.238	5,60 %

Revenues amounted to Euro 250.2 million, compared to Euro 245 million at 31.12.2022, an increase of 2.1%. Exchange rate fluctuation compared to the previous year had an impact of Euro 480/000.

An amount of Euro 1,563/000 (2022: Euro 1,717/000) contributed to the value of production, arising from Increases for in-house production: Euro 1,339/000 from the sale of machinery by the subsidiary Metal Work Automation to the Parent Company, correctly reclassified in accordance with the accounting principles relating to the methods of consolidation.

The cost of sales, equal to Euro 143,338/000, accounted for 57.3% of revenues, compared to 56.1% in the previous period, and was affected, as in the previous year, by the increase in the cost of production factors, related both to raw materials, inflation in general terms, and, partially, to the energy factor that suppliers necessarily had to "pass on" to the cost of the product sold.

Value added of 106,867 Euro/000 stood at 42.7% of revenue, compared to 43.9% in 2022.

Labor costs at 72,359 Euro/000 accounted for 28.9 %, compared to 28.4 % in 2022.

EBITDA amounted to 34,509 Euro/000, equal to 13.8% of sales value (2022: 38,010 Euro/000, 15.5% of sales). Depreciation, amortization, impairment and provisions amounted to 18,448 Euro/000 (2022: 17,288 Euro/000), or 7.4% (2022: 7%), bringing the operating income to 16,061 Euro/000.

Net financial expenses amounted to Euro 3,672,000 compared to Euro 1,286,000 in 2022, with an incidence of 1.47%, compared to 0.52% in 2022, while adjustments to financial assets were positive for the amount of Euro 707,000 (2022: Euro 364,000) and related to the valuation of securities accounted under current assets and the equity valuation of associated companies.

The pre-tax profit is equal to 13,096 Euro/000, on which taxes are impacted for 2,935 Euro/000, with a tax rate of 22.4%, compared to 26.6% in 2022.

The net profit, including the share pertaining to third parties, amounts to $10.160 \, \text{Euro}/000 \, \text{(previous year: } 14,532 \, \text{Euro}/000)$.



Net self-financing, consisting of the sum of the operating result, depreciation, amortization, write-downs and risk provisions, amounts to Euro 28,608,000, equal to 11.4% of revenues (previous year: 13%).

INVESTED CAPITAL BALANCE SHEET

The reclassified balance sheet of the Metal Work Group's consolidated financial statements is shown below in Euro 000's:

	Dec.23	Dec.22	Dec.21
Trade receivables	65.801	62.055	57.504
Closing Inventory	59.860	62.019	53.465
Trade payables	-40.224	-46.216	-41.559
Other receivables	16.870	14.057	12.291
Other payables	-27.867	-19.701	-17.095
NET WORKING CAPITAL	74.440	72.214	64.605
Total intangible fixed assets	15.063	5.590	6.557
Total tangible fixed assets	105.435	105.379	101.656
Financial fixed assets	4.175	3.642	1.895
NET FIXED ASSETS	124.673	114.610	110.108
SEVERANCE INDEMNITY AND OTHER ALLOWANCES	-9.624	-9.202	-8.978
NET INVESTED CAPITAL	189.489	177.622	165.736
GROUP EQUITY INCLUDING MINORITY INTERESTS	131.403	126.547	117.459
NET FINANCIAL POSITION	58.086	51.076	48.277
TOTAL SOURCES OF FINANCING	189.489	177.622	165.736

The reclassified balance sheet shows how net working capital related to current operations increased from 72,714 Euro/000 to 74,440 Euro/000, an increase of 2,226 Euro/000 compared to 2022, showing a decrease in closing inventories of more than Euro 2M and the consolidation of 4 new entities.

The values of fixed assets net of depreciation amount to Euro 120,516/000. The net book value of buildings and land at the consolidated level amounts to 58,794 Euro/000. Investments amounted to Euro 18.1 M (2022: Euro 19M).

Financial assets amounted to Euro 4,175,000, compared to Euro 3,642,000 in the previous year, and included, essentially, the shareholdings in the associated companies Signal S.r.l. and AR Vacuum.

Consolidated shareholders' equity, including the value attributable to non-controlling interests, amounted to Euro 131,403/000; the net financial position increased by Euro 7,010/000 compared to 2022 and was negative by Euro 58,086/000, after the distribution of part of the extraordinary reserve in the amount of 4.440 Euro/000 in 2023 and investments of more than Euro 27M, including the purchase of all the shares of the Dutch company, the capitalization of Eurocomp Holding to finance its acquisitions and the capitalization of Alfa Meccanica in relation to the purchase of a real estate.

Considering the asset and financial management, the leverage, which measures the ratio of net financial position to equity, shows a situation under control, albeit slightly deteriorated.

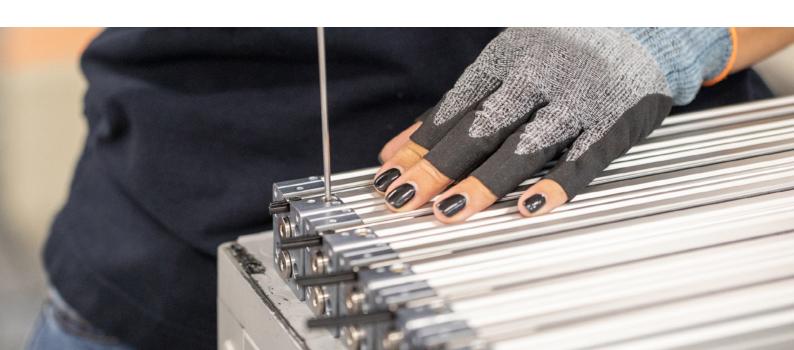
	31/12/2023	31/12/2022	31/12/2021
P F N / Equity	0,44	0,40	0,41

DESCRIPTION OF RISKS

In relation to the provisions of Article 2428, item 6) bis, concerning the use of financial instruments, we would like to point out that, for several years now, the company has been operating with derivative instruments with the sole purpose of actively managing both the risk related to exchange rate fluctuations, and in particular certain crosses such as \in /Usd, \in /Gbp, \in /Pln, \in /Cny, \in /Aud being an exporter in foreign currencies, as well as the risk linked to interest rate fluctuations, since the overall financial debt is partly at variable rates, and, finally, the risk linked to the trend of non-ferrous metals and electricity prices. All these instruments are intended to produce a benefit in economic terms, where the underlying hedged item, currency or interest rate, leads to losses or higher charges, and vice versa.

To cope with risks arising from financial markets, the company's objectives and policies follow the following main guidelines:

- exchange rate risk: to enter into transactions that allow for a limited risk profile and good flexibility in terms of overall benefit; to guarantee an exchange rate that is in line with the budget; to operate for amounts, in notional terms, related to the value of exports in foreign currency; to operate "upstream" hedges and not specific to individual receivables and payables, also in relation to future years; specifically, as of 31/12/2023, the company did not have any currency options in place, and had other hedging transactions in place for Euro 6. 6 M (2022: Euro 9.7 M) for currency to be delivered and Euro 0.5M for currency to be received (2022: none)
- interest rate risk: to enter into transactions that allow for a limited risk profile and a good flexibility in terms of overall benefits; to limit the incidence of financial charges; to operate for amounts, in notional terms, related to overall financial borrowings, including that of the Group and not in relation to specific liabilities or financial assets; at 31/12/2023, the Group had several contracts in place for the purchase of Capped Options for a notional amount of Euro 4.4M related to the structures of real estate leasing amortisation plans and some IRS contracts for Euro 1.7M. At the same date, the borrowings linked to medium/long-term operations, including leases, amounted to Euro 39.9M, of which 43%, for a value of Euro 17M, was open to the risk of an increase in rates;
- raw material risk: to enter into transactions that allow for a limited risk profile, taking into account, however, that the
 market of the raw material used (brass scrap) may not be correlated to the trend of the underlying asset (copper). At
 the date of preparation of the financial statements, the company had no hedging transactions in place on the copper
 or aluminium market and had until the end of the financial year the locked-in cost of electricity.
- commercial credit risk: given that more than 80% of its sales take place through its own commercial organisation, thus generating a credit that is by definition "uninsurable", the company has policies in place that insure the risk of non-collection of customers belonging to particular geographic markets, as well as the risk arising from all independent Italian customers, who have an exposure beyond a certain limit. Nevertheless, at Group level, credit risk is monitored using innovative tools, with systems that continuously analyse the economic and financial situation of our customers.







INVESTMENTS AND RESEARCH AND DEVELOPMENT ACTIVITIES

The R&D department:

Also the 2023 management, from the product point of view, was characterized by the growing integration of electronic devices and support software, within the traditional range of pneumatic components offered by Metal Work.

Thus, we recall the release of the IIOT versions of the FLUX Series flow meter and the Regtronic Series electronic pressure regulator; the new versions, released in 2023, can connect remotely with both Bluetooth and WiFi networks. The first mode allows, for example, connection with mobile devices (mobile phones or tablets) through the use of appropriate APPs developed by Metal Work. In this way, it is possible to set the devices and read their status in real time. The WiFi connection, on the other hand, allows long-term data collection, in order to create databases that allow the user to develop dashboards aimed, for example, at monitoring systems and machines.

During the year, Metal Work also released new versions of support software for the selection and sizing of components; this is the case, for example, of the new release of Easy Robotics (online software for sizing handling components) or the new Easy Sizer which, in addition to allowing the optimal sizing of pneumatic systems, also allows the calculation of their energy consumption.

Moving on to electric axes, Metal Work has expanded its range with the proposal of the new CS Series slides which, thanks to the use of a guide system equipped with recirculating ball bearings, allows our compact electric cylinders to also support lateral forces and bending moments generated by cantilever loads. Still in the field of electric handling, Metal Work has developed its own parking brake which makes up for a lack of proposals from suppliers: with this new product, entirely developed by our R&D center, we are now able to offer Stepper motors equipped with a parking brake with IP65 protection rating, which are difficult to find on the market and often required in electric handling applications.

As regards the offer of pneumatic handling devices, we have created the new line of P2 Series grippers with an integral body coated with ceramic treatment that allows the reduction of the sliding play of the jaws, the reduction of the wear coefficient, the improvement of the coupling tolerances and the increase of the corrosion resistance of the product. Also in this sector, we have accomplished the range of compact guided cylinders Multifix Series, thanks to the introduction of sizes 50 and 63.

Moving on to more traditional products, the 2023 business year witnessed the release of the Series 70 valve range, in the 3/8" low temperature size; the new size complements the existing 1/8" and 1/4" sizes, thus enabling even higher flow rates to be achieved. Similarly, the On Line Series accessories range has also been expanded with the new $\emptyset10$ pipe size (previously there were only sizes for $\emptyset4$, $\emptyset6$ e $\emptyset8$ pipe). The pressure booster proposal has also been expanded with the addition of size 100, which joins the sizes 40 and 63 already available. Other new features include the ONE Series integrated air treatment unit, which is now also available in a version with a digital pressure switch, and the Syntesi Series air treatment unit, with the addition of the new progressive starter, in both size 1 and size 2.

The year ended with the launch of the new BOXI Series solenoid valve island with 6, 8 and 12 positions: strongly requested by the market, the new series allows for the upward expansion of an alternative product to EB80 that, compared to the same, is characterised by its greater simplicity, as well as a reduction in weight, size and cost.

During the 2023 financial year, our company carried out activities that fall within the eligibility criteria envisaged by Law 160/2019 as amended, and thus it dedicated a significant commitment of its resources to the fulfillment of the projects highlighted below, carried out in the plant of VIA SEGNI, 5/7/9 CONCESIO (BS):

Project 1 - Technological innovation project for new product layouts

Project 2 - Technological innovation activities for the study and testing of technical and technological solutions for process performance improvement

For the development of these projects, the company incurred costs of Euro 3,790,408 in Technological Innovation activities during the past financial year. It is believed that the positive outcome of these innovations will generate good results in terms of turnover with a favourable impact on the company's economy.

For the Technological Innovation activities, the company intends to avail of the tax credit provided for by Law 160/2019 art. 1 paragraph 198/209 as amended by Law 178/2020 article 1 paragraph 1064 as amended.

The cost incurred for the aforementioned research and development expenses, having regard to Article 2426, paragraph 5 of the Italian Civil Code, National Accounting Principle No. 24 of the CNDC and CNR revised by the OIC and in compliance with Article 108 of Presidential Decree No. 917/86 (TUIR) as amended, has been considered as a cost for the year and charged entirely to the income statement.

While admitting full regulatory discretion in deciding whether to expense these costs during the year or through an repayment plan, in any case of a duration not exceedinpiag five years, it was not deemed appropriate to capitalise these costs in the balance sheet assets, as it is believed that the broad civil law postulate of prudence should prevail, also in consideration of the fact that the recoverability of the costs in question through future revenues (an essential requirement for capitalising Technological Innovation costs) is a highly subjective and random assessment.

As evidence of the company's ongoing commitment to invest in the product and its continuous improvement, costs arising from design and process engineering activities were not capitalised during the year. In 2023, the company invested in R& D, that is in new product developments and their engineering, the total amount of Euro 4,985/000 (2022: Euro 5,566/000), or 4.4% of sales (2022: 4.7%).



ACTIVITIES OF CORPORATE DEPARTMENTS

The ICT department:

A large part of the activities in 2023 stemmed, for the ICT department, from the executive phase of the system upgrade project of the Group's SAP ERP. The project, started the previous year with the support of a leading international consulting company, was aimed at upgrading the version to SAP S/4 HANA and moving the system from the Concesio datacenter to the SAP Private Cloud in AWS, in the Frankfurt datacenter. The upgrade procedure was carried out several times during the year, to test the new connection infrastructure to Frankfurt and to allow an optimization of the upgrade procedure itself, which, during the month of August, should have been carried out exactly in time in order not to interfere with the activities of the foreign branches, which were also operational during those days. The testing phase by ICT of the programs undergoing the upgrade was an extremely delicate activity because the application novelties in SAP S/4 HANA were copious, transversal on different modules of the system, some with significant impact. These novelties were carefully documented for users well in advance to allow them an effective training and testing phase on the test system, prepared and published for the purpose as early as June.

In the last four months, the first projects to extend the functional coverage of the new S/4 HANA system, already planned before the upgrade, were started: SAP PLM and SAP DMC:

- SAP PLM (Product Lifecycle Management) to give more support to the design department's activities, also allowing the
 best possible integration with the ERP in the coding phase of the technical data of materials;
- SAP DMC (Digital Manufacturing in Cloud) to introduce the basis for a more modern and effective integration between shop floor and ERP.

With a view to Industry 4.0, the integration to SAP S/4 HANA of new automated warehouses, each with its own WMS (Warehouse Management System), installed at other foreign branches continued, and the GoLive of a Group company, such as CRC, specializing in a completely new line of business and previously unavailable to the system, was performed.

And then activities for the technology renewal, networking, infrastructure and training in the field of Cyber Security: the ordinary administration of a modern ICT department in a quite extraordinary year.



The Engineering department:

The past year, due to the economic trend, offered the Engineering Department the opportunity to redefine and optimize processes from a different point of view: fewer large batches but production with volumes remodeled according to market requirements, i.e. high response speed and high customization. It is certainly a complex challenge, but the attention we have been devoting for some time now to the development of processes with a focus on flexibility and adaptability allows us to calmly face the variability of market demands.

The NC milling transfer system purchased last year was started up and permanently integrated into the production cycle. This has allowed us to significantly increase the production rate of codes that have seen a considerable increase in the number of units produced over the years and at the same time free up the availability of machining centers suitable for low production volumes but high flexibility.

We have also innovated the turning department by identifying a turning solution, available from next year, which is able to combine the very high production rates specific to mechanical multi-spindle systems and the adaptability advantages provided by numerical control drives; a hybrid, therefore, with fast tooling and production flexibility without losing the typical characteristics of mechanical systems, i.e. high speed and reliability. This year we have again strengthened the department by adding two new single-spindle sliding headstock machines, further increasing the potential of high-flexibility production systems.

Our focus on customer service also continues to drive us to work in the departments closest to them, namely the assembly and product testing departments. In the current year, new customized lines for assembling and testing valves and fittings entered and started production. In view of the considerable increase in demand for certain types of products, we opted for the development of automatic lines with a high throughput rate and reduced man-hours.

The systematic application of production logic based on the Lean Production philosophy is now ingrained in the DNA of the Engineering department. This year we are concentrating our efforts on reducing the machine start-up time, i.e. the time between the start of tooling and the stable, verified production of the first compliant part. Seventy per cent of the codes are now produced in conformity at first start-up, without the need for quota verifications for subsequent input of corrective values. This leads to a significant reduction in machine start-up time.

The training of production department personnel in the use of structured kaizen tools on job sites and problem-solving activities had a further increase of 11% this year.

The training of personnel to increase the coverage of specific tasks using the TWI instruction tool was further increased by 11% compared to the previous year (+12% production departments + 10% at the Cylinder Assembly Department, to be extended to the Valve Assembly Department next year).

During 2023, the continuous improvement through Kaizen methodologies went on, in relation to which, the main workshops under management in 2023 were:

- Preventive maintenance workshop: with the aim of reducing downtime and having, in parallel, a more punctual management of maintenance costs entrusted to the maintenance manager;
- Implemented the Daily Kaizen for all departments with a notice board for managing and solving problems highlighted on a daily basis
- Pilots workshop for MUDA reduction in operational management of production;
- Workshop for the reduction of "non-conformities" in stem/shirt processing;
- Workshop "Good First Take" for Mikron transfer and assembly machines;
- Re-layout weighing washing area with repositioning of washing machines and modification of flow objective reduction of waiting times / reduction of material identification errors.

	2023	2022	2021	2020
Product units processed *1000	66.707	80.563	86.653	64.430
Machining hours *1000	229	270	279	199

The Company Wide Quality Control department:

During the year 2023, Metal Work's Quality Service continued the path of achieving its objectives, working in statistical quality controls on machining processes.

This activity is aimed at preventing manufacturing defects and reducing scrap, and ultimately guaranteeing Quality on the product sold. Moreover, also during the year, an important project was started to include control plans in the SPC system for the only line of machines that did not yet provide for it, the MCM line; this activity is continuing and will be completed by 2024.

With regard to the continuous consolidation of the management system structure for which Metal Work has been certified for several years now, according to ISO 9001:2015 for the quality management system, ISO 14001:2015 for the environment and ISO 45001: 2018 for the occupational health and safety management system, in October 2023 the Quality Management System of the Metal Work Finland subsidiary was brought to certification according to iso 9001, a project that began at the end of 2022 and was completed thanks to the active participation of the Scandinavian employees; it was an important project that saw the inclusion of the 3 Scandinavian subsidiaries in the Group's iso 9001 matrix completed.

In 2023, work began on a Quality Management System in the company Metal Work Automation S.r.l., which is expected to be certified by November 2024. The Group's Quality Manual was shared with them, the Procedures Manual was extended to them for the part of procedures common to all the companies, while some specific ones were established for their design and production activities.

Inspection activities carried out by competent bodies (AST) were carried out on a random basis in some of these companies with fully positive results.

In 2023, SAQ made a decisive contribution to the drafting and preparation of the Sustainability Report, providing the Sustainability Manager with a structured data collection base on the issues considered significant dealt with in the Report, thanks to its many years of experience in the environmental management system.

The logistics department and the operations:

In 2023, the upward trend in inventory value that had characterized the year 2022 was reversed, from Euro 19~M in 2021 to Euro 23.2~M at the close of 2022. The closing of 31/12/2023 was Euro 21.4~M with a decrease compared to the closing of 2022 of about 8%.

The factors that determined the result are:

- a) The gradual return of suppliers to historical Lead Times (some raw materials that had in 2022 Lead times of 190 days have returned to the usual 90 days)
- b) The return to near-normal electronic supplies allowed safety stocks to return to normal
- c) The reduction in purchase prices, which had increased in 2022 mainly due to energy costs, helped to reduce stock values

In 2023, the work of extending a standardized method of stock management and service level analysis to all Italian branches was completed, the data are managed on a monthly basis and give branch managers a report that allows them to manage non-rotating materials on time. In 2023, the decrease in absolute value was significant and, over the 2 years, the average coverage considering all peripheral warehouses went from 2.06 months to 1.89. In addition to having improved the coverage (i.e. the turnover), it was also possible to improve the composition of the warehouse, having succeeded in decreasing the percentage of No-Movers both in absolute value and as a percentage of the total warehouse value, which has fallen by 4% in the last six months.



In 2023, a preliminary agreement was reached for the purchase of a new building close to the plastic molding hub, which will enable its future expansion. In addition, a construction site was started to connect the two production halls via a covered passageway, which was completed in early 2024.

In 2023, the commissioning of all the machines ordered in 2022 was completed, bringing almost all the codes outsourced in 2022 back into internal production, an activity that had become necessary due to insufficient production capacity.

Capital and own Shares

Pursuant to Article 2428 of the Italian Civil Code, we hereby report that as at 31/12/2023, the company's share capital amounted to EUR 21,000,000, unchanged from the previous year.

The share capital is represented by 21,000,000 shares with a nominal value of 1 Euro, 97% owned by Metal Work Holding S.p.A. and the and the remaining part owned by the management.

The company does not own, nor has it bought or sold during the year, any of its own shares or shares in parent companies, either directly or indirectly through third parties or trust companies.

Outlook

We believe that the trend for the current year at the date of preparation of these financial statements may lead to a decrease in the quantities sold in relation to the Italian market, which is suffering from a decoupling phenomenon with respect to the world economy in relation to our market. At the consolidated level, however, we observe a positive trend that gives us hope for a substantially unchanged level of sales with respect to 2023.

Parares Reaf

Concesio, 29/05/2024

The Board of Directors

Chairman: Donatina Dell'Anna

Deputy Chairman: Riccardo Cavagna

Gianpietro Gamba

Daniele Marconi

Valentino Pellenghi

Fausto Rodella





PROSPETTI CONTABILI E NOTA INTEGRATIVA AL BILANCIO CONSOLIDATO

BALANCE SHEET	31/12/2023	31/12/2022
B) FIXED ASSETS		
I Intangible fixed assets:		
1) Start-up and expansions costs	2.910	5.923
2) Development costs	689.630	701.895
3) Industrial Patent and Intellectual Property Rights	2.237.229	1.491.277
4) Concessions, licenses, patents, trademarks and similar rights	70.070	260.108
5) Goodwill	11.280.025	2.226.693
6) Assets under constructions and advances	10.415	339.915
7) Other	772.297	563.987
Total intangible fixed assets	15.062.576	5.589.798
II Tangible fixed assets:		
1) Land and buildings	58.794.744	55.572.357
2) Plants and machinery	34.656.870	32.147.913
3) Industrial and commercial equipment	7.931.534	7.934.695
4) Other assets	2.927.354	2.295.930
5) Assets under construction and advances	1.124.511	7.428.065
Total tangible fixed assets	105.435.013	105.378.960
III Financial fixed assets:		
b) associated companies	2.912.160	2.485.889
d-bis) other companies	44.231	40.206
Total shareholdings	2.956.391	2.526.095
2) Receivables:		
d-bis) other advances receivables	915.867	534.885
- other advances receivables – within the next financial year	915.867	534.885
Total Receivables	915.867	534.885
3) Other equities	5.680	4.017
4) Financial derivative assets	302.932	580.712
Total financial fixed assets	4.180.870	3.645.709
TOTAL FIXED ASSETS (B)	124.678.459	114.614.467
C) CURRENT ASSETS		
I Inventory:		
1) Raw, ancillary materials and consumables	11.118.219	10.837.701
2) Work-in-process and semi-finished products	11.516.846	12.957.792

BALANCE SHEET	31/12/2023	31/12/2022
3) Contract work in progress	413.197	738.428
4) Finished products and goods	36.728.860	37.413.723
5) Advances	83.311	71.280
Total Inventory	59.860.433	62.018.924
II Receivables:		
1) from customers	58.926.331	56.463.944
- from customers – within the next financial year	58.926.331	56.463.944
3) from associated companies	2.101	24.530
- from associated companies - within the next financial year	2.101	24.530
4) from parent companies	6.851.097	5.566.963
- from parent companies - within the next financial year	6.851.097	5.566.963
5) from companies subject to the control of parent companies	21.490	ı
- from companies subject to the control of parent companies - within the next financial year	21.490	
5 bis) tax receivables	11.213.833	9.455.297
- tax receivables - due within the following financial year	11.213.833	9.455.297
5 ter) Deferred tax assets	2.376.182	2.335.733
- Deferred tax assets - within the next financial year	2.376.182	2.335.733
5 quater) from others	2.135.444	1.606.42
- from others - within the next financial year	2.135.444	1.606.421
Total receivables	81.526.478	75.452.888
III Current financial assets		
6) Other assets	4.219.015	4.288.72
Total current fixed assets	4.219.015	4.288.724
IV Liquid assets:		
1) Bank and post deposits	13.194.768	16.291.522
2) Cheques	2.993	1.044
3) Cash and valuables on hand	30.799	44.930
Total liquid assets	13.228.560	16.337.496
TOTAL CURRENT ASSETS (C)	158.834.486	158.098.032
D) ACCRUALS AND DEFERRALS		
- Accruals and Deferrals	1.144.350	659.192
TOTAL ASSETS	284.657.295	273.371.691



BALANCE SHEET	31/12/2023	31/12/2022
A) NET EQUITY:		
I Share capital	21.000.000	21.000.000
II Share premium reserve	19.324.088	19.324.088
III Revaluation reserves	14.341.517	14.341.517
IV Legal reserve	4.200.000	4.200.000
VI Other reserves, separately indicated	26.546.255	22.809.84
foreign currency exchange reserve	-3.075.458	-3.084.283
group consolidation reserve	7.893.741	7.514.88
other reserves	21.727.972	18.379.24
VIII Profits (losses) carried forward	30.044.888	24.902.67
IX Operating (loss) profit	9.039.482	12.930.94
TOTAL NET EQUITY (A)	124.496.230	119.509.06
Minor interest capital and reserves	6.906.400	7.037.54
TOTAL NET EQUITY AND MINOR INTEREST CAPITAL AND RESERVES	131.402.630	126.546.61
B) PROVISIONS FOR LIABILITIES AND CHARGES		
1) For post-employment benefits	705.933	634.95
2) For taxes	1.260.632	961.43
3) derivative financial instruments liabilities	15.973	56.86
4) Others	295.806	675.11
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES	2.278.344	2.328.37
C) EMPLOYMENT SEVERANCE INDEMNITY	7.346.057	6.873.52
D) PAYABLES		
4) Payables to banks	64.535.210	60.256.34
- payables to banks - within the next financial year	41.949.288	39.074.53
- payables to banks - after the next financial year	22.585.922	21.181.81
5) Payables to other lenders	11.004.179	11.449.74
- payables to other lenders - within the next financial year	1.906.604	1.096.13
- payables to other lenders - after the next financial year	9.097.575	10.353.61
6) Advances	634.555	419.48
- advances - within the next financial year	634.555	419.48
7) Payables to suppliers	37.259.514	41.819.61
	37.259.514	41.819.61
- payables to suppliers - within the next financial year		
- payables to suppliers - within the next financial year 10) Payables to associates	944.249	2.093.88

BALANCE SHEET	31/12/2023	31/12/2022
11) Payables to parent companies	2.020.436	2.302.805
- payables to parent companies - within the next financial year	2.020.436	2.302.805
12) Tax payables	5.259.779	4.899.081
- tax payables - within the next financial year	5.259.779	4.899.081
13) Payables to social security and welfare institutions	3.692.180	3.631.565
- payables to social security and welfare institutions - within the next financial year	3.692.180	3.631.565
14) Sundry payables	13.174.744	7.376.272
- sundry payables - within the next financial year	11.651.307	7.376.272
- other payables - after the next financial year	1.523.437	-
TOTAL PAYABLES (D)	138.524.846	134.248.790
E) ACCRUALS AND DEFERRALS		
- Accruals and deferrals	5.105.418	3.374.393
TOTAL LIABILITIES	284.657.295	273.371.691



NCOME STATEMENT	31/12/2023	31/12/2022
A) VALUE OF PRODUCTION		
1) Revenues from sales and services	250.205.677	245.065.488
2) Variations in inventories of work-in-progress, semi-finished and finished products	-1.415.622	5.233.56
3) Variations in contract work in progress	-175.231	-357.07
4) Increases in fixed assets for internal work	1.563.314	1.717.28
5) Other revenues and income:	5.771.785	4.842.25
- Operating grants	1.493.762	1.092.81
- Other revenues and income	4.278.023	3.749.44
TOTAL VALUE OF PRODUCTION (A)	255.949.923	256.501.514
B) PRODUCTION COSTS:		
6) For raw/ancillary materials, consumables and goods	98.197.589	104.043.41
7) For services	44.422.157	42.736.63
8) For leased assets	4.061.232	3.641.31
9) For personnel:	72.358.569	69.563.44
a) salaries and wages	52.665.211	48.902.73
b) social securities and welfare contributions	14.215.717	13.218.74
c) severance indemnity	2.273.374	2.485.33
e) other costs	3.204.267	4.956.62
10) amortization, depreciation and write-downs:	18.417.472	17.230.82
a) amortization of intangible assets	3.026.931	2.877.47
b) amortization of tangible assets	14.660.756	13.878.96
c) other write-downs of fixed assets	1.225	
d) write-downs of receivables included in current assets and cash and cash equivalents	728.560	474.39
11) Variations in inventories of raw, ancillary, consumables and goods	855.212	-2.792.52
12) Provisions for risks	18.097	8.47
13) Other provisions	12.289	49.15
14) Other operating expenses	1.546.465	1.299.65
TOTAL PRODUCTION COSTS (B)	239.889.082	235.780.40
DIFFERENCE BETWEEN PRODUCTION VALUES AND PRODUCTION COSTS (A - B)	16.060.841	20.721.11
C) FINANCIAL INCOME AND EXPENSES:		
15) Investment income:	115.632	112.02
- from others	115.632	112.02
TOTAL INVESTMENT INCOME	115.632	112.02

INCOME STATEMENT	31/12/2023	31/12/2022
16) Other financial income:		
b) From securities included in fixed assets that do not constitute shareholdings	9.939	1.796
c) From securities included in current assets that do not constitute shareholdings	44.036	44.433
d) Income other than the above:	420.590	321.246
- from third parties	420.590	321.246
TOTAL OTHER FINANCIAL INCOME	474.565	367.475
17) Interest and other financial income:		
- from third parties	3.692.143	1.664.525
TOTAL INTEREST AND OTHER FINANCIAL EXPENSES	3.692.143	1.664.525
17 bis) Foreign exchange profit and loss	-570.275	-101.160
TOTAL FINANCIAL INCOMES AND EXPENSES (15 + 16 - 17 +/- 17 bis)	-3.672.221	-1.286.185
D) VALUATION ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES		
18) Write-ups	723.241	686.000
- investment write-ups	426.271	325.510
- of securities included in current assets that do not constitute shareholdings	187.238	23.378
- of derivative financial instruments	109.732	337.112
19) Write-downs:	15.973	322.152
- of securities included in current assets that do not constitute shareholdings		265.283
- of derivative financial instruments	15.973	56.869
TOTAL VALUATION ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES (18 - 19)	707.268	363.848
INCOME BEFORE TAXES (A - B +/- C +/- D)	13.095.888	19.798.774
20) Income taxes for the financial year, current, deferred and prepaid	2.935.494	5.266.802
- current taxes	2.899.363	5.651.856
- taxes on previous financial year	54.015	836
- deferred and prepaid taxes	-17.884	-385.890
21) NET PROFIT (LOSS) including the share attributable to third parties	10.160.394	14.531.972
22) share of profit (loss) attributable to third parties	1.120.912	1.601.028
23) NET GROUP PROFIT (LOSS)	9.039.482	12.930.944



FINANCIAL STATEMENTS	31/12/2023	31/12/2022
A. Cash flows from operating activities (indirect method)		
Operating income (loss)	10.160.394	14.531.972
Income taxes	2.935.494	4.912.134
Interest paid/ (interest income)	3.787.853	1.398.210
(Dividends)	-115.632	-112.025
(Capital gains)/losses from the sale of assets	0	(
1. Net income (loss) before income taxes, interest, dividends and capital gains/ capital losses on disposal	16.768.109	20.730.29
Adjustments for non-monetary items that have no counterpart in net working capital		
Accruals for funds	30.386	57.632
Depreciations for fixed assets	17.687.687	16.756.438
Write-downs (Write-ups) for impairment losses	0	(
Other adjustments for non-monetary items	-280.997	-38.338
2. Cash flow before variations in net working capital	34.205.185	37.506.02
Variations in net working capital		
Decrease/(increase) of inventories	2.158.491	-8.554.28
Decrease/(increase) of receivables from customers, associated and parent	-3.745.582	-4.551.517
Decrease/(increase) of tax receivables and other receivables	-2.287.559	-3.160.17
Decrease/(increase) of receivables for prepaid taxes	-40.449	809.039
Increase/(decrease) of payables from suppliers, associated and parent	-5.992.100	4.513.63
Increase/(decrease) of tax payables, social security and other payables	5.355.409	331.26
Decrease/(increase) of accruals	-485.158	585.297
Increase/(decrease) of deferrals	1.731.025	1.397.008
Net variation in provisions for risks and charges	-80.412	-271.57
Net variation in severance indemnity	472.531	438.27
Other variations in net working capital	1.130.071	-126.74
3. Cash flow after variations in net working capital	32.421.452	28.916.240
Other variations		
Interest received/(paid)	-3.191.853	-1.279.520
(Income taxes paid)	-2.935.494	-4.912.134
Dividends received	115.632	112.02
(Use of funds)	0	(
4. Cash flow after other variations	-6.011.715	-6.079.629
Cash flow from income management (A)	26.409.737	22.836.61

FINANCIAL STATEMENTS	31/12/2023	31/12/2022
B. Cash flow from investing activities		
Tangible fixed assets		
(Investments)	-15.128.000	-17.458.000
Disinvestment realizable value	411.191	0
Intangible fixed assets		
(Investments)	-10.254.000	-1.754.000
Disinvestment realizable value	894.291	C
Financial fixed assets		
(Investments)	-441.402	-1.623.710
Disinvestment realizable value	0	0
Non-fixed financial assets		
(Investments)	0	C
Disinvestment realizable value	256.947	74.096
Acquisition or disposal of associated companies or business units net of liquid assets	-4.055.000	C
Cash flow from investing activities (B)	-28.315.973	-20.761.614
C. cash flow from financing activities		
Third-party financing		
Increase (decrease) in financial payables	-606.700	-589.481
New financing	17.144.000	13.500.000
Financing refund	-13.300.000	-13.826.000
Net equity		
Paid increase in share capital	0	0
Sale (purchase) of own shares	0	C
Dividends (and prepaid dividends) paid	-4.440.000	-4.440.000
Cash flow from financing activities (C)	-1.202.700	-5.355.481
Increase (decrease) in liquid assets (A ± B ± C)	-3.108.936	-3.280.484
	16.337.496	19.617.980
Liquid assets at the beginning of the period		
Liquid assets at the beginning of the period Liquid assets at the end of the period	13.228.560	16.337.496





NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Form and Content of the Consolidated Financial Statements

Dear Shareholders,

the consolidated financial statements of the Metal Work Group as at 31.12.2023 submitted for your examination have been prepared in accordance with the provisions of Legislative Decree no. 127/1991, Chapter III, in implementation of the VII EEC Directive. The financial statements have been prepared by Metal Work S.p.A., the holding company of the industrial branch of the broader group headed by Metal Work Holding S.p.A. The company is required to prepare consolidated financial statements pursuant to Article 27, paragraph 3 of Legislative Decree No. 127/1991.

The cash flow statement shows the variations, positive or negative, in cash and cash equivalents occurring during the financial year and has been prepared using the indirect method, using the form provided for by accounting standard OIC 10. The balance sheet, income statement and cash flow statement have been drawn up in Euro units, without decimal numbers, while the values shown in the notes to the financial statements are expressed in thousands, unless otherwise specified. Items with a zero amount in both the current and the previous year are not shown in the financial statements.

If the information required by specific legal provisions is not sufficient to give a true and fair view, additional information deemed necessary for the purpose is provided. In particular, the following information has been provided in the Notes to the Financial Statements, in table format:

- the reconciliation between the shareholders' equity and the operating income of the Parent Company and the shareholders' equity and the operating income of the consolidated financial statements;
- the transaction statement in the consolidated shareholders' equity.

As regards the Group's activities and relations with associated, controlling, jointly controlled and other related parties, please refer to the Management Report, prepared by the Parent Company's directors to accompany these consolidated financial statements.



Significant events occurring after the end of the financial year and the total amount of commitments, guarantees and contingent liabilities not disclosed in the balance sheet are shown in specific sections of these Notes.

Metal Work S.p.A., the parent company, is in turn controlled by Metal Work Holding S.p.A., with registered office in Concesio, which prepares the consolidated financial statements of the larger group of companies to which the Metal Work Group belongs. These consolidated financial statements are available at the company's registered office.

No exceptional cases have occurred that have led to exceptions to the application of the provisions of the regulations on consolidated financial statements aimed at obtaining the required true and fair representation. There were no exceptional cases that led to changes in the assessment criteria compared to the previous year, therefore, no recourse was made to the provisions of Article 2423 bis, paragraph 2 of the Italian Civil Code.

The financial statements have been prepared in a comparative manner with the values of the previous year. Pursuant to the provisions of Article 2423 of the Italian Civil Code, it is noted that the balance sheet and profit and loss account schedules provided for by Articles 2424 and 2425 of the Italian Civil Code, appropriately adjusted in accordance with Article 2, Paragraph 1 of Legislative Decree 127/91, together with the cash flow statement, provide sufficient information to give a true and fair view of the group's financial position and consolidated operating income.

The consolidated financial statements have been audited by KPMG S.p.A. pursuant to Article 2409 bis of the Italian Civil Code.

Information on the Group and shareholdings in companies consolidated

The consolidated financial statements of the Metal Work Group include the financial statements of Metal Work S.p.A. (hereinafter also referred to as the 'Parent Company') and those of the subsidiaries in which the Parent Company holds a controlling interest pursuant to Article 26 of Legislative Decree 127/91.

As at 31 December 2023, the companies included in the consolidation area using the line-by-line method pursuant to Article 38, paragraph 2, letter a) of Legislative Decree 127/91 are the following:



Company	Location	Share capital in currency
Metal Work Service S.r.l	Brescia	150.000 €
Metal Work Service S.r.l	Oggiono (LC)	99.000€
Metal Work Service S.r.l	Arcore (MB)	99.000 €
Metal Work Service S.r.l	Verdellino (BG)	99.000 €
Metal Work Service S.r.l	Bologna	50.000 €
Metal Work Service S.r.l	Cremona	90.000 €
Metal Work Service S.r.l	Modena	50.000 €
Metal Work Service S.r.l	S.Pietro Mosezzo (NO)	50.000 €
Metal Work Service S.r.l	Parma	99.000 €
Metal Work Service S.r.l	Coriano (RN)	99.000 €
Metal Work Service S.r.l	Paese (TV)	80.000 €
Metal Work Service S.r.l	Marano (VI)	99.000 €
Metal Work Service S.r.l	S.Giorgio Bigarello (MN)	90.000 €
Metal Work Service S.r.l	Verona	50.000 €
Metal Work Service S.r.l	Corato (BA)	25.000 €
Metal Work Service S.r.l	Rivalta (TO)	99.000 €
Metal Work Service S.r.l	Prato	90.000 €
Eurofit S.r.l.	Cazzago S.Martino (BS)	100.000 €
Alfa Meccanica S.r.l.	Treviolo (BG)	500.000 €
Meridian S.r.l.	Cazzago S.Martino (BS)	80.000 €
Assemblaggi Ind.li S.r.l.	Concesio (BS)	80.000 €
Tecnopolimeri S.r.l.	Concesio (BS)	80.000 €
Fluid Force S.r.l.	Bedizzole (BS)	50.000 €
Metal Work Automation S.r.l.	Concesio (BS)	20.000 €
VDM S.r.l.	Concesio (BS)	50.000 €
Eurocomp Holding S.r.l.	Concesio (BS)	200.000 €
Metal Work Pneumatic UK Ltd	Milton Keynes	£60.000
Metal Work France S.a.r.l.	Saint Thibault des Vignes	300.000 €
Metal Work Deutschland Pneumatic Gmbh	Landsberg	600.000 €
Metal Work Nederland B. V.	Ede	150.000 €
Metal Work Sverige AB	Vellinge	300.000 kr
Metal Work Iberica S.A.	Barberà del Valles	600.000 €
Metal Work Danmark A/S	Greve	kr 1.000.000
Metal Work Pneumatic (Thailand) Company Ltd	Nonthaburi	THB 1.000.000
Metal Work Pneumatic U.S.A. Inc.	Arlington Texas	\$200.000
Metal Work Pneumatic (M) Sdn Bhd	Selangor	R250.000
Metal Work Polska Sp. Z o.o.	Poznan	200.000 zł
Metal Work Finland Ltd	Jarvenpaa	70.000 €
LLC Metal Work Ukraine	Kiev	3.500.000 UAH
Metal Work Pneumatic Australia Pty. Limited	Dandenong South	19 AUD
Metal Work Pneumatic Components (Shangai) Ltd	Shangai	¥5.925.177
Metal Work Partecipacoes Societarias Ltda	San Leopoldo	R\$ 24.000.000
Metal Work Pneumatic India Private Ltd	Bangalore	IDR 11.055.050
Metal Work Pneumatik Gmbh	Frauenfeld	CHF 100.000
Metal Work Pneumatic CZ s.r.o.	Ostrava	CZK 2.000.000,00
O.O.O. Metal Work Pneumatic	Mosca	RUR 32.000.000
PT Metal Work Pneumatic	Tangerang	INR 7.870.800.000
	Durban	ZAR 7.250.000
Metal Work Pneumatic South Africa (Pty) Ltd Metal Work Pneumatic Srl	Timis	670.000 RON
Metal Work Pneumatic PT Ltd		150.000 RON
Metal Work Pneumatic P1 Ltd Metal Work Pneumatic Vietnam	Singapore Tu Son City	
ivielal vvork preumatic vietnam	Tu Son City	5.840.000.500 VND





During 2023, the company:

- capitalized Eurocomp Holding S.r.l. for Euro 5,670,000 to finance the investment plan of the company;
- received the equity investment Eurocomp S.r.l., relative to the spin-off concerning the company Metal Work Service S.r.l. with headquarters in Oggiono (LC) for Euro 449,000;
- acquired 30% of the shares representing the share capital of Metal Work Nederland Bv. based in the Netherlands;
- established the company Metal Work Pneumatic Vietnam Company Limited based in Vietnam, of which it holds 100% of the shares representing the share capital;
- made capital payments to:
 - Metal Work Pneumatic UK Ltd with legal office in UK for 962 Euro/000;
 - Metal Work Finland Ltd with legal office in Finland for 95 Euro/000;
 - Metal Work Pneumatic South Africa (Pty) Ltd with legal office in South Africa for 102 Euro/000;
 - Metal Work Service S.r.l. with legal office in Bologna for 75 Euro/000.
- received a repayment of the paid-up capital in the amount of Euro 1,368 from Metal Work UK due to redemption of the same in connection with the sale of a real estate;
- sold the Eurocomp Sr.l. shareholding to Eurocomp Holding for a consideration equal to the book value.

The shareholdings listed above are held directly by the parent company Metal Work S.p.A. without the intermediary of a trust company or third party.

In turn, the sub-holding company Eurocomp Holding S.r.l. acquired during the year:

- 100% of the shares representing the share capital of the company CMC Costruzioni Meccaniche Compressori S.r.l. with legal office in Parma, for Euro 700/000;
- 100% of the shares representing the share capital of the company Compressori Service S.r.l. with legal office in Crevalcore (BO), for Euro 841 thousand;
- 90% of the shares representing the share capital of CRC Compressori S.r.l. with legal office in Cesena, for Euro 7,150/000;

As of 31 December 2023, the companies included in the consolidation area using the line-by-line method pursuant to Article 38, paragraph 2, letter a) of Legislative Decree 127/91, through Eurocomp Holding S.r.l., are the following:

Company	Location	Share capital in currency
Crc Compressori	Cesena	20.000€
Cmc Costruzioni Macchine Compressori	Parma	95.000 €
Eurocomp S.r.l.	Oggiono (LC)	100.000€
Compressori Service	Crevalcore (BO)	70.000 €

The company Eurocomp S.r.l. was acquired by Metal Work S.p.A. and resulted from the demerger of the compressor business unit previously belonging to the company Metal Work Service S.r.l. with headquarters in Oggiono.



Moreover, the Parent Company indirectly owns:

- Metal Work Portugal Lda wholly owned subsidiary of the company Metal Work Iberica, SA;
- Metal Work Pneumatic Brasil Lda 85% owned by Metal Work Partecipacoes Societarias Lda;
- American Cylinder wholly owned subsidiary of the company Metal Work Pneumatic USA;
- Bonomi Facchetti S.r.l. 92% owned by Metal Work Service S.r.l. with legal office in Brescia.

There are no proportionally consolidated companies pursuant to Article 37 of Legislative Decree 127/91.

Pursuant to Article 39, paragraph 3 of Legislative Decree 127/91, it is declared that no further variations occurred during the year in the composition of the companies included in the consolidation.

The reference date of the consolidated financial statements and the closing dates of the financial statements to be consolidated comply with those of the Parent Company and the majority of the companies included in the consolidation; in particular, the subsidiary Metal Work Pneumatic India Private, which closes its financial statements on 31 March, was consolidated on the basis of an interim annual financial statement, referring to the date of the consolidated financial statements.

Information aimed at presenting a true and fair financial statements

The financial statements adopted comply with the provisions of Legislative Decree 127/91. The financial statements have been drawn up clearly and give a true and fair view of the financial position and the operating income of all the companies included in the scope of consolidation.

Consolidation criteria and procedures

The consolidated financial statements have been prepared according to the financial statements approved by the shareholders' meetings or administrative bodies of the consolidated companies, adjusted, where necessary, to let them comply with the Group's accounting principles, or on the basis of the financial information (so-called 'reporting package') transmitted by the consolidated companies and prepared in accordance with the instructions of the Parent Company.



The accounting principles adopted for the preparation of the consolidated financial statements are those adopted by the Parent Company for the preparation of the annual financial statements or those adopted by the main consolidated companies, with the exception of the principle of assessment of investments in associated companies using the equity method instead of the cost method and the accounting treatment of leased assets, as showed later in these notes.

Assets and liabilities with identical or similar names and contents, which appear in the financial statements of Group companies and are to be included in the same items of the consolidated financial statements, are assessed according to uniform criteria.

The consolidated financial statements provide for the consolidation of the values of the assets, liabilities, costs, revenues and cash flows of the companies directly and indirectly controlled by the parent company according to the full consolidation method.

Subsidiaries are consolidated using the line-by-line method. The main criteria adopted for the application of this method are as follows:

- a) the elimination of the book value of the individual consolidated investments against the corresponding fraction of shareholders' equity less the portion due to minority shareholders, against the assumption of all assets and liabilities, as well as income and expenses of the subsidiaries;
- b) the elimination of accounts payable and receivable and of all transactions between consolidated companies;
- c) the elimination of profits and losses arising from commercial or financial transactions between group companies, net of the deferred tax assets and liabilities
- d) the elimination of income and expenses for transactions between the companies themselves
- e) the recording of the excess between the purchase cost of the investment and the relative share of the net equity of the consolidated company at the date of acquisition in a specific item of the consolidated assets called "goodwill", where it has not been possible to allocate it to the assets of the consolidated company
- f) the amortization of the value of the asset denominated "goodwill";
- g) the recording, at the date of first consolidation, of the lower book value of the investment compared to the portion of shareholders' equity of the consolidated company in a specific item of consolidated shareholders' equity called "consolidation reserve".

The consolidation difference was not offset, not even explicitly, against the consolidation reserve; since no unfavorable economic results were expected, the lower book value of the shareholding was never allocated to the consolidation reserve for future risks and charges.

Associated companies were consolidated using the equity method. The main criteria adopted for the application of this method provide for:

- a) the maintenance in the consolidated financial statements of the item "shareholdings" referring to the associated companies included in the consolidation;
- b) the adjustment of the value of the shareholding to the share of adjusted shareholders' equity of the associated company, with reference to the financial statements as at 31.12.2023.

Information on accounting postulates and assessment criteria

The Financial Statements of the subsidiaries have been prepared using classification criteria that are uniform to those of the parent company.

The assessment criteria adopted in the assessment of the various items comply with the provisions set forth in Article 2426 of the Italian Civil Code. The criteria used for the assessment of the value classes in the consolidated financial statements do not differ from those applied in the previous year and are shared by us. The assessment of the items in the financial statements was inspired by the general criteria of prudence and accrual, with a view to business continuity; the recognition and presentation of the items was carried out considering the content of the transaction or contract, where compatible with the provisions of the Italian Civil Code and the OIC accounting principles.

Pursuant to Article 2423-ter of the Italian Civil Code, it should be noted that no grouping of items in the balance sheet and profit and loss account was performed.

In preparing the consolidated financial statements, the following postulates were adopted, which were also used in the financial statements of the individual consolidated companies

the principle of prudence, indicating only profits accomplished at the end of the financial year and risks pertaining to the same year, even if known after the end of the financial year

the going concern principle, according to which the assessment criteria adopted assume a prospect of continuation of the company's business.

the accrual principle, according to which the effect of transactions and events is recognized in the accounts and attributed to the financial year to which these transactions and events refer and not to the year in which the relative cash entries were accomplished.

The postulates of consistency in assessment criteria, relevance and comparability of information have also been respected.

In application of the before-mentioned postulates: the assessment of the elements forming the individual items of assets or liabilities was carried out separately, to prevent the gains of some elements from offsetting the losses of others. In particular, gains were included only if they were realized by the closing date of the financial year, while risks and losses pertaining to the financial year were taken into account, even if they became known after the closing date;

- account was taken of income and expenses pertaining to the financial year regardless of the date of receipt or payment. The accrual period is the time criterion by which positive and negative income components are charged to the income statement for the purpose of determining the result for the year;
- the directors carried out a prospective assessment of the company's capacity to constitute a functioning economic complex aimed at producing income for a foreseeable future period of at least twelve months from the balance sheet date. The assessment carried out did not identify any significant uncertainties with regard to this capacity;
- the identification of rights, obligations and conditions was based on the contractual terms of the transactions and their comparison with the provisions of the accounting standards to verify the correctness of the recognition or derecognition of balance sheet and income statement items;
- the assessment criteria were not changed compared to the previous year in order to obtain a homogeneous measurement of the company's performance over the years.

ASSESSMENT CRITERIA OF THE BALANCE SHEET ITEMS

Intangible fixed assets

Intangible fixed assets are entered at purchase or production cost, including ancillary charges, while those transferred have been entered according to their appraisal value. The amounts are net of amortization, which has been calculated on a straight-line basis in relation to the residual possibility of utilization. More precisely, intangible fixed assets are amortized according to the following criteria, unchanged from the previous year:

Asset	Depreciation period
Start-up and expansions costs:	Depreciation period: 5 years
Patent rights and intellectual property rights	Depreciation period: 3/5 years
Development costs	Depreciation period: 4 years
Trademarks	Depreciation period: 10/20 years
Goodwill arising from acquisitions	Depreciation period: 10 years
Goodwill	Depreciation period: 10 years
Other intangible fixed assets	Depreciation period: 5 years or on the remaining term of the underlying contract



Tangible fixed assets

Tangible fixed assets are entered at purchase or production cost, including directly attributable ancillary charges, increased by any monetary write-ups pursuant to law; the tangible fixed assets transferred have been entered according to their appraisal value; there are no cases in which the value of tangible fixed assets is permanently lower than their book value.

It should be noted that in the 2020 financial statements, the Group's Italian companies proceeded to revalue assets pursuant to Law 126/2020, in accordance with the methods stated by the relevant regulatory provisions. The revaluation, with statutory and fiscal validity, concerned assets recorded in the financial statements for the year ended 31 December 2019. It should be noted that the amortization of the revalued amounts took place starting from the year 2021. The revaluation amounted to a total of Euro 22,405,000, Euro 14,785,000 of which was accounted in the financial statements of the consolidating company Metal Work S.p.A..

Depreciation charged to the profit and loss account has been calculated on a straight-line basis at rates deemed representative of the estimated useful economic-technical life of the assets.

The following table shows the depreciation rates used by the group, which have not changed since the previous year:

Asset	Rate
Buildings	3%
Specific and general plants	10%
Ordinary and automated machinery	10%
Equipment	20% - 25%
Molds	18%
Gauges / Tools	25%
Electronic machineries	20% - 25%
Ordinary office machines	10% - 12%
Vehicles	25%
Transport means	20%
Furniture	10% - 12%
Telephone systems	20%

Tangible fixed assets acquired through leasing contracts have been accounted for in accordance with the provisions of International Accounting Standard IAS 17, which requires these assets to be entered as tangible fixed assets at the purchase cost incurred by the leasing company, depreciated at the rates applicable to the respective assets. On the other hand, under the item "Payables to other lenders", the payable to the lessor is accounted for an amount equal to the principal share of the lease instalments falling due; depreciation and charges for the year are accounted in the income statement in place of the instalments paid.

Concerning impairment, at each balance sheet date the company assesses whether there is any indication that tangible and intangible assets may be impaired. If such evidence exists, the carrying amount of the asset is reduced to its recoverable amount, being the higher of its fair value less costs to sell and its value in use. When it is not possible to estimate the recoverable amount of the individual asset, the company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. The use value of an asset is calculated by determining the present value of expected future cash flows by applying a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is entered if the recoverable amount is less than the net carrying amount.

A write-down for impairment is reversed if the reasons for the write-down no longer apply. The reversal may not exceed the value that would have been determined had no impairment loss been entered. No reversal is made for goodwill and deferred charges.

The tangible assets of the Parent Company and consolidated companies are revalued, within the limits of their recoverable value, only in cases where the law of the relevant countries provides for and permits it.

The useful life of assets, verified by the directors, is appropriate and consistent with the specific characteristics and prospects of use of each asset in the company's production context, and it is based on analyses and estimates made by the directors.

Financial fixed assets

Financial fixed assets, consisting of securities and minor shareholdings, are entered at purchase cost, adjusted in cases of presumed lower realizable value or impairment.

Financial fixed assets include associating shareholdings, assessed using the equity method.

Inventory

Closing inventories are assessed at the lower of purchase and production cost and the corresponding realizable value that emerges from market trends (understood as replacement value for raw materials or net market value for finished products). More specifically, the cost of fungible goods was determined by applying the LIFO method on an annual basis. The value of the final inventories of the subsidiaries distributing the Metal Work product was adjusted by the contribution margin realized by the parent company existing on the same products. The tax effect resulting from this adjustment has been appropriately entered under "Deferred tax assets".

For internally produced goods, the manufacturing cost includes the costs of raw materials, materials, energy, direct labor as well as production and industrial overheads, for the shares reasonably attributable to the products. For semi-finished products and work in progress, the manufacturing cost is determined considering the stage of production reached.

Receivables

Receivables entered the balance sheet represent rights to collect, at an identified or identifiable maturity, fixed or determinable amounts of cash from customers or other parties. Receivables are recognized at amortized cost, considering the time factor and their estimated realizable value.

Discounts and allowances of a financial nature, which did not contribute to the determination of the estimated realizable value because they were not foreseeable at the time of initial recognition of the receivable, are recognized at the time of collection as financial expenses.

The criterion of amortized cost is not applied in cases where its effects are insignificant, generally for short-term receivables or when the transaction costs, commissions paid between the parties and any other differences between the initial value and the value at maturity of the receivable are insignificant.

Trade receivables with maturities beyond 12 months from initial recognition, without interest payments or with contractual interest rates significantly different from market interest rates, are initially recognized at the value determined by discounting future cash flows at the market interest rate. The difference between the initial recognition value of the loan determined in this manner and the forward value must be recognized in the income statement as financial income over the life of the loan using the effective interest rate method.

With reference to the estimated realizable value, the carrying amount of receivables is adjusted by means of an allowance for doubtful accounts to consider the probability that the receivables have lost value. For this purpose, indicators, both specific and based on experience and any other useful element, are considered that make it likely that the receivables will be impaired. The impairment allowance is estimated by analyzing individually significant receivables and at portfolio level for the remaining receivables, determining the losses that are expected to be incurred on receivables outstanding at the balance sheet date.



Financial Assets Not Constituting Fixed Assets

Securities entered on the assets side of the balance sheet and having the nature of a non-durable investment were assessed at the lower of the specific purchase or subscription cost and the value inferable from market trends at year-end. The write-downs necessary to adjust the cost to the market value were accounted for in a provision accounted as a direct adjustment of the securities' values.

Liquid assets

They represent the positive balances of bank and postal deposits, cheques, and cash on hand at the close of the financial year. Bank and postal deposits and cheques are valued at their presumed realizable value, cash and cash equivalents on hand at nominal value while foreign currency balances are valued at the exchange rate in force at the end of the financial year.

Accruals and deferrals

Accrued income and prepaid expenses represent shares of income and costs respectively pertaining to the financial year that will financially manifest themselves in subsequent years.

Prepayments and deferrals represent shares of costs and income, respectively, that have had a financial impact during the year or in previous years, but which will be entered in one or more subsequent years. Therefore, only shares of costs and income common to two or more financial years, the amount of which varies according to physical or economic time, are accounted under these headings.

At the end of each financial year, the conditions that determined their initial entering are verified and, if necessary, adjustments are made. In addition to the passage of time, for accrued income the presumed realizable value is considered while for prepaid expenses the existence of the future economic benefit related to the deferred costs is considered.

Provisions for liabilities and charges

Provisions for risks and charges represent liabilities of a definite nature, certain or probable, with an indefinite date of occurrence or amount. In particular, the provisions for risks represent liabilities of a definite nature and probable existence, the values of which are estimated, while the provisions for charges represent liabilities of a definite nature and certain existence, the amount or date of occurrence of which is estimated, connected with obligations already assumed at the date of the financial statements, but which will have a cash impact in subsequent years.

Provisions for liabilities and charges are accounted in priority in the income statement items of the relevant classes, the criterion of classification by nature of costs prevailing. The amount of provisions to reserves is measured by reference to the best estimate of costs, including legal expenses, at each balance sheet date and is not discounted.

Subsequent usage of the provisions is made directly and only for those expenses and liabilities for which the provisions were originally established. Any negative differences or surpluses with respect to the charges actually incurred are accounted in the income statement consistently with the original provision.

Severance Indemnity

The severance indemnity fund (Italian TFR) represents the benefit to which the employee is entitled in any case of termination of employment, pursuant to Article 2120 of the Italian Civil Code and considering the regulatory changes made by Law 296/2006. It corresponds to the total indemnity accrued, considering all forms of remuneration of a continuous nature, net of advances paid, and partial advances paid pursuant to collective or individual agreements or company agreements for which reimbursement is not required, as well as net of portions transferred to supplementary pension funds or to the treasury fund managed by INPS (Italian National Social Security Institute).

The liability for termination benefits is equal to the amount that would have been payable to employees if the employment relationship had terminated at the balance sheet date. Amounts of TFR relating to employment relationships terminated at the date of the financial statements and whose payment is made in the following year are classified as payables.

Payables

Payables are liabilities of a definite nature and certain existence that represent obligations to pay fixed or determinable amounts of cash to lenders, suppliers and other parties. Payables are classified according to their nature (or origin) with reference to ordinary operations regardless of the time within which the liabilities are to be settled.

Payables arising from the purchase of goods are accounted when the production process of the goods is completed and the substantial transfer of title has occurred, assuming the transfer of risks and rewards. Payables related to services are accounted when the services are received, i.e. when the service has been rendered. Loan payables and those arising for reasons other than the acquisition of goods and services are accounted when the Company's obligation to pay the counterparty arises. Payables for advance payments from customers are accounted when the right to collect the advance payment arises.

The criterion of amortized cost is not applied in cases where its effects are insignificant, generally for short-term payables or when the transaction costs, commissions paid between the parties and any other difference between the initial value and the value at maturity of the debt are insignificant.

Foreign currency transactions, assets and liabilities

Assets and liabilities arising from a foreign currency transaction are initially accounted in euros by applying to the foreign currency amount the spot exchange rate between the euro and the foreign currency at the date of the transaction.

Monetary items in foreign currencies, including provisions for risks and charges related to foreign currency liabilities, are translated into the balance sheet at the spot exchange rate at the end of the reporting period. The related exchange rate gains and losses are charged to the profit and loss account for the year.

Assets and liabilities in foreign currencies of a non-monetary nature remain recorded in the balance sheet at the exchange rate at the time of their acquisition, and therefore positive or negative exchange rate differences do not give rise to an autonomous and separate recognition.

Any net profit resulting from the exchange rate adjustment of monetary items in foreign currencies contributes to the formation of the result for the year and, upon approval of the financial statements and consequent allocation of the result, is recorded in a special non-distributable reserve. If the net result for the year is less than the unrealized gain on foreign currency items, the amount accounted in the non-distributable reserve is equal to the result for the year.





Revenues and costs

Revenues and income, costs and charges are accounted net of returns, discounts, allowances and premiums, as well as taxes directly related to the sale of products and the provision of services, in accordance with the principles of accrual basis accounting and prudence. Revenues from the sale of goods are accounted when the production process of the goods has been completed and the exchange has already taken place, i.e. the substantial and non-formal transfer of title has taken place, taking the transfer of risks and benefits as the reference parameter. Revenues for services are accounted when the service is rendered, i.e. the service has been performed.

Revenues and income, costs and expenses related to foreign currency transactions are determined at the spot exchange rate on the date the related transaction is completed.

Income taxes

Current taxes are calculated according to a realistic forecast of taxable income for the year, determined in accordance with tax legislation, and applying the tax rates in force at the balance sheet date. The related tax liability is accounted in the balance sheet net of payments on account, withholdings and tax credits that can be offset and for which reimbursement has not been requested; if payments on account, withholdings and credits exceed the taxes due, the related tax credit is accounted. Tax receivables and payables are valued according to the amortized cost criterion, unless they are due within 12 months.

Deferred and prepaid income taxes are calculated on the cumulative amount of all temporary differences existing between the values of assets and liabilities determined according to civil law valuation criteria and their accounted value for tax purposes, which are destined to be cancelled in subsequent years.

Deferred taxes related to transactions that directly affected equity are not initially accounted in the income statement but accounted in the provisions for risks and charges by reducing the corresponding equity item.

Deferred tax assets on deductible temporary differences and on the benefit related to the carry-forward of tax losses are accounted and maintained in the financial statements only if there is reasonable certainty of their future recovery, through the forecast of taxable income or the availability of sufficient taxable temporary differences in the years in which the deferred tax assets will reverse.

A deferred tax asset that was not accounted or reduced in prior periods because the requirements for its recognition or retention were not met, is accounted or reversed in the period in which those requirements are met.



Conversion of financial statements of foreign companies

The conversion into euros of the financial statements of the foreign companies included in the consolidation is carried out by applying the current exchange rate method; therefore, assets and liabilities are valued at the exchange rate in force at the balance sheet date, shareholders' equity at the historical formation rate, and the values of the income statement are valued at the average exchange rate for the year. The difference generated by the conversion of financial statements in foreign currencies, following the application of this method, has been allocated to a net equity reserve called "reserve from conversion difference", which is reflected in the net equity of the consolidated companies. The table below shows the average and latest exchange rates used for foreign currencies:

currency	exchange rate as at 31/12/2023	average exchange rate 2023	exchange rate as at 31/12/2022	average exchange rate 2022
AUD	1,626	1,628	1,569	1,516
BRL	5,361	5,401	5,638	5,439
CHF	0,926	0,971	0,984	1,004
CNY	7,850	7,660	7,358	7,078
CZK	24,72	24,00	24,11	24,56
DKK	7,452	7,450	7,436	7,439
GBP	0,869	0,869	0,886	0,852
IDR	17.079	16.479	16.666	16.666
INR	91,90	89,30	88,18	82,71
MYR	5,070	4,932	4,698	4,627
PLN	4,339	4,542	4,680	4,686
RON	4,975	4,946	4,949	4,931
RUB	97,72	95,00	78,86	88,41
SEK	11,09	11,47	11,12	10,62
SGD	1,459	1,452	1,430	1,451
THB	37,97	37,63	36,83	36,85
UAH	41,99	39,54	39,03	34,02
USD	1,105	1,081	1,066	1,053
VTN	26.808	25.771	-	-
ZAR	20,34	19,95	18,09	17,20



INFORMATION ON SPECIFIC ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS AND ACCOUNT CLASSIFICATION



ASSETS

B I) Intangible fixed assets:

Intangible fixed assets amounted to Euro 15,063,000 (2022: Euro 5,590,000). The investments in intangible assets accomplished during the financial year 2023 amounted to Euro 13,724,000, considering the investments in goodwill related to the acquisitions.

Variations in intangible assets during the year are shown below.

	Initial value	Exchange rate diffe- rence	Decreases (-)	Increases (+)	Deprecia- tions	Final value
Start-up and expansion costs	6	-	-	-	3	3
Development costs	702	-	-	349	361	690
Industrial Patent and Intellectual Property Rights	1.491	-	-	1.609	863	2.237
Concessions, licenses, trademarks and similar rights	260	-	-	5	195	70
Goodwill	2.227	6	_	10.503	1.456	11.280
Assets under construction and advances	340	-	-330	-	-	10
Others	564	-	-901	1.258	149	772
Total	5.590	6	-1.231	13.724	3.027	15.063

Ther "Development Costs" incurred in the financial year amounted to Euro 349,000 and related to expenses incurred for the fulfilment of new products from which positive outcomes are expected in the coming years.

Expenses incurred in 2023 in "Concessions, Licenses and Trademarks" and patent and intellectual property rights amounted to Euro 1,609,000 (2022: Euro 459,000) and are related to investments for the implementation of software for business process management as part of the IT restructuring of the Group.

The goodwill accounted in the financial statements as at 31.12.2023 amounts to 11,280 Euro/000 (2022: 2,227 Euro/000) and consists of the consolidation difference of 10,489 Euro/000 generated at the time of initial consolidation of the subsidiaries, plus the goodwill values accounted by Metal Work Service S. r.l. with legal office in Oggiono during the acquisition of the business branch of RGF S.n.c. and Blu Air S.r.l. and the goodwill generated by Metal Work Automation S.r.l. following the merger with Duebi S.r.l..

The following table provides, in thousands of Euro, the time structure of the formation of the net book value of the consolidation difference:

	from acquisitions 201 <i>7</i>	from acquisitions 2019	from acquisitions 2023	Total
American Cylinder		1.461		1.461
Eurocomp Holding acquisitions			8.066	8.066
30% Acquisition Metal Work Nederland			2.243	2.243
Bonomi & Facchetti			436	436
Other minor companies	34			34
	Total 34	1.461	10.745	12.240

The increase in "Other intangible assets" refers mainly to upgrading and improvements to third-party assets.

B II) Tangible fixed assets:

"Tangible fixed assets" amount to Euro 105,435,000 (2022: Euro 105,379,000). The investments in tangible fixed assets realized in the financial year 2023 amount to Euro 15,128,000, net of advance payments. Entries in tangible fixed assets during the year are shown below:

	Initial value	Exchange rate difference	New company acquisition	Decreases (-)	Increases (+)	Others	Deprecia- tion	Final value
Terreni e fabbricati	55.572	0	11	0	6.471	-659	2.600	58.795
Impianti e macchinari	32.148	-3	692	0	10.544	-749	7.975	34.657
Attrezzature industriali e commerciali	7.935	1	109	0	3.203	-145	3.171	7.932
Altri beni	2.056	-1	206	0	1.386	195	915	2.927
Immobilizzazioni in corso e acconti	7.668	12	0	-6.476	0	-80		1.124
Totale	105.379	9	1.018	-6.476	21.604	-1.438	14.661	105.435

Investments in land and buildings amount to Euro 6,471,000, of which Euro 5.1 million refers to the purchase and renovation by the English subsidiary of an industrial building and Euro 770,000 refers to the completion by Metal Work Service S.r.l. in Brescia of an industrial building.

The investments in "Plants and Machinery", amounting to Euro 10,544,000, were mainly borne by Metal Work S.p.A. and Alfa Meccanica S.r.l. as part of the technological renovation in line with "Industry 4.0".

The investment in "Industrial and commercial equipment", amounting to Euro 3,203,000, was mainly made by Metal Work S.p.A..

Investments of Euro 1,386/000 are entered under "Other assets".

The item "Assets under construction and advances" includes amounts paid on account by the Parent Company for the supply of machinery and equipment.



As at 31 December 2023, the buildings in the "ex-Pedrini" segment owned by the Parent Company were encumbered by a mortgage securing a loan issued by Cassa Centrale in cooperation with Credito Cooperativo di Brescia for a total residual value of just over Euro 7 million.

Assets acquired through financial leasing contracts, even if redeemed, are accounted for in accordance with the format required by IFRS 16, therefore the following table provides details of assets, distinguishing between owned and leased assets:

			Gross value	Accumulated depreciation	Net value	Depreciation
Owned assets			226.890	149.524	77.366	11.857
Leased assets:						
	Buildings		31.932	9.557	22.375	1.689
	Plants and machinery	•	12.478	7.908	4.570	1.115
		Total	271.300	166.989	104.311	14.661

B III) Financial fixed assets:

"Financial fixed assets" amount to Euro 4,181,000 (2022: Euro 3,646,000) with a variation of Euro 535,000 compared to the previous year, shown in the following table:

	Current year	Previous year	Variation
Shareholdings in associated companies	2.912	2.486	426
Shareholdings in other companies	44	40	4
Receivables from others	916	535	381
Other securities	6	4	2
Financial derivative assets	303	581	-278
Total	4.181	3.646	535

Shareholdings in associated companies and other companies

Receivables from others

"Other receivables" amounting to Euro 916,000, with a variation of Euro 381,000 compared to the previous year, are due after the next financial year and essentially include receivables for investments in special insurance policies of the end-of-service allowances for some Group CEOs

Other equities

The item "Other equities" amounts to 6 Euro/000 (2022: 4 Euro/000).

[&]quot;Shareholdings in associated companies" amount to Euro 2,912,000 (2022: Euro 2,486,000) and refer to the shareholding in Signal S.r.l. and AR Vacuum, both valued using the equity method.

[&]quot;Shareholdings in other companies" amount to Euro 44,000 (2022: Euro 40,000), a variation of Euro 4,000 compared to the previous year.

Derivative assets

"Derivative Assets" are accounted in the balance sheet in the amount of Euro 303,000 (2022: Euro 581,000) and refer to capped contracts to hedge against the risk of rising interest rates arising from loan and finance lease transactions.

C) I) Closing Inventory:

"Closing inventory" amounts to Euro 59,860,000 (2022: Euro 62,019,000), a variation of Euro 2,159,000 compared to the previous year.

	Current Year	Previous Year	Variation
Raw, ancillary materials and consumables	11.118	10.838	280
Work-in-process and semi-finished products	11.517	12.958	-1.441
Contract work in progress	413	738	-325
Closing inv. finished products and goods	38.238	38.335	-97
Provisions goods depreciation	-2.117	-2.186	69
Closing inv. finished pr. and goods in transit	608	1.265	-657
Advances	83	71	12
Total	59.860	62.019	-2.159

Inventories are net of the share of profit from commercial transactions between Group companies not realized at the balance sheet date. Contract work in progress refers to the inventories of Metal Work Automation S.r.l., which manufactures on demand, witch a lead time that may exceed one calendar year.

C) II) Receivables:

Receivables from Customers

Trade "Receivables from Customers" amount to Euro 58,926,000 (2022: Euro 56,464,000), a variation of Euro 2,462,000 in comparison to the previous year, and are accounted under Current Assets at their nominal value adjusted by a corresponding Allowance for doubtful accounts of Euro 3,188,000 (2022: Euro 2,832,000), determined to adjust them to their estimated realizable value

		Current Year	Previous Year	Variation
Receivables from customers		58.926	56.464	2.462
	Total	58.926	56.464	2.462

The group does not have a significant concentration of receivables from one or a few entities. There are no receivables with a maturity of more than five years.



Receivables from associated companies

"Receivables from associated companies" amount to Euro 2,000 (2022: Euro 24,000) and had a negative variation of Euro 22,000.

Receivables from parent companies

"Receivables from parent companies" amount to Euro 6,851,000 (2022: Euro 5,567,000) and refer to transfers from tax consolidation made by the Italian subsidiaries to Metal Work Holding S.p.A..

	Current Year	Previous Year	Variation
Receivables from parent companies	6.851	5.567	1.284
Total	6.851	5.567	1.284

Receivables from companies subject to the control of parent companies

"Receivables from companies subject to the control of parent companies" amount to 21 Euro/000 (2022: 0 Euro/000) which represents the variation of the year.

Tax receivables

"Tax receivables" amount to Euro 11,214,000 (2022: Euro 9,455,000) and include receivables accrued by group companies from the tax authorities. The item includes both VAT receivables and receivables relative to taxes to which group companies are subject.

		Current Year	Previous Year	Variation
Tax receivables		11.214	9.455	1.759
	Total	11.214	9.455	1.759



Deferred tax assets

"Deferred tax assets" arise from temporary differences between the determination of income according to tax law and the statutory income statement, and their entries are shown in the following table:

		Current Year	Previous Year	Variation
Deferred tax assets		2.376	2.336	40
	Total	2.376	2.336	40

Deferred tax assets relating to "accumulated claimable losses" include provisions made against losses accrued by some foreign subsidiaries with the reasonable certainty of the existence of taxable income in future years, which will result in the cancellation of the amount accounted.

Receivables from others

"Receivables from others" amount to Euro 2,135,000 (2022: Euro 1,606,000) and have a variation of Euro 529,000 compared to the previous year.

			Previous Year	Variation
Crediti Verso altri		2.135	1.606	529
	Totale	2.135	1.606	529

C) III) Financial assets not constituting fixed assets:

"Financial assets not constituting fixed assets" amount to Euro 4,219,000 (2022: Euro 4,289,000) and refer to temporary cash investments valued at the lower of purchase cost and market value as at 31 December 2023.

	Current Year	Previous Year	Variation
Financial assets not constituting fixed assets	4.219	4.289	-70
Totale	4.219	4.289	-70

C) IV) Liquid Assets:

"Liquid assets" refer to bank deposits, cash and other valuables existing at the closing date of the financial year and amount to a total of 13,228 Euro/000 (2022: 16.337 Euro/000).

		Current Year	Previous Year	Variation
Bank and post deposits		13.194	16.291	-3.097
Cheques		3	1	2
Cash and valuables on hand		31	45	-14
	Total	13.228	16.337	-3.109



D) Accruals and Deferrals:

"Accruals and Deferrals" are calculated on a strict accrual basis in order to correctly allocate the relevant shares of costs and revenues in the relevant period.

		Current Year	Previous Year	Variation
Accrued income		209	241	-32
Deferred charges		935	418	517
	Total	1.144	659	485

The nature of accrued income is as follows:

	Current Year	Previous Year	Variation
Licenses and periodic maintenance	256	205	51
Financial charges / substitute taxes	250	45	205
Advertising costs, travel and trade fairs	60	75	-15
Maintenance	79	28	51
Training	45	60	-15
Others	245	5	240
Total	935	418	517



LIABILITIES

A) Group Net Equity:

The "Consolidated Group Net Equity" amounts to a total of Euro 124,496,000 (2022: Euro 119,509,000) and is composed as follows:

	Net equity	31/12/2023	31/12/2022
1	Share Capital	21.000	21.000
II	Share premium reserve	19.324	19.324
III	Revaluation reserve	14.341	14.341
IV	Legal reserve	4.200	4.200
VII	Other reserves		
	Reserves from currency conversion	-3.075	-3.084
	Group Consolidation Reserves	7.894	7.515
	Other reserves	21.728	18.379
VIII	a – Profit (losses) carried forward	30.045	24.903
IX	Group operating profit (loss)	9.039	12.931
	TOTAL Group NET EQUITY	124.496	119.509
	Operating profit (loss) of third parties	1.121	1.601
	Capital and third-party reserves	5.785	5.436
	TOTAL Third-Party NET EQUITY	6.906	7.037
	TOTAL CONSOLIDATED NET EQUITY	131.402	126.546





Entries in the Group's consolidated net equity are shown in the following table:

	Share capital	Share pre- mium reserve	Legal reserve	Extraor- dinary reserve	Reva- luation reserve	Conso- lidation reserve	Con- version reserve	Reve- nue reserve	Net result	Total
Group net equity as at 31/12/2021	21.000	19.324	3.700	15.053	14.341	8.134	-3.568	20.931	12.238	111.153
Allocation of previous year's result			500	7.765				3.973	-12.238	0
- reserve distribution				-4.440						-4.440
- other entries	•					-619			•	-619
- exchange rate effect	•					•	484	•	•	484
Current year result									12.931	12.931
Group net equity as at 31/12/2022	21.000	19.324	4.200	18.378	14.341	7. 515	-3.084	24.904	12.931	119.509
Allocation of previous year's result				7.790				5.141	-12.931	0
- reserve distribution	***************************************			-4.440			-	•	•	-4.440
-other entries						379				379
- exchange rate effect							9		•	9
Current year result									9.039	9.039
Group net equity as at 31/12/2023	21.000	19.324	4.200	21.728	14.341	7.894	-3.075	30.045	9.039	124.496

The share capital amounts to 21,000 Euro/000 and consists of ordinary shares with a nominal value of 1 Euro each.

The share premium reserve amounts to Euro 19,324,000 and shows no entries.

The legal reserve amounts to Euro 4,200,000 and shows no entries.

The extraordinary reserve accounted a decrease of Euro 4,440,000, as an effect of the distribution to the shareholders of Metal Work S.p.A. (Euro 450,000 of which was attributed to type B shares upon approval of the 2022 balance sheet), and an increase of Euro 7,790,000 due to the allocation of the Parent Company's result.

The revaluation reserve is equal to Euro 14,341,000 as a result of Metal Work S.p.A.'s recording in the 2020 financial statements of the revaluation reserve pursuant to Law 126/2020.

Variations in the consolidation reserve refer to the effect of variations in the consolidation scope.

The "Conversion reserve" shows a positive variation of Euro 9,000.

Revenue reserve shows an increase equal to the difference between Metal Work S.p.A.'s profit for the year 2022 and the consolidated profit for the same year.

The reconciliation between the parent company's net equity and profit for the year and the net equity and profit for the year shown in the consolidated financial statements is as follows:

	net equity	of which result for the period
Net Equity and result of the parent company	85.860	5.267
Adjustments due to application of IAS 17 to the Parent Company	7.905	527
Adjusted net equity of the parent company	93.765	5.794
Elimination of Carrying Value of Consolidated Equity Investments		
Pro-rata results achieved by associates	426	426
Consolidation Effect Relating to subsidiaries	16.557	12.483
Goodwill	11.118	-1.434
Elimination of the effects of transactions between consolidated companies		
Intra-group profits net of tax effect	-5.129	-24
Elimination of previous write-downs/reversal of previous write-downs	7.759	-864
Dividends received from associated companies		-7.342
Net equity and result for the period as reported in the consolidated financial statements	124.496	9.039

Entries in "Minority interest capital and reserves" are detailed in the following table:

	Capital and reserves	Net result	Total
Minority net equity at 31/12/2022	5.436	1.601	7.037
Allocation of previous year result	1.601	-1.601	0
- reserve distribution	-1.430		-1.430
- other variations	178		178
Operating current result		1.121	1.121
Minor interest net equity as at 31/12/2023	5.785	1.121	6.906

B) Provisions for risks and charges:

Liabilities include the following provisions for risks and charges, estimated according to the losses and charges of a definite nature and certain or probable existence:

	Current Year	Previous Year	Variation
TFM (Director's severance indemnity) provisions	706	635	71
Deferred tax provisions	1.261	961	300
Provisions for risk	295	675	-380
Financial derivative assets	16	57	-41
Total	2.278	2.328	-50



The "Provision for TFM" consists exclusively of the severance indemnity provided for the directors of some group companies and amounts to Euro 706,000.

The "Provision for deferred taxes", amounting to Euro 1,261,000, includes the taxes for the year relative to temporary differences between the statutory value and the fiscal value attributed to the same item.

The "Provisions for risks and charges" amount to Euro 295,000 (2022: Euro 675,000) and include allocations to cover foreseeable charges and losses but not related to specific asset items.

Derivative financial assets amount to 16 Euro/000 (2021: 57 Euro/000) and relate to hedging operations carried out by the Parent Company.

C) Employment severance indemnity:

The "Severance Indemnity", amounting to Euro 7,346,000 (2022: Euro 6,873,000), was determined in accordance with contractual obligations and current labor regulations and represents the total liability, net of tax advances paid, accrued to employees.

		Current Year	Previous Year	Variation
Severance indemnity		7.346	6.873	473
	Totale	7.346	6.873	473

D) Payables:

Total payables are as follows:

	Current Year	Previous Year	Variation
Payables to banks	64.535	60.256	4.279
Payables to other lenders	11.004	11.450	-446
Advances	635	419	216
Payables to suppliers	37.260	41.820	-4.560
Payables to associates	944	2.094	-1.150
Payables to parent companies	2.020	2.303	-283
Tax payables	5.260	4.899	361
Payables to social security and welfare institutions	3.692	3.632	60
Other payables	13.175	7.376	5.799
Total	138.525	134.249	4.276

Payables to Banks

Payables to banks are analyzed in the following table:

	Current Year	Previous Year	Variation
Bank payables – within the next financial year	41.949	39.074	2.875
Bank payables – after the next financial year	22.586	21.182	1.404
Total	64.535	60.256	4.279



"Payables to banks" amount to a total of 64,535 Euro/000 (2022: 60,256 Euro/000), 22,586 Euro/000 of which are due after the next financial year.

Financial payables are not guaranteed by mortgages or liens on the company's assets, except for the loan to Cassa Centrale for an original amount of Euro 10M related to the purchase of the Pedrini building complex. Bank payables due after 5 years are shown in the balance sheet for Euro 3,491/000.

Payables to other lenders

"Payables to other lenders", amounting to Euro 11,004,000 (2022: Euro 11,450,000), consisted mainly of amounts due to leasing companies, accounted for in accordance with IFRS 16; the table below shows the variations:

	Current Year	Previous Year	Variation
Payables to other lenders – within the next financial year	1.907	1.096	811
Payables to other lenders – after the next financial year	9.097	10.354	-1.257
Total	11.004	11.450	-446

Payables related to leasing operations expiring after 2024 amount to Euro 9,097,000, of which Euro 2,183,000 is due after 5 years.

With reference to the analysis of the net financial position, reference is made to the reclassified balance sheet in the Management Report.

Advances

"Advances" amount to Euro 635,000 (2022: Euro 419,000), a variation of Euro 216,000 compared to the previous year.

	Current Year	Previous Year	Variation
Customers w/advances – within the next financial year	635	419	216
Total	635	419	216

Payables to suppliers

"Payables to suppliers", amounting to Euro 37,259,000 (2022: Euro 41,820,000), represent payables contracted in the course of core business; there are no significant concentrations of payables on one or a few suppliers.

	Current Year	Previous Year	Variation
Payables to suppliers – within the next financial year	37.259	41.820	-4.561
Total	37.259	41.820	-4.561

Payables to Associated Companies

"Payables to associated companies" amount to Euro 944,000 (2022: Euro 2,094,000) and relate to payables for supplies received from Signal S.r.l. and Ar Vacuum Technology S.l..

	Current Year	Previous Year	Variation
Payables to associates – within the next financial year	944	2.094	-1150
Total	944	2.094	-1.150

Payables to Parent Companies

"Payables to parent companies" amount to Euro 2,020,000 (2022: Euro 2,303,000) and refer to transfers resulting from tax consolidation and to commercial relations carried out by Group companies with Metal Work Holding S.p.A..

	Current Year	Previous Year	Variation
Payables to parent companies – within the next financial year	2.020 2.303		-283
Total	2.020	2.303	-283

Tax payables

"Tax payables" amount to a total of Euro 5,260/000 (2022: Euro 4,899/000) and represent the debt position towards the Treasury for direct taxes, VAT and withholding taxes made by the companies as withholding agent.

	Current Year	Previous Year	Variation
Tax payables – within the next financial year	5.260	4.899	361
Total	5.260	4.899	361

Payables to social security and welfare institutions

"Payables to Social Security and Welfare Institutions", amounting to Euro 3,692/000 (2022: Euro 3,631/000), consist of the amounts due to Social Security Institutions, in accordance with current regulations concerning personnel.

	Current Year	Previous Year	Variation
Payables to social security and welfare institutions – within the next financial year	3.692	3.631	61
Total	3.692	3.631	61



Sundry Payables

"Sundry payables", amounting to Euro 13,175/000 (2022: Euro 7,376/000), essentially consist of payables to personnel in relation to accrued and untaken salaries and wages at the balance sheet date and payables to the transferors of the various acquired shareholdings.

	Current Year	Previous Year	Variation
Sundry payables – within the next financial year	11.651	7.376	4.275
Sundry payables – after the next financial year	1.524		1.524
Total	13.175	7.376	5.799

E) Accruals and deferred income

"Accruals and deferred income" have been calculated on an accrual basis to correctly allocate the relevant shares of costs and income in the period under review and amount to a total of Euro 5,105,000. (2022: 3.374 Euro/000).

		Current Year	Previous Year	Variation
Accrued interest payables		1.263	1.362	-99
Deferred income		3.842	2.012	1830
	Total	5.105	3.374	1.731

Accrued interest payables amount to Euro 1,263 thousand (2022: Euro 1,362 thousand) and mainly refer to financial charges accrued on debit positions at year-end.

Deferred income amount to Euro 3,842/000 (2022: Euro 2,012/000) and refer to tax credits for investments pursuant to Law No. 190/2014, carried out by the Parent Company, to tax credits for investments made and to grants disbursed by the Lombardy Region for investments dedicated to increasing production capacity and adapting to Industry 4.0.

Analysis of items in the Income Statement

The analytical presentation of positive and negative income components in the income statement and the previous comments on the balance sheet items allow us to limit this examination to only those items for which it is required by Article 38 of Legislative Decree 127/91, concerning the notes to the consolidated financial statements.

Revenues from sales and services, article 38 paragraph i)

Sales amount to a total of Euro 250,206,000 (2022: Euro 245,065,000) to which Euro 5,772,000 (2022: Euro 4,842,000) in other revenues and income must be added.

For a breakdown of revenues by geographic area, please refer to the Management Report.

Increases in fixed assets for internal work

Increases in internal fixed assets refer in the amount of Euro 1,106,000 (2022: Euro 1,335,000) to sales of machinery by the subsidiary Metal Work Automation S.r.l. to the Parent Company, which were correctly reclassified in accordance with accounting standards.

Financial expenses, article 38 paragraph g)

Financial expenses amount to Euro 3,692,000 (2022: Euro 1,664,000), of which Euro 545,000 arising from the application of International Accounting Standard IAS 17 concerning the accounting of leased assets using the financial method.

Value adjustments of financial assets

Value adjustments of financial assets, positive in the amount of Euro 707,000 (2022: Euro 364,000), refer to the assessment of securities included in the current assets of consolidated companies and the assessment of associated companies.

Pursuant to Article 38 of Law 127/91 paragraph (g) and followings, it is hereby declared that:

- there are no financial charges entered as assets;
- the average number of employees is stated in the following table:

Categories		2023	2022	average 2023	average 2022
Executives		17	16	17	16
Employees		750	723	762	723
Office workers		4	4	4	4
Workers		557	573	581	578
Apprentices		4	4	5	4
	Total	1.332	1.320	1.369	1.325

Taxes for the financial year

Taxes for the year amounted to Euro 2,935,000 compared to Euro 5,267,000 in the previous year and their variation is shown in the following table:

Remuneration to Directors, Statutory Auditors and Auditors

During the financial year, the company paid the Board of Directors remunerations in the amount of Euro 1,071,000 (previous year: Euro 1,036,000) and set aside remunerations for the Board of Statutory Auditors in the amount of Euro 52,000 (previous year: Euro 52,000) and remunerations for the Auditing Firm in the amount of Euro 46,000 (previous year: Euro 47,000).

Transactions with related parties

The company outsources assembly activities to two artisan companies whose owners are related to the Chairman of the Board of Directors. The transactions took place at normal market conditions and the turnover is shown in the following table:

	Current Year	Previous Year	Variation
Montaggi Industriali di Burgio Rosa & C. S.n.c.	1.062	1.129	-67
Lu.de.ma. di Luca Dell'Anna	323	444	-121
Total	1.385	1.573	-188

Provisions introduced by Legislative Decree 6/2003 on the content of the Notes to the Financial Statements

Article 2427 paragraph 1, item 3 bis)

The company has not impaired its intangible assets.

Article 2427 paragraph 1, item 6 bis)

There were no significant effects of variations in currency exchange rates after the end of the financial year such as to substantially alter the company's economic, financial and asset situation.

Article 2427 paragraph 1, item 6 ter)

The company has neither payables nor receivables relating to transactions involving the obligation of the purchasing party to reconveyance.

Article 2427 paragraph 1, items 19) e 19 bis)

The company has not issued any other financial instruments or derivatives, other than those envisaged in Section 18) of Article 2427 of the Civil Code, nor has it received any loans from its shareholders for any reason.

Article 2427 paragraph 1, items 20) e 21)

The company has not set up assets marked exclusively for a specific business, nor has it contracted financing related to a specific business.

Information pursuant to Law 124 of 4 August 2018

In compliance with the transparency and publicity obligations provided for under Law No. 124 of 4 August 2018, Article 1, paragraphs 125-129, we report that, during the 2023 financial year, Metal Work S.p.A. was awarded operating grants for an amount of Euro 1,311,408, broken down as follows:

Euro 168,099 arising from GSE disbursements in relation to photovoltaic systems installed;

Lender	Tax ID - VAT number	contribution	reason
Gestore dei Servizi Energetici GSE S.p.A. Viale Maresciallo Pilsudski, 92 - Roma	5754381001	168.099	contribution for energy production from photovoltaic installations
Total		168.099	

for additional Euro 1,143,309, further detailed below:

- tax credit for investments in capital goods for Euro 527,879;
- tax credit under Law 160/2019 as amended, for Euro 379,040;
- ARTBONUS tax credit for Euro 3,900;
- contributions from Fondimpresa for Euro 16,669;
- contributions for the purchase of natural gas for energy uses other than thermoelectric use non-gas companies article 1 paragraph 5 Law 175/2023 for Euro 215,821.

Financial Statement

The sources and uses highlight:

- that the financial flow of working capital produced by current operations was 16,768 Euro/000 compared to 20,730 Euro/000 in the previous year;
- that the cash flow before varioations in net working capital was Euro 34,205,000 compared to Euro 37,506,000 in the previous year;
- that the cash flow after variations in net working capital was 32,421 Euro/000 compared to 28,916 Euro/000 in the previous year;
- that the cash flow from operating activities was 26,410 Euro/000 compared to 22,836 Euro/000 in 2022;
- that the cash flow from investment activities in technical and financial fixed assets was negative for Euro 28,316,000 (2022: Euro 20,762,000);
- that reserves were distributed in the amount of Euro 4,440,000 (2022: Euro 4,440,000);
- that the financing activities resulted in investments in the amount of Euro 1,203,000/000 compared to Euro 5,355,000/000 in the previous year;
- that liquid assets decreased from 16,337 Euro/000 to 13,228 Euro/000 with a negative variation of the amounts

Subsequent events

To date, there have been no events occurring after 31 December 2023, which would make the current financial position substantially different from the one shown in the balance sheet at that date or which would require adjustments or additional notes to the financial statements.

With the foregoing, we believe that we have fully and faithfully showed the economic, financial and asset situation of the Metal Work Group.

Freed fodel

Concesio, 29Th May 2024

The Board of Directors

Chairman: Donatina Dell'Anna

Deputy Chairman: Riccardo Cavagna

Gianpietro Gamba

Daniele Marconi

Valentino Pellenghi

Fausto Rodella





RELAZIONE DEL COLLEGIO SINDACALE

Metal Work SpA - Board of Statutory Auditors' Report on the Financial Statements as at 31 December 2023

METAL WORK S.p.A.

Sede in Concesio (BS) - via Segni 5-7-9 - Capitale Sociale € 21.000.000 i.v.

Registro Imprese di Brescia n. 03472820178 R.E.A. 404497

BOARD OF STATUTORY AUDITORS' REPORT

According to the article 2429, second paragraph, Italian Civil Code

Dear Shareholders,

during the financial year that ended 31 December 2023, our activities were guided by the provisions of the law and the current Rules of Conduct for the Board of Statutory Auditors of Unlisted Companies issued by the National Council of Accountants and Tax Advisors.

By this report, we bring to your attention the activities performed and the results achieved.

1) Oversight of the administration pursuant to Articles 2403 and following of the Italian Civil Code.

We have monitored compliance with the law and the articles of association, compliance with the principles of proper administration, and particularly the adequacy of the organizational structures, the administrative and accounting system and their performance.

We attended the Shareholders' Meetings and the meetings of the Board of Directors, which were held in compliance with the statutory, legislative and regulatory provisions governing their performance; with reference to the before-mentioned meetings, we can reasonably ensure compliance with the law and the Articles of Association of the resolutions passed.

We have gained from the administrative body, on a regular basis as well as during the meetings held, information on the general performance of operations and its foreseeable evolution, as well as on the most significant operations, due to their size or characteristics, carried out by the Company and its subsidiaries.

In this regard, we can reasonably assure you that the actions taken complied with the law and the Articles of Association and were not manifestly imprudent, reckless, in potential conflict of interest or in conflict with the resolutions passed by the Shareholders' Meeting, or otherwise such as to compromise the integrity of the company's assets.

To our knowledge, the Company has not carried out any irregular or unusual transactions with companies of the Metal Work Group, related parties or third parties.

We have assessed the performance of the administrative body as not manifestly imprudent or reckless, nor in potential conflict of interest or such as to compromise the integrity of the company's assets.

We have acquired knowledge of and monitored the adequacy of the organizational, administrative and accounting structure and its actual performance, also by collecting information from the department heads, and in this regard, we have no remarks to report.

We have acquired knowledge of and monitored, to the extent of our competence, the adequacy and performance of the administrative-accounting system, as well as the reliability of the latter to correctly represent management-related issued, by obtaining information from the department heads and controlling the corporate

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documents and, in this regard, we have no remarks to report.

We have shared information relevant to the performance of our supervisory activities with KPMG S.p.A., the independent auditors appointed to perform the statutory audit of the accounts, and no relevant data or information has emerged in this regard that needs to be highlighted in this report.

We also inform you that, during the financial year 2023 and up to the date of this report:

- no complaints were received pursuant to Article 2408 of the Italian Civil Code;
- no opinions required by law were issued by the Board of Statutory Auditors;
- no data, information or critical profiles emerged regarding the independence of the statutory auditor.

Finally, we inform you that we have not made any reports to the board of directors pursuant to and for the purposes of Article 15 of Legislative Decree No. 118/2021 or pursuant to and for the purposes of Article 25-octies of Legislative Decree No. 14 of 12 January 2019. We have also not received any reports from public creditors pursuant to and for the purposes of Article 25-novies, Legislative Decree no. 14 of 12 January 2019, or pursuant to and for the purposes of Article 30-sexies of Legislative Decree no. 152 of 6 November 2021, converted by Law no. 233 of 29 December 2021, as amended.

2) Considerations on the annual financial statements and consolidated financial statements as at 31 December 2023

The Board of Statutory Auditors, not being entrusted with the legal audit, carried out on the financial statements the supervisory activities envisaged in Rule 3.8. of the "Rules of Conduct of the Board of Statutory Auditors of Unlisted Companies" consisting of an overall summary oversight aimed at verifying that the financial statements have been properly prepared.

As a matter of fact, it is the responsibility of the person in charge of the statutory audit to verify that the financial statements have been properly prepared.

Financial statements as at 31 December 2023

With reference to the financial statements for the year ended 31 December 2023, pursuant to Article 2429, paragraph 2, of the Italian Civil Code, we acknowledge what follows.

The financial statements of Metal Work S.p.A. were approved by the Board of Directors and made available to us. It shows a net profit of €. 5,266,807.

Insofar as we are not entrusted with the legal audit of the accounts, we have supervised the general layout of the financial statements and their general compliance with the law; in this regard, we have no considerations to report. We have also verified compliance with the law in respect of the Management Report and have no considerations to report.

The values forming intangible fixed assets are recorded in the Balance Sheet, where applicable, with our consent, pursuant to Article 2426, Italian Civil Code.

To the best of our knowledge, the directors, in preparing the financial statements, have not departed from the law pursuant to Article 2423, paragraph 5, of the Italian Civil Code.

On 24 June 2024, the auditing firm Kpmg S.p.A. issued the report pursuant to Article 14 of Legislative Decree No. 39/2010, in which there are no qualifications or requests for information and in which we certify that the financial statements as at 31 December 2023 give a true and fair view of the financial position and results of

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Metal Work SpA - Board of Statutory Auditors' Report on the Financial Statements as at 31 December 2023

operations of your Company.

Consolidated Financial Statements of the Metal Work Group as at 31 December 2023

The consolidated financial statements were approved by the Board of Directors and made available to us. It shows a net profit pertaining to the Metal Work Group of €. 9,039,482.

To the extent of our responsibility, we have supervised the general approach given to the consolidated financial statements and its general compliance with the law; in this respect, we have no particular considerations to report. We have also verified the compliance of the Management Report with the law and have no particular considerations to report.

On 24 June 2024, the auditing firm Kpmg S.p.A. issued its report pursuant to Article 14 of Legislative Decree No. 39/2010, in which there are no remarks or requests for information and in which we certify that the consolidated financial statements as at 31 December 2023 give a true and fair view of the financial position and results of operations of the Metal Work Group.

3) Considerations and proposals regarding the approval of the financial statements as at 31 December 2023

Considering the results of the activities we performed, and the opinion expressed in the audit report issued by the independent auditors, we invite the shareholders to approve the financial statements for the year ended 31 December 2023, as prepared by the directors.

The Board of Statutory Auditors agrees with the proposal for the allocation of the operating profit made by the Directors in the notes to the financial statements.







RELAZIONE DELLA SOCIETÁ DI REVISIONE



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Independent Auditing Firm's Report pursuant to Article 14 of Legislative Decree No. 39 of 27 January 2010

To the Shareholders of Metal Work S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Metal Work Group (hereinafter also referred to as the "Group"), which comprise the balance sheet as at 31 December 2023, the income statement and the cash flow statement for the year then ended and the notes thereto.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Metal Work Group as at 31 December 2023, the results of its operations and its cash flows for the year then ended in accordance with the Italian regulations governing the criteria for their preparation.

Basis for the opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under these standards are further described in the section "Auditor's responsibility for auditing the consolidated financial statements" of this report. We are independent in relation to Metal Work S.p.A. in accordance with the rules and principles on ethics and independence that apply in the Italian legal system to the auditing of financial statements.

We believe that we have obtained sufficient and appropriate audit evidence on which to base our opinion.

Responsibility of the Directors and the Board of Auditors of Metal Work S.p.A. for the consolidated financial statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Italian regulations governing the criteria for their preparation and, within the terms of the law, for that part of the internal control they consider necessary to enable the preparation of financial statements that do not contain significant errors due to fraud or unintentional conduct or events.



Auditors' Report 31 December 2023

The Directors are responsible for assessing the Group's ability to continue as a going concern and, in the preparation of the consolidated financial statements, for the appropriateness of the use of the going concern basis of accounting, as well as for adequate disclosures in this regard.

The directors use the going concern assumption in preparing the consolidated financial statements unless they have assessed that the conditions exist for the liquidation of the parent company Metal Work S.p.A. or for the discontinuation of operations or have no realistic alternative to these choices.

The Board of Statutory Auditors is responsible for the supervision, within the terms of the law, of the Group's financial reporting process.

Auditor's responsibility for auditing the consolidated financial statements

Our goals are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or unintentional conduct or events, and to issue an audit report that includes our opinion. We define reasonable assurance as a high level of assurance which, however, does not provide assurance that an audit performed in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement, if any. Errors may result from fraud or from unintentional actions or events and are considered material if it can reasonably be expected that they, individually or collectively, could influence the economic decisions of users taken on the basis of the consolidated financial statements.

In the context of the audit conducted in accordance with international auditing standards (ISA Italia), we exercised professional judgment and maintained professional skepticism throughout the entire audit. In addition:

- we have identified and assessed the risks of material misstatements in the consolidated financial statements, whether due to fraud or unintentional actions or events; we have designed and performed audit procedures in response to those risks; we have obtained sufficient and appropriate audit evidence on which to base our opinion. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting a material misstatement resulting from unintentional actions or events, as fraud may involve collusion, forgery, intentional omissions, misleading representations, or the forcing of internal controls:
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Group's internal control:
- we have assessed the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Directors, including the related disclosures;
 - we have reached a conclusion regarding the appropriateness of the Directors' use of the going concern assumption and, based on the audit evidence obtained, whether a material uncertainty exists related to events or circumstances that may cast significant doubt about the Group's ability to continue as a going concern. When a material uncertainty exists, we are required to draw attention in the audit report to the relevant financial statement disclosures or, if such disclosures are inadequate, to include this fact in the formulation of our opinion. Our conclusions are based on the evidence obtained up to the date of this report. However, subsequent events or circumstances may result in the Group ceasing to operate as a going concern;





Gruppo Metal Work Auditors' Report 31 December 2023

- we have assessed the presentation, structure and content of the consolidated financial statements taken as a whole, including the disclosures, and also whether the consolidated financial statements present underlying transactions and events fairly;
- we have obtained sufficient and appropriate evidence about the financial information of the businesses or different
 economic activities performed within the Group to express an opinion on the consolidated financial statements. We are
 responsible for directing, supervising and performing the audit of the Group's financial statements. We are exclusively
 responsible for our audit opinion on the consolidated financial statements.

We have informed the heads responsible for governance activities, identified at an appropriate level as required by ISA Italia, among other things, of the audit scope and planned timing and the significant results that have emerged, including any relevant deficiencies in internal control that were identified during the audit.

Report on other legal and regulatory provisions

Opinion pursuant to Article 14, paragraph 2, letter e), of Legislative Decree 39/10

The Directors of Metal Work S.p.A. are responsible for the preparation of the management report of the Metal Work Group as at 31 December 2023, including its consistency with the related consolidated financial statements and its compliance with legal requirements.

We have performed the procedures specified in Auditing Standard (SA Italy) 720B in order to express an opinion on the consistency of the management report with the consolidated financial statements of the Metal Work Group as at 31 December 2023 and on its compliance with legal requirements, as well as to issue a statement on any material misstatement.

In our opinion, the management report is consistent with the consolidated financial statements of the Metal Work Group as at 31 December 2023 and has been prepared in accordance with the law.

With reference to the statement pursuant to Article 14, paragraph 2, letter e) of Legislative Decree 39/10, issued on the basis of the knowledge and understanding of the company and its context acquired in the course of the audit, we have nothing to report.

Brescia, 24 June 2024

KPMG S.p.A.

Paolo Andreasi Shareholder





