FILOSTAMP SRL
SPECIAL FASTENER SYSTEMS
a Vimi Fasteners company

vimi fasteners
fastening your success

M.F.INOX S.R.L.
a Vimi Fasteners company

Vimi Group Consolidated Financial Statements at 31 December 2023

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CORPORATE BODIES

BOARD OF DIRECTORS

FIRST AND LAST NAME	POSITION
Storchi Fabio	Chairman of the Board of Directors
Sargenti Marco	Chief Executive Officer
Storchi Fabrizio	Director
Accorsi Ivano	Independent Director
Storchi Alessandro	Director

OTHER POSITION

FIRST AND LAST NAME	POSITION
Storchi Aimone	Honorary Chairman

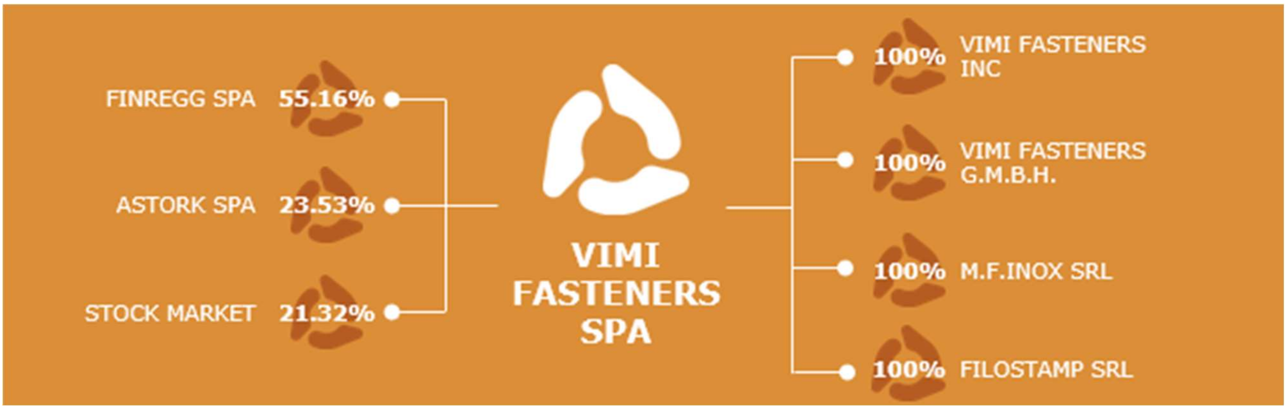
BOARD OF STATUTORY AUDITORS

FIRST AND LAST NAME	POSITION
Signoriello Gaetano	Chairman of the Board of Statutory Auditors
Tanturli Gianni	Standing auditor
Corradini Michele	Standing auditor
Esposito Paolo	Alternate auditor
Davoli Claudio	Alternate auditor

INDEPENDENT AUDITORS

Deloitte & Touche SpA

THE GROUP'S STRUCTURE



vimi fasteners

fastening your success

Report on operations for the Consolidated Financial Statements at 31 December 2023

CONSOLIDATED INCOME STATEMENT, BALANCE SHEET AND CASH FLOW HIGHLIGHTS AT 31 DECEMBER 2023

REVENUES

Consolidated revenues exceeded Euro 61 million, showing an increase of 15% compared to 2022, driven by the record order backlog recognised at the end of 2022 (thus affecting the 2023 financial year) and by the newly acquired Filostamp, a company that joined the Group as from 1 April 2023, which generated revenues of approximately Euro 6 million in the consolidation period.

The Vimi Group's order backlog showed an increase at 31 December 2023, thus affecting the entire 2024 financial year, equal to Euro 39.2 million compared to Euro 37.7 million in the backlog at the end of 2022.

EBITDA

Adjusted EBITDA for the year (net of non-recurring costs mainly relating to the acquisition of Filostamp S.r.l.) amounted to Euro 8.2 million (equal to 13.34% on revenues), up compared to Euro 6.1 million (11.41% on revenues) recognised at 31 December 2022.

However, net of said adjustment, the Vimi Group showed EBITDA of Euro 7.7 million (12.5% on revenues for the year), showing an improvement compared to the previous year as a result of higher sales, combined with the ongoing process of production efficiency and sales price renegotiation policies. Thanks to a careful management, it was therefore possible to achieve this result, despite the general weakening of the global macroeconomic environment in the second half of the year, which led to a slowdown in the Parent Company's sales volumes in the latter part of the year.

NET PROFIT

The Group closed the period with a profit of Euro 1.96 million compared to a result of Euro 1.75 million recognised at 31 December 2022. The result, although improving, was affected, as in previous financial periods, by a significant amount of amortisation and depreciation (equal to Euro 4.60 million at 31 December 2023), arising from the plan of investments implemented in recent years and the recognition of rental and lease agreements accounted for in accordance with IFRS16.

NET FINANCIAL DEBT

Net Financial Debt stood at Euro 23.9 million compared to Euro 26.6 million recognised at 30 June 2023 following the acquisition of Filostamp S.r.l., and to Euro 14.1 million recognised at 31 December 2022 before the aforesaid extraordinary transaction.

The increase in the Group's net debt was therefore mainly due to the recognition of the costs to acquire Filostamp, together with its contribution to the consolidated financial statements for an additional amount of Euro 2.1 million consisting of rental and lease liabilities, accounted for in accordance with IFRS16.

INTRODUCTION

Dear Shareholders,
We submit for your attention the Vimi Fasteners Group's consolidated financial statements at 31 December 2023.

Therefore, the values commented on in the report below refer to the Vimi Fasteners Group composed as follows:

- Vimi Fasteners S.p.A., the parent company with registered office in Novellara (Reggio Emilia);
- MF Inox S.r.l., a wholly-owned subsidiary with registered office in Albese con Cassano (Como);
- Filostamp S.r.l., a wholly-owned subsidiary with registered office in Alpignano (Turin);
- Vimi Fasteners GmbH, a wholly-owned subsidiary with registered office in Rommerskirchen (Germany);
- Vimi Fasteners Inc., a wholly-owned subsidiary with registered office in Charlotte, NC (USA).

SIGNIFICANT EVENTS DURING THE PERIOD

The 2023 financial year opened with a situation characterised by a complex and uncertain general climate, with no significant improvement from the end of 2022.
These 12 months have been in fact the scene of significant events of uncertainty at a global level; the target markets have been subject to strong volatility, with inflation rates that, although they have shown signs of decreasing in the second half of the year, have remained at very high levels.

Numerous conflicts have involved the European and Mediterranean regions in general, which have certainly contributed to the emergence of these conditions of macroeconomic instability: just think about the Russian-Ukrainian conflict, which despite the passage of years has shown no signs of abating, or the Israeli-Palestinian conflict, which does not hint at a diplomatic solution in the short term.
While considering the fact that there are no Ukrainian, Russian, Israeli or Palestinian companies among its customers and direct suppliers, the Group's management pays great attention to any possible indirect impact on the supply chain and on supplies to OEMs, which are amplified by the problems related to the transport of raw materials and finished products from Asia that historically used to transit the Red Sea, the present situation of which makes the supply chain even more critical.

The Group thus continues to move within a macroeconomic scenario that for years now has shown no signs of regaining its stability. In this complex and changing context, the challenge for the Group's companies remains to succeed in implementing effective commercial policies related to sales prices, together with actions aimed at making production processes more efficient.

As already stated, when the previous interim results for the period were published, the record level of new orders received at the end of 2022 drove the opening of this financial year, thus enabling the Group to achieve record sales of more than Euro 31 million in the first half of the year, despite the continuing recession in Germany, among the main target markets for Group companies. The slowdown in sales to German customers was offset, at least in the first part of the year, by ramp-ups with new customers and a gradual recovery in the automotive sector. In the second half of the year, however, the slowdown in the German economy spread to the entire European area, necessitating further monitoring actions by management especially on the Parent Company. On the other hand, the performance of the U.S. market was good, which is showing itself to be a source of good opportunities for the Vimi Group companies.
Business development and new customer scouting actions were also strongly intensified for all consolidated companies in order to support continued and structured growth, including through the contribution given by a new sales agent in Poland.
As a result, the Vimi Group companies were able to win important sales contracts with new customers; in particular, we must note the first supplies for a major new global customer in the industrial motors and components sector, as well as sales of high-performance screws to

an iconic Italian brand of superbikes, as proof of the continuous capacity for growth and technological development of the products we offer.

Also, in the light of the above, an ongoing commitment has been put in place towards processes to make production more efficient and reduce operating costs, in particular with the commissioning of the new PV plant at the Parent Company's plant, which has allowed energy costs to be contained compared to the previous year.

In pursuing the growth objectives set out in the Strategic Plan, the acquisition of Filostamp S.r.l., a historic Piedmontese fasteners manufacturer, was finalised as from April 2023, which will allow the achievement of important synergies, in terms of both sales and production, with the expansion of the range of products already offered by the Group companies and which, thanks to the substantial amount of machinery operating at the company, will allow it to support future growth in sales. The company, in fact, considers as its target market the automotive sector, which has shown positive signs in recent months: production sinergie, which have become possible with the advancement of the integration processes, together with the increased visibility of Filostamp's products abroad, obtained thanks to the Vimi Group's sales network and the good performance in the automotive sector, allowed the companies to present themselves externally with joint offerings, with undoubted advantages for both customers and the group , as early as the latter part of 2023.
The acquisition transaction, with a total countervalue of Euro 10 million, was partially covered through the controlling shareholder, Finregg S.p.A., taking out a loan amounting to Euro 5 million, which made it possible to meet the payment of the first tranche. All subsequent payments will be completed by 2027 thanks to the cash generation of Filostamp itself.

In 2023, with the expansion of the Group's perimeter, certain actions were also taken, which were aimed at streamlining processes common to all companies, such as the centralisation of payroll management, the introduction of an integrated treasury management system across all Group companies, and the implementation of a cash pooling system, which will ensure more efficient management of financial resources.

Work also continued on the commitment to communication and transparency towards all stakeholders, with the publication of the Group's Sustainability Report at the same time as the parent company's Board of Directors’ approval of the draft economic and financial report.
The publication of this document, entirely on a voluntary basis as it is not required as mandatory by current regulations for groups of this size, was also subject to limited review by a third-party auditor as from 31 December 2022.

In general, on the basis of the results that have been achieved and of available financial, operational and performance indicators, the Group's Directors consider that, despite the uncertain global economic and financial scene, no risks are noted with regard to the ability to continue as a going concern, nor are any critical issues regarding the Group’s ability to meet its obligations over the next 12 months.

MACROECONOMIC SCENARIO

GENERAL OVERVIEW

In 2023, the global macroeconomic environment saw a reduction in growth that affected virtually every country in the world, resulting in a GDP increase of 3.1% compared to an increase of 3.5% recorded in 2022.

In the advanced countries as a whole, the GDP growth rate was 1.6% compared to an increase of 2.6% recorded in 2022; the emerging countries as a whole recorded growth of 4.1% compared to the same growth achieved in 2022. In contrast, the United States bucked the trend, where 2023 showed a GDP increase of 2.5% compared to +1.9% recorded in 2022.

In general, however, with the prolonged weakness in world trade, the Eurozone economy saw a significant slowdown from the previous year, posting an average GDP growth of 0.5% (compared to a 3.4% growth in 2022), with Germany even showing a GDP decrease of -0.3% compared to +1.8% recorded in 2022. Persistent weakness in the manufacturing and construction cycles has gradually spread to the serviced sector as well, although the labour market has remained robust, with the unemployment rate returning to its lowest level since the introduction of the Euro.

In 2023, the Italian economy, too, showed a lower and decelerating growth than in 2022 (with +0.9% growth compared to 3.7% recorded the previous year). Growth was mainly stimulated by domestic demand, net of stock, with an equal contribution from consumption and investment. Net foreign demand provided a slightly positive contribution while it was negative from the change in inventories. In terms of the supply of goods and the provision of services, value added recorded increases in construction and many segments of the services sector while it contracted in agriculture and mining, manufacturing and other industrial activities as a whole. Growth in production activity was accompanied by an expansion in labour input and income. The ratio of Public Authorities' debt to GDP reported an improvement compared to 2022, with the tax burden remaining unchanged. The reduction in interest expenditure was reflected in an improvement in the primary balance.

On the domestic demand side, an increase of 4.7% in gross fixed investments and of 1.2% in final domestic consumption was recorded in terms of volume in 2023. As regards foreign flows, exports of goods and services rose by 0.2% while imports decreased by -0.5%. Domestic demand, net of stock, positively contributed 2.0 percentage points to the GDP trend while the contribution from net foreign demand was 0.3 points and the contribution of changes in inventories was negative by 1.3 points. Added value recorded increases in volume of 3.9% in construction and 1.6% in services. Decreases of 2.5% and of 1.1% were noted in agriculture, forestry and fishing and in industry in the narrow sense, respectively. In the services sector, particularly marked increases were recorded either for information and communication services (+4.0%), real estate activities (+3.3%) and for arts, entertainment and recreation and repair of household goods and other services (+6.1%).

Gross fixed investments increased by 4.7% (+8.6% in 2022), with across-the-board increases in all components: +3.1% investment in construction, +3.2% in machinery and equipment, +23.4% in transport equipment and +5.9% in intellectual property products.

With regard to the government accounts, the Public Authorities (PAs) net debt, measured as a ratio to GDP, was -7.2% compared to -8.6% in 2022 and in absolute value borrowing was Euro 149,475 million, showing an improvement of about Euro 18.5 billion from the previous year. The primary balance (net borrowing minus interest expenditure) measured as a ratio to GDP, was -3.4% (compared to -4.3% in 2022).

Public Debt as a ratio to GDP decreased slightly from 140.5% in 2022 to 137.3% in 2023.

Work units increased by 2.2% due to a 2.6% growth in those of employees and a 1.2% growth in those of self-employed staff. The increase was across the board in all macro-sectors: +1.4% in industry in the narrow sense, +1.6% in construction and +2.7% in services. The only exception was in agriculture, forestry and fishing where there was a decrease of 2.4% in AWUs.

Employee income and gross wages and salaries rose by 4.4% and 4.5%, respectively. Gross wages and salaries per work unit, on the other hand, increased by 1.9% in total economy; in detail, the increase was 2.6% in construction, 1.4% in services, 3.4% in industry in the narrow sense, and 1.3% in agriculture.

In 2023, overall inflation in Italy stood at 5.7%, slowing sharply from 8.1% in 2022, mainly as a result of the easing of tensions in energy goods prices (+1.2%, from +50.9% in 2022). Prices in the food sector, on the other hand, showed an acceleration in average annual growth (+9.8%, from +8.8% in 2022), despite the softening of their trend dynamics during the second half of the year. In 2023, price growth, net of volatile components (core inflation) was +5.1% (from +3.8% in 2022), and the drag on inflation to 2024 is equal to +0.1%.

CHANGES IN THE ECONOMIC SCENARIO IN EARLY 2024 - SHORT-TERM OUTLOOK

In its first forecasts of January 2024, the International Monetary Fund predicted growth rates of +3.1% in the world economy; GDP trends were estimated to be higher for all emerging countries (+4.1% as a whole), with even stronger growth in India (+6.5%). Economy also grew, albeit at a slower pace, in China (+4.6%); growth in the United States is forecast at 2.1%; the economic cycle in the Eurozone is expected to grow by 0.9%. With regard to Italy, the International Monetary Fund has predicted GDP growth of 0.7% in 2024 and 1.1% in 2025.
Russia's war with Ukraine and the tragic conflict in the Middle East, however, remain significant sources of geopolitical risk, which could lead in businesses and households to a loss of confidence about the future and disruptions in international trade. In contrast, growth could be higher if rising real income leads to larger-than-expected increases in spending or if the expansion of the world economy is stronger than expected.

THE FASTENERS SECTOR

After the recovery reported in the last months of last year, as early as the first half of 2023 this market sector showed a stronger demand for fasteners globally in line with the increase in world GDP. Industry reports estimate a fasteners market size of more than USD 95 billion in 2023, with an average annual growth rate of 4.7% in the period between 2024 and 2030.
The recovery in production in the automotive sector in the first half of 2023 drove demand for fasteners after inventories, which had increased in the previous period, had gradually declined. The performance of the energy, infrastructure, and defence sectors was also very good, supporting this growth trend noted during the year. Conversely, however, there was a continuation of very high interest rates compared to previous years, which prompted distribution to contain stock levels by focusing on shorter production cycles.

Furthermore, we are increasingly witnessing an evolution of customer supply specifications aimed at defining increasingly stringent standards of safety, lightness and product quality that are more and more responsive to ESG issues. Work continued on procuring advanced materials to be used in the production of fasteners, which combine high performance, lightness along with a manufacturing cycle that is more respectful of health, and the environment by minimising the natural resources used in its production. Demand for "smart screws" equipped with sensors capable of monitoring the operating status of the threaded connection was on the rise for the benefit of safety and optimisation of maintenance management of machinery, plants and facilities where these types of screws are used.
Finally, geopolitical tensions are forcing the supply chain to pay special attention to the mitigation of risks associated with procurement, thus favouring the return of production to Europe as opposed to the globalisation policies followed until a few years ago.

The market is expected to be driven not only by the automotive sector but also by the infrastructure and industrial sectors. Demand increased for technologically advanced fasteners and for lightening vehicles, with a focus on safety and quality.

ALTERNATIVE KPIs

This report provides some performance indicators in order to allow for a better assessment of the Group's results of operations, financial position and cash flows.

On 3 December 2015 CONSOB (the Italian Securities and Exchange Commission) issued Communication no. 92543/15, which implemented the Guidelines that had been issued by the European Securities and Markets Authority (ESMA) on 5 October 2015, regarding the disclosure of the aforesaid indicators in regulated information disseminated or in prospectuses published as from 3 July 2016. These Guidelines, which update the previously applicable CESR (Committee of European Securities Regulators) Recommendation (CESR/05-178b), are aimed at promoting the proper use and transparency of alternative performance indicators included in regulated information or prospectuses falling within the scope of application of Directive 2003/71/EC, in order to improve their comparability, reliability and clarity. In line with the communications mentioned above, the criteria used for the formulation of these indicators are provided below.

The income statement reclassified by destination must be prepared according to the following criteria:

- Cost of goods sold: this consists of costs directly attributable to products intended for sale. It includes, but is not limited to, costs of materials, labour, third-party processing, consumables and maintenance relating to production departments;
- Commercial costs: these include, by destination, costs incurred by sales networks, such as personnel, transport of goods sold, fees and commissions due to agents, and promotional/advertising costs;
- Administrative costs: these include any and all costs linked to general functions and departments, such as, for example, personnel not directly engaged in production, consultancy advice and corporate expenses.

  They also include any and all costs linked to the R&D work on new products, including costs for staff members from the various company areas involved in the projects, as well as for materials and equipment used for experimentation, third-party advice from research institutions and Universities that collaborate with the Group companies;
- Other operating costs: these include any and all production-related costs that are not reclassified to cost of goods sold, such as, for example, leases and rentals and non-production utilities.

The main items of the reclassified income statement that are equivalent to the corresponding items of the income statement reported in the section on "Financial statements" are: Revenues, Amortisation, depreciation and other impairment, Operating profit (loss), Financial income, Financial costs, Profit (loss) before tax, Taxes, Profit (loss) for the period.

The following alternative performance indicators are used in this report on operations:

- Gross profit: this value is obtained by subtracting the cost of goods sold – as expressed above - from Revenues for the period, as resulting from the financial statements;

- EBITDA: this is obtained by adding "amortization, depreciation and other impairment" recognised during the period to EBIT.

The reclassified balance sheet must be prepared according to the following criteria:

- Net working capital: this is determined by the algebraic sum of current assets and liabilities functional to the company's operations;
- Fixed assets: these consist of the set of long-term assets, i.e. non-current assets and receivables;
- Net Invested Capital: this indicator consists of the total of current and non-current assets, excluding financial assets, net of current and non-current liabilities, excluding financial liabilities;
- Net Financial Indebtedness: this indicator is calculated in accordance with CONSOB Communication no. 15519 of 28 July 2006, also including "Other financial assets" consisting of temporary cash investments. This indicator is also shown in accordance with the provisions of CONSOB warning notice no. 5/21 of 29 April 2021, in compliance with the requirements of the ESMA Guidance published on 4 March 2021.

The capital and financial structure reflects assets and liabilities classified according to the schedule of net invested capital. The main items of the statement of financial position equivalent to the corresponding items of the statement of financial position reported in the section on "Financial statements" are: inventories, property, plant and equipment, intangible assets, Employee Severance Pay (TFR) and shareholders' equity.

Finally, for the purposes of preparing the statement of financial indebtedness, we have applied the provisions of CONSOB Communication DEM/6064293 of 28 July 2006 and of the subsequent CONSOB warning notice no. 5/21 of 29 April 2021, as already stated above.

THE GROUP'S PERFORMANCE

INCOME STATEMENT

The 2023 financial year ended with a profit of Euro 1,958 thousand, showing significant growth in revenues, which exceeded Euro 61 million, up by 15.0% compared to the previous year, which is also correlated with the effect of the first-time consolidation of subsidiary Filostamp, which contributed approximately Euro 6.2 million to the increase in revenues. Profit margins also improved, supported both by the overall increase in sales and by major cost efficiency and pricing activities with customers.

For more details, reference should be made to the highlights of the reclassified income statement, compared to those of the previous period, as shown in the table reported below.

€/000	31.12.2023	%	31.12.2022	%
Revenues	**61,347**	**100.00%**	**53,347**	**100.00%**
Cost of goods sold	(38,910)	-63.43%	(34,427)	-64.53%
Gross margin	**22,437**	**36.57%**	**18,920**	**35.47%**
Administrative costs	(8,493)	-13.84%	(6,846)	-12.83%
Commercial costs	(2,375)	-3.87%	(2,554)	-4.79%
Other operating costs	(3,912)	-6.38%	(3,436)	-6.44%
Gross operating margin (EBITDA)	**7,657**	**12.48%**	**6,084**	**11.41%**
Amortisation, depreciation and other impairment	(4,659)	-7.59%	(3,772)	-7.07%
Operating profit - (EBIT)	**2,998**	**4.89%**	**2,312**	**4.33%**
Financial income	547	0.89%	107	0.20%
Financial costs	(1,346)	-2.19%	(465)	-0.87%
Profit (loss) before tax	**2,200**	**3.59%**	**1,954**	**3.66%**
Taxes for the period	(241)	-0.39%	(208)	-0.39%
Profit (loss) for the period	**1,958**	**3.19%**	**1,745**	**3.27%**
Non-recurring costs	528	0.86%	-	-
Adjusted EBITDA	**8,185**	**13.34%**	**6,084**	**11.41%**

For greater clarity and comparability of data at 31 December 2023 compared to the previous year, it should be noted that the total costs recorded in these financial statements include non-recurring costs amounting to Euro 528 thousand, mainly relating to expenses incurred to support the acquisition of Filostamp S.r.l..

For this reason, it was deemed appropriate to present Adjusted EBITDA at 31 December 2023 which did not take into account these costs, which are unrelated to the Group's operations, as shown above.

The reader of this document is also reminded that gross margin and EBITDA are not identified as accounting measures within the scope of IFRS and must not, therefore, be regarded as indicators for assessing the Group's performance of operations.
Finally, it should also be noted that the criteria used by the Group to calculate the parameters mentioned above may not be the same as those adopted by other companies in the sector, and, therefore, these values may not be comparable.
However, these values are reported and commented on in this document, since they are normally the object of analysis on the part of stakeholders.

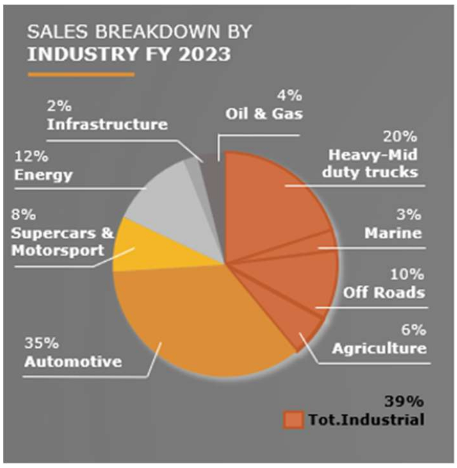
REVENUES AND ORDERS

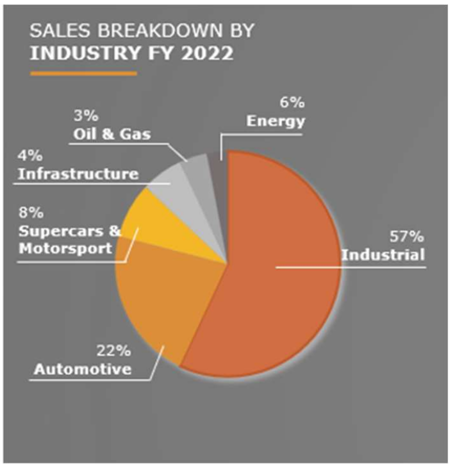
As already noted at the time of the publication of the annual consolidated financial statements for the financial year ended 31 December 2022, the 2023 financial year showed the positive effects of a record order backlog that had accrued as at the reporting date of the accounts for the previous year.

In fact, the high levels of orders in the backlog at the end of 2022 enabled the Group companies to achieve, especially in the first half of 2023, significantly higher sales than in the previous year.

However, global macroeconomic conditions led to a general slowdown in the target markets, which was also felt by the Parent Company in the second half of the year.

However, this effect was mitigated, at the consolidated level, by the excellent performance of subsidiaries and the entry of the newly acquired Filostamp into the Group as from 1 April 2023, which generated approximately Euro 6.2 million in revenues during the consolidation period.





In order to more clearly and comprehensively present the sales figures by target sector, it is necessary to bring the following factors to the attention of the users of financial statements:

- The newly acquired Filostamp has the automotive market as its target market, with the production of non-power-train related components. This has therefore led to an increase in the Group's sales volumes to that part of the automotive sector that will not undergo significant changes with the migration to electric vehicles.
- As the sales volumes of Group companies increase, the different trends in those individual market segments hitherto grouped under the single "industrial" macro-sector become increasingly evident and significant. As already anticipated when the previous financial statements were published, the presence in this macro-sector guarantees the Group an important diversification of its customer base: in order to provide greater details, the cross-section at 31 December 2023 by each market segment is reported above, concerning a sector that globally, even after the entry of Filostamp into the consolidation scope (with the consequent increase in the weight of the automotive sector), still accounts for 39% of the Vimi Group's sales.

As at 31 December 2023 the Vimi Group’s order backlog, affecting the 2024 financial year, amounted to Euro 39.2 million, showing an increase compared to Euro 37.7 million at 31 December 2022.

GROSS MARGIN

Gross margin showed a value of Euro 22.44 million, up compared to Euro 18.92 million recorded at 31 December 2022, and an impact on revenues of 36.57% compared to 35.47% in the previous year.

The improvement in gross margin values has certainly been sustained by the Group's efforts, aimed in part at the ever-increasing efficiency of production processes (among which the activation of the new PV system at the Parent Company's plant should be emphasised, which is a significant investment that has immediately begun to show its effects on energy procurement costs), and in part at a continuous and ongoing monitoring and attention to commercial policies regarding sales prices.

ADMINISTRATIVE, COMMERCIAL AND OPERATING COSTS

Administrative costs for the period amounted to Euro 8.49 million compared to Euro 6.85 million in 2022, with an impact of 13.84% on revenues compared to 12.83% in the previous year.

This item also includes the reclassification of research and development costs. The Parent Company is, in fact, continuing to invest in R&D projects, with a total expenditure, during the 2023 financial year, equal to Euro 964 thousand, of which an amount of Euro 598 thousand was capitalised and subsequently stated among intangible assets for an amount of Euro 474 thousand, net of accrued capital grants.

The activities concerned the study and design of new high-performance fastening systems with light alloy materials; in particular, work was completed during the first half-year on the project funded by the Ministry of Economic Development (MISE) regarding the: "*Development of design methods and production techniques for highly performing fastening systems for aerospace, motorsport, high-end automotive/supercar applications and new mild and full electric engines",* which had been started in 2018.

Commercial costs for the period amounted to Euro 2.38 million compared to Euro 2.55 million in 2022, with a significantly decreasing impact on revenues compared to the previous year.

Other operating costs, which mainly include the costs of maintenance and indirect services and utilities, amounted to Euro 3.91 million compared to Euro 3.44 million at 31 December 2022, and with an impact of 6.38% on revenues, nearly in line with what had been recorded at the end of the previous year.

GROSS OPERATING MARGIN (EBITDA)

EBITDA recognised at 31 December 2023 stood at Euro 7.66 million, showing a significant improvement in absolute value, compared to Euro 6.08 million recorded in the previous year. The same improvement can be seen in EBITDA as a percentage of total revenues, which showed a value of 12.48% at 31 December 2023 compared to 11.41% at 31 December 2022.

For the sake of clarity and comparability of the data, it is also noted that in 2023 the Vimi Group incurred extraordinary and non-recurring costs (mainly related to the acquisition of Filostamp S.r.l.) equal to approximately Euro 528 thousand. Net of these costs, which are not directly related to the company's operations, the Group would have achieved EBITDA of Euro 8.19 million, accounting for 13.34% of revenues.

As explained above, the improvement in profit margins appears to be directly related to a substantial increase in sales, which was achieved particularly in the first part of the year, mainly driven by the record order backlog volumes achieved at the end of 2022 and the contribution given by the newly acquired Filostamp.

This positive effect was then compounded by the Group's ongoing commitment to continuous production and resource management efficiencies (e.g., the commissioning of the new PV system at the Parent Company's plant), together with management's continuous and ongoing commitment to careful monitoring of sales prices. Thanks to such careful management, it was therefore possible to achieve this result, despite the general weakening of the global macroeconomic environment in the second half of the year, which led to a slowdown in the Parent Company's sales volumes in the latter part of the year.

AMORTISATION, DEPRECIATION AND OTHER IMPAIRMENT

Total amortisation, depreciation and impairment amounted to Euro 4.66 million at 31 December 2023, compared to Euro 3.77 million at 31 December 2022, with an impact of 7.59% on revenues compared to 7.07% in 2022. This item includes costs of Euro 1,310 thousand for rental and lease agreements, as required by IFRS 16.

OPERATING RESULT (EBIT)

As a consequence of what has already been explained in the note to the values of gross margin and EBITDA, after the recognition of amortisation and depreciation for the year, Operating Result stood at Euro 3.00 million at 31 December 2023, equal to 4.89% of revenues compared to a result of Euro 2.31 million at 31 December 2022, with an impact of 4.33% on revenues.

PROFIT(LOSS) FOR THE PERIOD

The result before tax posted a profit of Euro 2.20 million at 31 December 2023, compared to a result of Euro 1.95 million recognised at the end of the previous year.

After the recognition of taxes for the period, the Vimi Group's consolidated financial statements at 31 December 2023 showed a profit of Euro 1.96 million, equal to 3.19% of revenues recorded in the Financial Statements, against a result of Euro 1.75 million (3.27% of revenues) recognised at 31 December 2022.

CAPITAL AND FINANCIAL STRUCTURE

The Group's capital and financial structure at 31 December 2023 shows the values summarised in the table below.

€/000	31.12.2023	%	31.12.2022	%
Trade receivables and advances to suppliers	15,609	28%	9,758	22%
Inventories	13,381	24%	12,964	29%
Trade payables and advances from customers	(9,509)	-17%	(9,225)	-21%
Other net receivables and payables	(3,366)	-6%	(2,995)	-7%
Net working capital	**16,115**	**29%**	**10,503**	**24%**
Property, plant and equipment	16,034	29%	13,616	31%
Intangible assets	19,884	36%	16,782	38%
Non-current financial assets	2	0%	1	0%
Receivables from others and deferred tax assets	5,962	11%	5,491	12%
Fixed assets	**41,882**	**76%**	**35,891**	**81%**
Provision for Employee Severance Pay and other long-term payables	(2,773)	-5%	(2,051)	-5%
Net invested capital	**55,225**	**100%**	**44,343**	**100%**
Net financial position (A)	**23,875**	**43%**	**14,086**	**32%**
Shareholders' equity (B)	**31,350**	**57%**	**30,257**	**68%**
Total sources of Financing (A) + (B)	**55,225**	**100%**	**44,343**	**100%**

Net invested capital at 31 December 2023 amounted to Euro 55.23 million, showing an increase compared to Euro 44.34 million at 31 December 2022, mainly as a result of the changes in the consolidation perimeter.

Specifically:

- net working capital rose from Euro 10.50 million at 31 December 2022 to Euro 16.12 million at 31 December 2023, resulting in a change in the impact on net invested capital from 24% at 31 December 2022 to 29% at 31 December 2023.

  Inventory stock increased from Euro 12.96 million at 31 December 2022 to Euro 13.38 million at 31 December 2023. This increase was due to various combined effects: on the one hand, we must note the effect of the entry of Filostamp S.r.l. into the scope of consolidation of the Vimi Group at 31 December 2023, with a contribution of about Euro 1.60 million; on the other hand, there is an effect, of the opposite sign, of reducing the Parent Company's inventory by approximately Euro 1.4 million. In fact, in the second part of the year, special attention was paid to optimising stock in order to reduce the fixed assets of working capital not strictly necessary.

  Trade receivables increased from Euro 9.76 million at 31 December 2022 to Euro 15.61 million at 31 December 2023. The significant increase from the previous year was partly due to the entry of Filostamp into the Group's consolidation (with the contribution of approximately Euro 2.8 million in receivables), partly due to a "timing" effect of invoicing, and partly due to a different approach to cash management, aimed at optimising any related bank charges. However, there was no deterioration in the quality of the receivables themselves, nor a lengthening of the terms of extension agreed as per contract.

  Trade payables remained substantially in line, in absolute value, which increased from Euro 9.23 million at 31 December 2022, equal to 21% of net invested capital, to Euro 9.51 million at 31 December 2023, equal to 17% of net invested capital. The reduction in debt, however noted in percentage terms, appears to be related to the policy of reducing the stock at the end of the year, with a consequent slowdown in purchases in the last months of the year.

- Fixed assets (consisting of the sum of the value of property, plant and equipment, intangible assets, non-current financial assets, rights of use arising from IFRS 16 measurement and non-current receivables) showed an increase of Euro 5.5 million compared to the values recorded at 31 December 2022, mainly as a result of Filostamp's entry into the Group, with a contribution of about Euro 3.3 million in Right-of-use assets accounted for among property, plant and equipment as required by IFRS16 and the recognition of goodwill of Euro 3.24 million among intangible assets.

Net Financial Debt

The Vimi group's Net Financial Debt showed a value of Euro 23.88 million at 31 December 2023.

The change from the previous year is a direct result of the acquisition of Filostamp, which took place during the first half of 2023. In fact, this transaction entailed the recognition of indebtedness of Euro 10 million related to the Consideration for the acquisition (partly as less cash, partly as indebtedness to shareholders, and partly as the recognition of a financial debt to the selling shareholders), together with extraordinary costs that the Group had to incur for the preparatory activities for the completion of the transaction itself, amounting to approximately Euro 528 thousand. To this amount must also be added the effect of the recognition of the IFRS16 contracts of Filostamp itself, which amounted to more than Euro 2.1 million at 31 December 2023, and the cash and cash equivalents outstanding at Filostamp, which were acquired at the date of recognition of control of the company.

Net of these effects, it would therefore result in a debt value substantially in line with that at the end of 2022.

Furthermore, it should be noted that the total value of the reported financial debt included discounted borrowings relating to the payment of future leases and rentals, as required by IFRS 16, totalling Euro 4.34 million, of which an amount of Euro 1.2 million due within the subsequent 12 months while at 31 December 2022 they amounted to Euro 2.69 million, of which an amount of Euro 0.8 million due within the subsequent 12 months.

The table below shows a breakdown of the Group's financial debt at 31 December 2023, compared with the same balances at 31 December 2022, shown in compliance with CONSOB Warning Notice no. 5/21 of 29 April 2021 and ESMA Guidance issued on 4 March 2021. For greater clarity regarding the classification of current and non-current debt, the 2022 balances are shown as restated.

€/000	**31.12.2023**	**31.12.2022**
A. Cash	2,991	1,546
B. Cash equivalents	-	-
C. Other current financial assets	-	-
D. Liquidity (A) + (B) + (C)	**2,991**	**1,546**
E. Current financial debt	(4,000)	(4,896)
F. Current portion of non-current financial debt	(6,762)	(5,729)
F1. of which lease liabilities	(1,187)	*(762)*
G. Financial debt for acquisition of Filostamp	(703)	-
H. Current financial debt (E) + (F) + (G)	**(11,465)**	**(10,625)**
I. Net Current Financial Debt (Financial Position) (H) + (D)	**(8,474)**	**(9,079)**
J. Non-current financial debt	(11,655)	(5,006)
J1. of which lease liabilities	(3,152)	(1,925)
K. Debt instruments	-	-
I. Trade payables and other non-current payables	-	-
L. Financial debt for acquisition of Filostamp	(3,747)	-
M. Non-current Financial Debt (J) + (K) + (I) + (L)	**(15,402)**	**(5,006)**
N. Total Net (Financial Debt) /Financial Position (M) + (I)	**(23,875)**	**(14,085)**

INVESTMENTS

The 2023 financial year closed with an important plan of investments made by the Group; first of all we see the aforementioned completion of the acquisition of Filostamp S.r.l., which required the parent company to make an investment of Euro 10 million, partly supported by financing from the parent company Finregg S.p.A., and partly from future flows from the subsidiary.

Net of the fixed assets acquired from Filostamp (approximately Euro 1 million in property, plant and equipment and intangible assets, and Euro 3.3 million in IFRS16 Rights of Use), and the recognition of goodwill of Euro 3.24 million among intangible assets, there are additional investments of approximately Euro 2.4 million made by Group companies in new fixed assets.

Of this amount, about Euro 1.4 million were attributable to additions to property, plant and equipment (including Euro 1.1 million for purchases and improvements to equipment and machinery) and Euro 0.4 million related to lease agreements accounted for as required by IFRS 16.

Investments in intangible assets amounted to Euro 690 thousand, of which an amount of Euro 474 thousand was due to the capitalisation of development costs relating to the MISE project, which was concluded in May 2023. Upon achieving the target under the last Work Progress Report (SAL) of the project, the group had access to a capital grant of Euro 165 thousand, shown in the table above to reduce the value of the capitalised historical cost.

In particular, it should be noted that since this project (with the theme: "Development of design methods and production techniques for highly performing fastening systems for aerospace, motorsport, high-end automotive/supercar applications and new mild and full electric engines") was funded by the MISE required the company to prepare the related reporting process. The parent company benefited from the disbursement of the second Work Progress Report (SAL) instalment of the grant on 3 May 2023, for a total amount of Euro 353 thousand (of which an amount of Euro 312 thousand was disbursed directly by the MISE and an amount of Euro 41 thousand was disbursed by the Emilia-Romagna Regional Government). At present the parent company is currently waiting to receive the disbursement of the last Work Progress Report (SAL), following the completion of the project that took place on 20 May 2023.

The ultimate goal of the project was to arrive at having nine new prototype products, developed by adopting the new methodologies and techniques developed during the course of the project itself, which will have to present characteristics that exceed the state of the art in the relevant macro-sector of reference. This objective was achieved through a structured plan of activities organised on 6 different ROs and 6 different types of high-performance fasteners.

Following the completion of the project in May 2023, there was the consequent recognition of total costs, which had been deferred, until that time, among "fixed assets under development " as capitalised development costs, with the related recognition of the amortisation charge for the year. After taking account of the replacement process of the innovative product, it was established that this type of investment had the capacity to generate profitability for a period of at least 6 years on the basis of a specific internal analysis carried out, thus recognising the amortisation process along said useful life.

FINANCIAL PERFORMANCE INDICATORS

Certain performance indicators achieved by the Vimi Group at 31 December 2023 are reported below in addition to comparative data at 31 December 2022.

PROFITABILITY RATIOS

		31.12.2023	31.12.2022
Return on sales (ROS)	Operating profit / Revenues	0.05	0.04
Return on investment (ROI)	Operating profit / Invested capital	0.05	0.05
Return on Equity (ROE)	Profit for the period / Equity	0.06	0.06
EBITDA		7,657	6,084
EBIT		2,998	2,312
Personnel performance	Revenues / Personnel costs	3.74	3.72

As shown in the table reported above, the financial year ended with substantially stable profitability ratios compared to the previous year.

FINANCIAL RATIOS

		31.12.2023	31.12.2022
Current ratio	Current assets / Current liabilities	1.13	1.05
Quick ratio	Current assets – Inventories / Current liabilities	0.69	0.52
Leverage	Total investments / Net worth	1.76	1.47
Fixed assets coverage	Equity / Fixed assets	0.87	1.00

The values recorded through the calculation of the financial ratios at the end of the 2023 financial year showed, as a whole, the Group's ability to finance working capital and maintain a balanced financial position, including as a result of the acquisition of the newly controlled company Filostamp, which led to a temporary increase in debt, shown by a nonetheless small increase in the leverage ratio.

Accordingly, the Group is able to maintain its historical propensity to the ability to generate cash in support of its own operations.

OPERATIONAL RATIOS

		31.12.2023	31.12.2022
DOI	Inventories / Cost of goods sold x 365	126	137
DSO	Trade receivables / Revenues x 365	90	67
DPO	Trade payables / Costs of materials and services x 365	93	103

Finally, as reported above, at 31 December 2023 a substantial improvement was noted with regard to the timing of inventory turnover and payment to suppliers.

With regard to the calculation of average collection days from customers, showing an increase compared to 31 December 2022, a change in the factors underlying the calculation should be noted: we must in fact note that the group was joined by Filostamp, which sells its products mainly on the Italian market, which historically applies more deferred payment terms than abroad, with the consequent recognition at 31 December of a high amount of receivables not yet collected since they are not yet formally past due. Based on this, it can be therefore stated that the increase in average collection days did not cause any problems in collecting receivables or solvency of the Group companies' customers.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

In carrying out its activities, the Vimi Group is exposed to various types of business risk that might have an impact on its results of operations and financial position:

- market risk is essentially linked to trends in demand and prices of products. In relation to future trends in the target sectors, which at present can only be partially predicted, there will be related repercussions in terms of demand in the specific markets in which the Group operates;
- process risk: the Group relies on an accounting organisation based on the division of tasks and a management application system based on the division of functions with dedicated profiles and authorisations that are reviewed periodically. For the purpose of preparing the financial statements, the Board of Statutory Auditors and the Audit Firm carry out periodical audits of the internal control system, which are followed by adjustments to processes, where necessary;
- risk of non-compliance with regulations: there is no particular risk of incurring penalties or being disqualified from carrying out activities due to the failure to comply with the relevant regulations, especially those governing environmental risks and occupational safety. For objections concerning the Report on Findings (PVC) with the Agency, reference should be made to the explanatory notes.

  It should also be noted that, following two accidents that occurred at Group factories, two proceedings were commenced during the year against the Employer of the parent company Vimi Fasteners S.p.A. and the Employer of subsidiary MF Inox S.r.l.. respectively. In both cases, notifications of criminal decrees were received in respect of the Employer, and in both cases these proceedings were appealed against by the parties concerned, in the face of strong defence arguments. Based on the status of the proceedings, which are still at an early stage, as well as of the documentation produced through their legal counsels, the Directors have assessed that, after also taking account of the fact that at present no acts of imposition have been received in the area of Legislative Decree no. 231, there are no risks or contingent liabilities such as to require a specific liability in the financial statements.
- Country risk: historically the Group has not deemed it necessary to consider the factor related to country risk as being a critical issue for its activities. However, in light of the present uncertain international situation, it is deemed appropriate to carry out this

assessment. As of today's date, the Vimi Fasteners Group does not include, among its customers and direct suppliers, any companies based in Ukraine, Russia, Middle East or any other country, which are currently involved in the conflicts in progress. However, possible repercussions at global level cannot be fully ruled out in the coming months, even in the sectors in which the Group operates. For this reason, this issue will continue to be monitored by management in the near future.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICY

The information below is provided with regard to the disclosure required by Article 2428, paragraph 2.6-*bis*, of the Italian Civil Code, in the matter of financial statements, regarding financial risk management objectives and policy.

The Group is exposed to financial risks associated with its business, specifically relating to the following cases:

- Credit risk is the risk that a counterparty fails to meet its obligations linked to a financial instrument or a commercial contract, thus giving rise to a financial loss. The Group is exposed to credit risk arising from its operating activities (especially trade receivables and credit notes) and from its financing activities, including deposits with banks and financial institutions and transactions in foreign currency.

  In particular, with regard to the risk associated with commercial contracts, which is deemed to be the most significant, it should be noted that the Vimi Group does not hold significant amounts of receivables. It is in fact the Group companies' policy to make sales to customers after assessing their creditworthiness and then monitoring past due amounts (if any) on a monthly basis. Historically, the Group has not incurred significant credit losses.

- Liquidity risk: a prudent liquidity risk policy entails maintaining adequate cash and cash equivalents and sufficient lines of credit on which to draw for any requirement. It is the Group's policy to rely on lines of credit that can be used for cash requirements and for disposals of portfolio assets, which are immediately available within the limits of the facilities granted.

  The table below shows the breakdown of outstanding loans.

Amounts in €/th.	**within 1 year**	**from 2 to 3 years**	**beyond 3 years**	**Total**
Credem loan	579	1,255	167	2,000
Simest loan	3	11	8	22
BPER loan	603	912	-	1,515
BPER loan	1,090	1,910	-	3,000
Banco BPM loan	625	-	-	625
UNICREDIT loan	926	-	-	926
FINREGG loan	750	2,000	2,250	5,000
Total Loans	**4,576**	**6,088**	**2,425**	**13,089**

The breakdown reported above does not include short-term loans for Hot money, which were still outstanding at 31 December 2023. For more information, reference should be made to point 14 of the explanatory notes to this report.

- Market risk. The market risk to which the Group is subject is broken down as follows:

a) Exchange risk, relating to transactions in foreign currency areas other than those of denomination;

b) Interest rate risk, relating to the Group's exposure to financial instruments that generate interest. This is the risk that the fair value or future cash flows of a financial instrument will change due to fluctuations in market interest rates. The Group's exposure to the risk of changes in market interest rates is linked in the first instance to long-term debt with variable interest rates.

Amounts in €/th.	Interest rate	31.12.2023	31.12.2022
Credem loan	EUR3 M+0.75%	-	265
Credem loan	EUR3 M+0.95%	-	504
Credem loan	EUR3M+1.45%	1,999	-
Simest loan	0.051% FIXED	21	21
BPER loan	0.90% FIXED	1,515	2,110
BPER loan	EUR3M+1%	2,994	-
Banco BPM loan	EUR6 M+1.20%	623	1,873
UNICREDIT loan	EUR3 M+0.5%	926	2,776
FINREGG loan	EUR3M +2%	5,000	-

The Group assesses its exposure to the risk of fluctuations in interest rates on an ongoing basis and manages this risk by also using derivative financial instruments.
The effects of a theoretical, instantaneous upward fluctuation of 50 basis points in interest rates would entail higher financial costs for the Group in 2023, totalling Euro 87 thousand on an annual basis (based on the assessment carried out at 31 December 2022, this higher amount was estimated at approximately Euro 38 thousand over 12 months). The sensitivity analyses have not considered any loans for which hedging transactions have been put in place or which have been taken out at a fixed rate, as well as cash investments at a fixed rate. Moreover, it is deemed reasonable that a change in interest rates could have an opposite economic effect on the derivative entered into to hedge the Unicredit loan, thereby reducing the overall change potentially caused by a fluctuation in the reference interest rates.

c) Commodity and utilities price risk, due to changes in prices of commodities and utilities in general.

The Group companies are affected by the volatility of the price of certain commodities and utilities, since operating activities require the purchase and processing of steel on an ongoing basis and, consequently, a continuous supply of steel.

In order to hedge this risk, which is particularly significant in this historical moment, due to the significant increases in prices of raw materials and energy, some contracts of sale have been entered into, which provide for price adjustments in any case of changes in the price of energy and raw materials.

OTHER INFORMATION

HUMAN RESOURCES, TRAINING AND INDUSTRIAL RELATIONS

The Group pays great attention to the proper management of its human resources, as well as to their professional growth and involvement, through a reward system based on the measurement and assessment of their performance and of the specific skills they acquire. With the publication of its Sustainability Report, drawn up on a voluntary basis as from the financial year ended 31 December 2021, the Group pays specific attention to the publication of data and information relating to the policies in place in the area of Human Resources; for more in-depth qualitative and quantitative information, reference should therefore be made to the aforesaid document.

As at 31 December 2023, the Group directly employed 273 people (233 people in service at 31 December 2022), about 36% of whom are office workers or managerial staff members, as shown below.

For the sake of clarity, it should be noted that, net of the effect due to the entry of Filostamp into the Group, the employees in service at 31 December 2023 for the other Group companies amounted to 225, thus in line with previous periods.

	31.12.2023	31.12.2022
Executives	8	9
Office workers	86	67
Manual workers	179	157
Total	**273**	**233**

In addition to subordinate staff, temporary workers must also be taken into account in order to have the clearest possible representation. As shown in the table below, the headcount at 31 December 2023 was 33 (of which only 2 units contributed since the entry of Filostamp into the Vimi Group), showing a significant increase compared to what had been recognised in the previous year. This increase in the use of temporary work, mainly recognised at the parent company Vimi S.p.A., was necessary to support the turnover of employees (particularly manual workers) recorded during the year.

	31.12.2023	31.12.2022
Temporary manual workers	33	19
Total	**33**	**19**

Personnel costs amounted to Euro 16.4 million, up from Euro 14.3 million recorded at 31 December 2022. The impact of these costs on total revenues was equal to 26.71% against 26.85% in the previous year.

The increase in personnel costs recorded in 2023 compared to the previous year, as shown in the data reported above, appears to be directly related to the increase in the workforce recorded in the Group companies, particularly with the entry of the newly-acquired Filostamp into the Group.

In terms of industrial relations, the Group also continued its constructive relationship with the Trade Union Organizations and Representatives, allowing for a substantial absence of conflict.

HEALTH, SAFETY AND ENVIRONMENT

The Vimi Fasteners Group has always been sensitive to safeguarding the health and safety of its workers. The Parent Company has maintained in place its Safety Management System, passing the audit to maintain the Occupational Health and Safety recertification in February 2023, according to the requirements of the standard UNI ISO 45001:2018 specification.

During 2023, there were no fatal accidents at the Group's plants.
The Group companies have complied with the obligations provided for by regulations on health surveillance.
The Group's commitment continued in terms of occupational safety and continuous training of its employees. For further details, reference should be made to the sustainability report, published together with this economic and financial report.

With regard to environmental protection, in 2023 Vimi Fasteners S.p.A. and Filostamp S.r.l., a company forming part of the group from April 2023, have maintained the certification of its Environmental Management System according to standard UNI EN ISO 14001:2015.

During 2023 there were no changes in the manufacturing processes and these are essentially related to cold and hot stamping, thread rolling, mechanical processing and heat treatment of steel; the raw material consists of special steels, while accessory materials in use mainly consist of packaging, lubricants, hardening oils and detergents for aqueous washing solutions.
The plants operate in compliance with the European, national and local environmental regulations; the Group also pays ongoing attention to environmental protection, setting themselves objectives aimed at continuous improvement, the status of attainment of which is verified by periodic reviews.

The management's commitment to reporting on non-financial issues was also strengthened through a process that led to the publication, on a voluntary basis, of the second Sustainability Report approved on 29 March 2023, at the same time as the Group's economic and financial report and subject to limited review for the first time.

At present, no environmental damage has been caused and no complaints have been received from third-party stakeholders.
For more information on proceedings still in progress at 31 December 2023, reference should be made to the comments reported above in the section on the "Main risks and uncertainties to which the Group is exposed."

POSITIONS OR OPERATIONS ARISING FROM ATYPICAL AND/OR UNUSUAL TRANSACTIONS

In compliance with the requirements of CONSOB Communication DEM/6064293 of 28 July 2006, it should be noted that the 2023 financial year was not affected by any atypical and/or unusual transaction, as defined in the explanatory notes to the Consolidated Financial Statements.

RELATED-PARTY TRANSACTIONS

Credit and debit and financial transactions with related parties are analysed in detail in the explanatory notes to which reference should be made. It should also be noted that sales and purchases between the parties do not qualify as atypical or unusual, since they are carried out by the Group companies at arm's length during the normal course of their business.

Finally, it should be noted that the Board of Directors has adopted a specific procedure for related-party transactions, which is available on the Group's website, to which reference should be made.

TREASURY SHARES

In compliance with the provisions of Article 2428 of the Italian Civil Code, it is hereby informed that the Parent Company did not trade treasury share or shares of controlling companies during the 2023 financial year. At present, the Parent Company Vimi Fasteners S.p.A. holds 138,500 treasury shares, corresponding to 1.02% of the share capital, for a carrying amount of Euro 305,311.

MAIN SIGNIFICANT EVENTS AFTER THE REPORTING DATE

The first few months of the 2024 financial year were affected by an escalation of the conflict in the Middle East, with the resulting tensions caused across the supply chain by the increasing difficulties experienced on the transport of materials from Asia as a result of the restriction on the transit of ships along the Suez Canal. Alongside this event, tensions were also still seen in Eastern Europe, with the Russian-Ukrainian conflict showing no hint of an imminent resolution more than two years after its outbreak.
Although we are seeing the first signs of a slowdown in interest rates, which reached extremely high values in 2023, the global macroeconomic scenario therefore continues to be extremely volatile and uncertain.

While the 2022 financial year ended with a considerable increase in new orders from customers, driven mainly by the need to secure stock availability to sustain the post-pandemic recovery, supporting the good sales in the first half of 2023, there has been a slowdown in the economy since the second half of 2023, which has had different effects on the Group companies.
On the one hand, in fact, there is evidence of weakening demand from some of the Parent Company's customers; on the other hand, there is an increase in order backlog and turnover on subsidiaries.

In order to be able to sustain the Group's profit margins, specific cost reduction policies were put in place while work continued to monitor and update commercial policies, which continue to be fundamental to ensuring stability for the Group at a time of volatility and uncertainty such as the current one.
In this perspective of continuous efficiency improvement, various initiatives were implemented, which were aimed at improving the Group's organisation, together with an increasingly widespread process of integration among consolidated companies. In early 2024, work, in fact, continued on the consolidation and strengthening of all those activities of centralised payroll and treasury management, and the implementation of the Doc Finance application and of a cash-pooling system among Group companies.
We must also note the start of a pilot project for the application of lean manufacturing techniques, which involved the new flow line of adjustment screws, which will make it possible to reduce delivery times and related costs for this family of products.

Work also continued on strengthening commercial and production synergies between the newly acquired Filostamp and Vimi S.p.A., with the arrival of the first new orders generated by joint Business Development activities.

Moreover, the parent company submitted, in the first weeks of the new financial year, a patent application for the manufacturing of "smart screws", i.e. equipped with special sensors to monitor the proper functionality of threaded connections. This technology, among other things, has proven to be particularly interesting for the target market, so much so that there appear to be already ongoing collaboration activities with one of the leading players in the sector.

In spite of all the critical issues reported above, it is therefore noted that the Group is putting in place a number of tools to be able to pursue solid and continuous growth, continuing to show liveliness and a spirit of innovation and improvement, even in such a complex global context that is difficult to forecast.

OUTLOOK

Although the macroeconomic environment is certainly complex and volatile, the Vimi Group continues to pursue a vigilant and orderly approach in accordance with its growth strategies in its various sectors of interest.

Global uncertainty persists, as already stressed several times, and the growth itself in the U.S. market, which to date seems to be more solid than European markets, could also be affected by the results of presidential elections in next autumn.
The Parent Company’s business could still be affected by weaker market demand in the first half of the year, compared to the same period in 2023. At the same time, subsidiaries show increases in new orders compared to the previous year, thus balancing out the lower orders recorded by the parent company. This appears to be due to the different market sectors in which the consolidated companies operate, reflecting the Group's historical resilience.

At the macroeconomic level, inflation is expected to cool, thus fostering economic recovery in Europe as investment in the various industrial sectors strengthens, resulting in greater demand for fasteners.
Also with this in mind, the relentless Business Development activity carried out by the Group shows optimistic signs for the months to come, and good opportunities are seen for entering a new business.
The management's activity in scouting and evaluating growth opportunities through mergers and acquisitions remains lively in order to be able to seize and exploit any good possibilities for further M&A transactions.

The Vimi Group closed the year with an order backlog expiring by 2024, equal to Euro 39.2 million (against Euro 37.7 million at 31 December 2022). In light of this and the above, expectations therefore remain positive for the current financial year and the years to come. On the basis of the Group's results to date and the financial, management and operational indicators, the Directors have therefore established that, despite the uncertain global economic and financial environment, there are no uncertainties regarding the Group's ability to continue as a going concern, nor any critical issues regarding its ability to meet its obligations over the next 12 months.

Novellara (RE), 28 March 2024
The Chairman of the Board of Directors
(Fabio Storchi)

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023

(Values in €/th.)

ASSETS	Notes	31.12.2023	31.12.2022
Property, plant and equipment	1	10,541	11,009
Right of use - IFRS 16	2	5,493	2,607
Intangible assets	3	19,884	16,783
Equity investments	4	2	1
Tax receivables	8	186	70
Other non-current assets	9	100	-
Deferred tax assets	5	5,675	5,421
TOTAL NON-CURRENT ASSETS		**41,882**	**35,891**
Inventories	6	13,381	12,964
Trade receivables	7	15,609	9,758
Tax receivables	8	2,157	876
Other receivables	9	511	492
Cash and cash equivalents	10	2,991	1,546
TOTAL CURRENT ASSETS		**34,649**	**25,636**
TOTAL ASSETS		**76,532**	**61,527**

SHAREHOLDERS' EQUITY AND LIABILITIES	Notes	31.12.2023	31.12.2022
Share capital	11	9,646	9,646
Share premium reserve	11	8,955	8,955
Other reserves	11	2,238	2,574
Profit (loss) carried forward	11	8,552	7,337
Profit (loss) for the period	11	1,958	1,745
TOTAL SHAREHOLDERS' EQUITY		**31,350**	**30,257**
Employee benefit liabilities	12	1,610	896
Provisions for risks and charges	13	120	112
Non-current loans	14	8,502	3,081
Non-current lease liabilities	14	3,152	1,925
Other non-current liabilities	15	1,036	998
Deferred tax liabilities	5	7	44
TOTAL NON-CURRENT LIABILITIES		**14,427**	**7,057**
Current loans	14	9,575	9,863
Current lease liabilities	14	1,187	762
Trade payables	16	9,509	9,139
Tax payables	17	1,509	436
Other payables	18	8,974	4,012
TOTAL CURRENT LIABILITIES		**30,755**	**24,213**
TOTAL LIABILITIES		**45,182**	**31,270**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**76,532**	**61,527**

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2023

(Values in €/th.)

	Notes	31.12.2023	31.12.2022
Revenues	19	59,169	52,191
Other income	20	2,178	1,156
TOTAL REVENUES		**61,347**	**53,347**
Cost for materials, goods for resale an change in inventories	21	22,159	18,957
Costs for services and leases and rentals	22	14,615	13,566
Personnel costs	23	16,382	14,322
Amortisation, depreciation and impairment	24	4,659	3,765
Accrual to provision for risks and charges	25	–	7
Other operating costs	26	534	418
TOTAL OPERATING COSTS		**58,349**	**51,034**
OPERATING PROFIT		**2,998**	**2,313**
Financial income	27	547	106
Financial costs	28	(1,346)	(465)
TOTAL FINANCIAL INCOME AND COSTS		**(799)**	**(359)**
PROFIT BEFORE TAX		**2,200**	**1,954**
Current income taxes	29	(299)	(116)
Deferred income taxes	29	58	(92)
TOTAL TAXES		**(241)**	**(208)**
PROFIT FOR THE PERIOD		**1,958**	**1,745**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2023

(Values in €/th.)

	31.12.2023	31.12.2022
Profit (loss) for the period	**1,958**	**1,745**
Other comprehensive income that will not be reclassified to profit or loss	**-**	**-**
Profits (losses) from translation of financial statements of foreign entities	(44)	94
Actuarial gains (losses) on defined-benefit plans	(42)	192
Tax effect	*10*	*(46)*
Profits (losses) on derivatives for the period	(61)	92
Tax effect	*15*	*(22)*
Total other comprehensive income that will not be subsequently reclassified to profit or loss, net of taxes	**(122)**	**310**
Total comprehensive income(loss)	**1,836**	**2,055**

CONSOLIDATED CASH FLOW STATEMENT AT 31 DECEMBER 2023

(Values in €/th.)

	31.12.2023	31.12.2022
OPERATING ACTIVITIES		
Profit for the period	**1,958**	**1,745**
Adjustments for:		
- Depreciation of property, plant and equipment and amortisation of intangible assets	4,651	3,765
- Capital (gains) losses on disposal of fixed assets	4	(44)
- Change in provisions for risks and charges and employee benefit liabilities	(78)	(292)
-Other non-monetary changes	456	(390)
-Taxes	241	208
Sub-Total	**5,274**	**3,247**
(Increase) decrease in trade receivables and other receivables	(3,284)	1,005
(Increase) decrease in inventories	955	(1,767)
Increase (decrease) in trade payables and other payables	322	(2,072)
Taxes paid	(66)	(61)
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES (A)	**5,159**	**2,097**
INVESTING ACTIVITIES		
Investments in property, plant and equipment	(1,546)	(2,037)
Investments in intangible assets	(434)	(578)
Equity investments	0	-
Business combinations, net of acquired cash	(3,694)	-
Sale of fixed assets	-	44
CASH FLOWS USED IN INVESTING ACTIVITIES (B)	**(5,673)**	**(2,571)**
FINANCING ACTIVITIES		
Repayment of loans	(4,470)	(4,956)
Other changes in financial assets/liabilities	8,319	5,424
Purchase of treasury shares	-	-
Dividends paid	(714)	-
Interest and dividends collected (paid)	(1,174)	(359)
CASH FLOWS USED IN FINANCING ACTIVITIES (C)	**1,961**	**109**
NET CHANGE IN CASH AND CASH EQUIVALENTS (D=A+B+C)	**1,446**	**(365)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**1,546**	**1,911**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**2,991**	**1,546**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Share Premium Reserve	Legal Reserve	Reserve for profits (losses) carried forward	FTA Reserve	Cash flow hedge reserve	Costs for listing	Other reserves	Profit (loss) for the period	Group equity
Balance at 1 January 2021	9,322	9,820	607	3,893	1,143	(69)	(968)	2,503	(255)	25,996
Profit (loss) for the previous period				1,085				(1,340)	255	-
Other comprehensive income (loss)				43		56		108		207
Dividends								-		-
Other changes	324	(865)		536				(87)		(92)
Profit (loss) for the current period								-	2,088	2,088
Balance at 31 December 2021	9,646	8,955	607	5,557	1,143	(13)	(968)	1,184	2,088	28,199
Profit (loss) for the previous period			20	1,629				439	(2,088)	-
Other comprehensive income (loss)				152		70		88		310
Dividends								-		-
Other changes								2		2
Profit (loss) for the current period								-	1,745	1,745
Balance at 31 December 2022	9,646	8,955	627	7,337	1,143	57	(968)	1,713	1,745	30,257
Profit (loss) for the previous period			41	1,960				(256)	(1,745)	-
Other comprehensive income (loss)				(32)		(46)		(44)		(122)
Dividends				(714)				-		(714)
Other changes								(29)		(29)
Profit (loss) for the current period								-	1,958	1,958
Balance at 31 December 2023	9,646	8,955	668	8,552	1,143	11	(968)	1,384	1,270	31,350