

UmbraGroup S.p.A.  
Consolidated Financial Statements  
December 31, 2023



Dear Shareholders,

It is a pleasure to present the financial statements of a year that saw the Group continue on its growth path. Here I will share with you a brief summary of the year 2023.

My first reflection relates to the renewal of the Board of Directors, which will remain in office until approval of the 2024 financial statements, and which saw the entry of two new directors: Marco Fumagalli and Claudio Becchetti, two professional figures we already know and who certainly share the Group's values. Their experience, in different fields, will consolidate the ability of the Board of Directors to make decisions that will guide the Group towards the future, a future that we continue to see as full of opportunities and growth, despite the continuing conflicts in Europe and the Middle East, which are so damaging to local populations and the environment.

In 2015, all 193 Member States of the United Nations, including those affected by conflict, signed the UN 2030 Agenda for Sustainable Development, defining 17 Sustainable Development Goals, including: no poverty, zero hunger, clean water and sanitation, life on land, and climate action.

Wars have always been driven by other motivations and are against the principles of sustainability.

They keep the whole world on edge, concerned about the possible escalation of conflict and the involvement of other states. All this continues to destabilise the world's economies, ultimately leading to repercussions for workforces, including those of our Group. To face such challenges, it is important for a Group to have good economic and financial stability, as well as a size to be able to guarantee the continuity of supplies to customers, and to carry out the most critical processes within the Group itself.

As a step in this direction, in line with the strategy of the business plan, the Group has expanded through three acquisitions made in the final quarter of 2023. At the beginning of October 2023, UmbraGroup acquired 51% of CO.ME.AR. S.r.l., a European leader in precision mechanical machining for aeronautics, and B.S.P. S.r.l., a European leader in the processing of bearing rings. In mid-November 2023, UmbraGroup acquired 100% of Era Electronic Systems S.r.l., a European leader in the design and manufacture of electronic

systems for aeronautics. In addition to having their own customer bases, the three companies have, for some time, been not only strategic suppliers of UmbraGroup, but also, with their specific technology and expertise, effectively partners. The acquisitions therefore will facilitate their further integration with the Group. The acquired companies jointly pull in a turnover of over Euro forty million, with a workforce of 330 people. And, as I often say, our “social responsibility” is always on the rise.

At the end of 2023, as many as 1,613 people worked in the Group, compared to 1,153 in December 2022. And I should point out that, in 2023, the number of employees increased by 98 at our Foligno headquarters, and 32 across the rest of the Group.

An extremely important activity for the company’s growth is our ability to develop new products and applications for customers, especially in the field of electrification. I will not list here the numerous new projects under development, but I do want to underline that today’s prototyping is not merely a cost but an investment in the future. Our design, realisation and adaptation capabilities constitute our strength, and we must work to preserve and develop them.

Evidence of this is the recognition proudly received this year from Schaeffler, which, for the first time in 50 years of working together, formerly awarded UmbraGroup as: “Quality Supplier of the Year, for all the work done by UmbraGroup, praised for quality, the sustainability of proposed solutions, the strong sense of proactivity, and the ability to adapt to market developments.”

I shall turn now to sharing some brief comments on the Group’s key figures for the year.

Revenues from sales and services in 2023 amounted to Euro 222,686 thousand, compared to Euro 189,235 thousand in 2022 (+17.7%). The growth in revenues was mainly due to the recovery of the market and the launch of new aerospace development projects. EBITDA amounted to Euro 33,157 thousand, compared to Euro 25,975 thousand in the previous year, marking growth of 27.6%.

From a financial perspective, the financial debt in 2023, amounting to Euro 42,895 thousand, increased by Euro 27,085 thousand compared to the end of 2022. This financial debt in 2023 was impacted by the corporate transactions in acquiring CO.ME.AR. S.r.l., B.S.P. S.r.l. and Era S.r.l. Considering financial debt net of these acquisitions, there was, in fact, an improvement of Euro 8,886 thousand, from Euro 31,451 thousand in 2022 (net cash) to Euro 40,337 thousand in 2023 (net cash).

Following on from the more than positive figures for 2023, I would like to make a comment on the prospects for 2024.

The growth trend is confirmed across the entire aerospace line, thanks to important new projects in the electrification field, where the main products are electromechanical actuators. Today, the commitment is above all to design and prototyping, which are fundamental in ensuring the Group’s future growth.

On the other hand, the industrial product line saw a marked decline in the second half of 2023. Unfortunately, the global geopolitical situation is affecting this business line. Uncertainties about the future of the vehicles, the use of energy sources alternative to fossil fuels, the production of chips, and the high cost of money have led to a sharp slowdown in investments. Regardless of this situation, in the industrial

line, new important projects are being developed for customer, the fruit of which we will see over the coming years.

As a final consideration, I would like to highlight the great work that the Group is doing in the field of sustainability. Our attention to environmental, social and governance issues and compliance in this respect with European legislation, is foundational for us, as we remain keenly aware that such efforts are oriented to ensuring a liveable world for future generations. Among the most significant actions taken this year was the installation, in September, of a photovoltaic system on our factory roofs, which, with a peak power of 2,100 kW, will annually generate approximately 2,800,000 kWh of electricity, and therefore cut the emission of as much as 720 tons of CO<sub>2</sub>. Another essential action with an important impact for sustainability, though often not emphasised enough, is the design of products that can be 100% recycled at their end-of-life. For this, all individual components must be relatively easily separable and recyclable. It is therefore a very specific and intentional way of developing our products.

Though sustainability reporting will be mandatory from 2025, with publication in 2026, UmbraGroup will publish its first sustainability report as early as 2024. In this respect, I would like to underline that UmbraGroup has already been carrying out positive actions to reduce CO<sub>2</sub> over a number of years. The effects we can measure have brought down CO<sub>2</sub> emissions from 7,350 tons per year in 2019 to 6,200 tons in 2023. Other concrete actions have been taken regarding social issues through the Valter Baldaccini Foundation, of which UmbraGroup is the main supporter.

On this path of growth and innovation, the vision and our values that are cornerstones of our Group remain immutable. UmbraGroup has its roots in human relationships, respect for the environment and the communities around us, and responsibility towards our stakeholders and the less fortunate. All this has always been in the DNA of UmbraGroup. Today it is called sustainability, but, for us, it is simply part of the legacy of our founder, Valter Baldaccini, as well as our way of being as a company, and it shall continue to be so.

We will all ensure this in all the companies of the Group for the years to come.

In conclusion, I would like to express my thanks for your continued trust.

The solidity of our Group allows us to look to the future with determination and enthusiasm, and seize the opportunities for growth and innovation that the market presents to us.

Foligno, May 28, 2024

The Chairperson

Reno Ortolani

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## Company Information

### Registered office of the parent company

Via V. Baldaccini 1-Loc. Paciana  
06034 Foligno PG  
Italy

### Parent Company Legal Details

Share capital approved Euro 12,055,987.94 fully paid-in  
Share Capital subscribed and paid-in Euro 12,055,987.94  
Perugia Companies Registration Office No. 02016930543  
R.E.A. No. 174039

### Registered Offices of the Subsidiaries

- **KUHN Präzisionsspindeln und Gewindetechnik GmbH**  
Alte Bahnlinie, 2  
71691, Freiberg am Neckar  
Germany
- **Umbra Cuscinetti Inc.**  
Hardeson Rd, 6707  
98203, Everett  
WA, United States
- **PräzisionsKulgen Eltmann GmbH**  
Industriestrasse, 2  
97483, Eltmann  
Germany
- **AMCo S.r.l.**  
Via E. Bartolomei, 24  
06034, Foligno (PG)  
Italy
- **SERMS S.r.l.**  
Via V. Baldaccini 1-Loc. Paciana  
06034, Foligno (PG)  
Italy
- **UGI Holding Inc.**  
Hardeson Rd, 6707  
98203, Everett  
WA, United States
- **Co.Me.Ar. S.r.l.**  
Via della Tecnica, 5  
06038, Spello (PG)  
Italy
- **BSP S.r.l.**  
Via della Tecnica, SNC  
06038, Spello (PG)  
Italy

- **ERA Electronic Systems S.r.l.**  
Via G. Benucci, 206  
06135, Perugia (PG)  
Italy



## Composition of the corporate boards at the date of approval of the financial statements at December 31, 2023

### Board of Directors

Reno Ortolani  
Matteo Adolfo Notarangelo  
Beatrice Baldaccini  
Sara Ortolani  
Leonardo Baldaccini  
Marco Rossi  
Sonia Bonfiglioli  
Marco Fumagalli  
Claudio Becchetti

### Board of Statutory Auditors

Mariano Spigarelli  
Gianluca Bogini  
Giuliano Cervini  
Monia Bazzucchi  
Roberto Ortolani

### Supervisory Board

Buchetti Cristiana  
Lolli Tiziana  
Maccarelli Fabio

### Independent Audit Firm

KPMG S.p.A.

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## *Directors' Report*

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Dear Shareholders,

The year 2023 saw a weakening of the global economy. Europe continues to suffer the negative impacts of continuing high inflation and monetary tightening, and the emerging countries are feeling the effects of the dynamics of the Chinese economy, which is struggling more than expected.

Despite the uncertain macroeconomic context and risk factors, mainly due to the worsening of geopolitical tensions linked to the further war in the Middle East, the Company has seen growing revenues and results, driven by the development of new projects and of electromechanical actuator products for the various aerospace segments.

Sales revenues in 2023 amounted to Euro 222,686 thousand (Euro 189,235 thousand in 2022), up 17.7% on the previous year. The EBITDA margin was 14.9%, compared to 13.7% in the previous year.

The net profit was Euro 11,318 thousand, increasing 19.3% on the previous year (Euro 9,489 thousand in 2022).

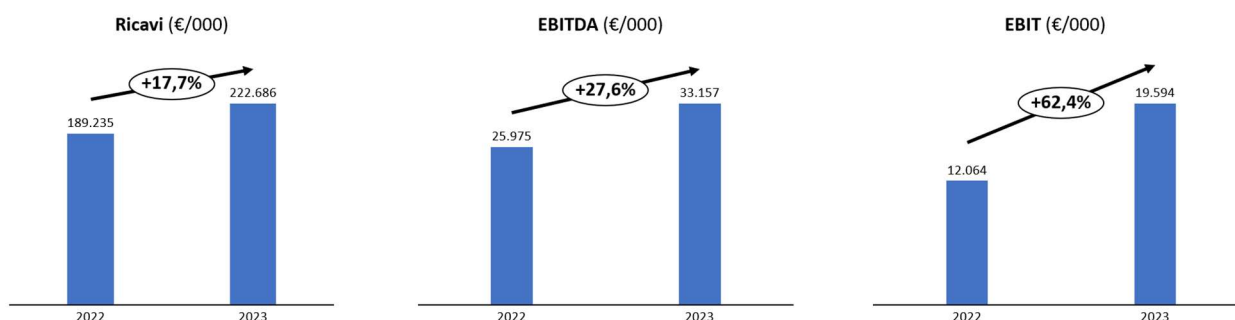
Shown below are the financial highlights that will be discussed in greater detail below.

(Euro thousands)

Operating Performance	2023	2022	Change	Change %
Revenues	222,686	189,235	33,451	17.7%
<b>EBITDA</b>	<b>33,157</b>	<b>25,975</b>	<b>7,182</b>	<b>27.6%</b>
<b>EBITDA Margin</b>	<b>14.9%</b>	<b>13.7%</b>		
<b>Adj EBITDA</b>	<b>33,836</b>	<b>25,286</b>	<b>8,550</b>	<b>33.8%</b>
<b>Adj EBITDA Margin</b>	<b>15.2%</b>	<b>13.4%</b>		
EBIT	19,594	12,064	7,529	62.4%
Group Net Profit	11,318	9,489	1,829	19.3%

Financial results	2023	2022	Change	Change %
Group equity	116,838	112,753	4,085	3.6%
Financial debt	42,895	15,810	27,085	171.3%



The figures above, and throughout this report, have been measured based on the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS).

### Operating conditions and developments

In accordance with Article 2428, the company operates from the registered office in Foligno, with secondary offices also in Foligno and at the Albanella (SA) research centre.

Regarding the Group Structure, please refer to the following paragraph.

### Group Governance Structure

The following companies were acquired in 2023: CO.ME.AR. S.r.l., B.S.P. S.r.l. and Era Electronic Systems S.r.l.

CO.ME.AR. S.r.l. and B.S.P. S.r.l. were acquired with a 51% share; UmbraGroup commits itself, even more firmly, to the long-standing Spello enterprise, strengthening the deep-rooted Partnership. The two acquired companies have in fact been suppliers to UmbraGroup S.p.A. for about 30 years, both in the Industrial and Aerospace markets. This has allowed the Group to take advantage of important synergies in the development of increasingly complex, innovative and sustainable architectures together with a leading producer of highly complex components, and therefore acquire an ever-increasing competitive advantage in the constantly evolving market.

The 100% acquired Era Electronic Systems S.r.l. is a strategic supplier and long-term partner for the Group's electronic solutions. With almost 20 years of experience, Era is well-known in the aeronautical and defence scene as a provider of design, qualification, production and after-sales assistance services for equipment and systems. Indeed, Era counts among its customers major Italian and international sector players. United by a mission focused on the realisation of high-tech systems, Era's entry into UmbraGroup is part of the strategy to acquire new capabilities and support the Group's growth in the electrification business line.

UmbraGroup S.p.A. directly controls the companies involved in complementary and support activities to the Group's core business.

The graphic below presents the companies of the Group, the interest held in each, and the geographical area covered as at December 31, 2023.



#### Umbra Cuscinetti Inc. – Everett, WA, USA

Holding 100%

Direct control

Activities carried out - Production and Sale of aerospace components

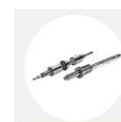


#### Kuhn GmbH – Freiberg am Neckar, Germany

Holding 100%

Direct control

Activities - Production and Sale of ball screws for industrial applications



**Präzisionskugeln Eltmann GmbH – Eltmann, Germany**

Holding 100%

Direct control

Activities - Production and Sale of ball bearings



**UGI Holding Inc. – Everett, WA, USA**

Holding 100%

Direct control

Activities carried out - Financial Holding company



**Linear Motion LLC – Saginaw, MI, USA**

Holding 100%

Direct control through UGI Holding Inc.

Activities - Production and Sale of aerospace components and maintenance services



**Equiland LLC – Saginaw, MI, USA**

Holding 100%

Direct control through UGI Holding Inc.

Activities carried out - Real estate company



**AMCO S.r.l. – Foligno, Italy**

Holding 100%

Direct control

Activities carried out - Production and Sale of Aerospace products



**Serms S.r.l. – Terni, Italy**

Holding 100%

Direct control

Activities – materials testing



**CO.ME.AR. S.r.l. – Spello PG, Italy**

Holding 51%

Direct control

Activities - Production and sale of Aerospace components



**B.S.P. S.r.l. – Spello PG, Italy**

Holding 51%

Direct control

Activities - Production and sale of Industrial components



**ERA Electronic Systems S.r.l. – Ponte San Giovanni PG, Italy**

Holding 100%

Direct control

Activities - Production and sale of electronic systems for application  
Aerospace and Defence



## Mission and Vision

Our Mission:

***'To be, in the eyes of the customer, the smart supplier of actuators, ball screws, bearings, and components for the high-tech markets.'***

An excellent service shall be at the heart of all operations.

We don't want to be *at* the cutting edge; we want to *be* the cutting edge!



## Structure and Governance model

The system of corporate governance adopted by the Parent Company plays a key role in achieving our strategic objectives by helping to create sustainable value over the medium and long term.

At December 31, 2023, the Group comprised nine direct subsidiaries and the Parent Company UmbraGroup S.p.A., and two indirect subsidiaries through UGI Holding Inc.

The Parent Company has a traditional governance system comprising the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors in an oversight role.

The audit is carried out by the independent audit firm KPMG S.p.A.

The Shareholders' Meeting acts solely to pass resolutions within its purview as defined by law and limited to the most important decisions concerning the company.

The Board of Directors, comprising 9 members, including 3 women, is granted broad strategic decision-making powers over the Group and for corporate governance and the management of the internal control procedures. Its functions include the setting of the type and level of risk compatible with the strategic objectives, with their assessments also including all risks considered significant with regard to the sustainability of operations over the medium/long-term.

The Parent Company has adopted an organisation model compliant with Italian Legislative Decree 231/2001 and appointed a related Supervisory Board.

The Board of Statutory Auditors of the Parent Company comprises three Statutory Auditors and two Alternate Auditors, verifies compliance with law and the By-Laws, with the principles of correct administration and in particular the adequacy of the organisation, administration and accounting structure adopted and its correct functioning and the adequacy of the internal control system.

Finally, the Supervisory Board, comprising three members, of which one internal, verifies the efficacy of the Organisation, Management and Control Models approved by the Parent Company. In particular, the Supervisory Board controls the procedures for the prevention of the following sustainability-related offenses: offenses in violation of workplace health and safety rules, environmental offenses, tax offenses, and offenses against the individual.

Board of Directors of the Parent Company at December 31, 2023

Office	Members
Chairperson	Ortolani Reno
Chief Executive Officer	Notarangelo Matteo Adolfo
Vice Chairperson of the Board of Directors	Baldaccini Beatrice
Director	Bonfiglioli Sonia*
Director	Ortolani Sara
Director	Rossi Marco
Director	Baldaccini Leonardo
Director	Becchetti Claudio
Director	Fumagalli Marco

\*Independent Director

Board of Statutory Auditors of the Parent Company at December 31, 2023

Office	Members
Chairperson	Spigarelli Mariano
Statutory Auditor	Bogini Gianluca
Statutory Auditor	Cervini Giuliano
Alternate Auditor	Ortolani Roberto
Alternate Auditor	Bazzucchi Monia
Independent Audit Firm	KPMG S.p.A.

Supervisory Board of the Parent Company at December 31, 2023

Office	Members
Chairperson	Buchetti Cristiana
Standing member (external)	Maccarelli Fabio
Standing member (internal)	Lolli Tiziana

The Board of Directors of the parent company was appointed on June 29, 2023 and will serve until the approval of the financial statements at December 31, 2024.

The Board of Statutory Auditors and Independent Audit Firm of the Parent Company were appointed by the Shareholders' Meeting on June 10, 2022 and will hold office until the approval of the Financial Statements at December 31, 2024.

## Operating overview

### Economic overview

#### General economic overview

The first few months of 2023 were affected by a general weakening of the world economy and international trade, related to the persistence of geopolitical uncertainties, and the high level of inflation affecting advanced economies. Throughout 2023, international institutions continued to confirm the prospects of a slowdown in global GDP.

Indeed, the global economy, affected by high inflation and restrictive financing conditions, saw a general downturn. In the United States, GDP is decelerating, with clear signs of weakening economic activities.

In China, after initially benefiting from the end of pandemic constraints, growth remains below pre-pandemic values.

The Eurozone economy also seems to have stagnated in the last quarter of 2023. The most recent data continues to point to weakened dynamics over the short term. Despite positive results in the services sector, for only part of 2023, the economy is suffering from a weakening in manufacturing, and therefore a worsening of growth prospects for international trade.

The most recent OECD estimates for 2024 point to a slowing in global GDP growth to 2.7%, as a result of tight monetary policy and a deterioration in both consumer and business confidence. This is the lowest annual rate since the global financial crisis, except for the first year of the pandemic. However, with a reduction in inflation and growth in real income, the global economy is expected to grow by 3.0% in 2025.

Growth in the USA has been forecast at 2.2% in 2023, and 1.3% in 2024, while growth in the Eurozone is less optimistic, with expected growth of 0.6% in 2023, and 1.1% in 2024.

Overall, global inflation is expected to decline steadily, from a peak of 8.7% in 2022 (annual average) to 6.9% in 2023 and 5.8% in 2024, thanks to more restrictive monetary policies, favoured by a decline in international raw material prices.

According to the projections of Eurosystem experts released in December 2023, the consumer price index is expected to fall: from 5.4% in 2023 to 2.7% in 2024, then to 2.1% in 2025 and 1.9% by 2026.

Given the trend in price dynamics, after the highs of 2022, a gradual decline in inflation is now expected. However, the figures remain far behind central banks' target values (at around 2% per year), and therefore somewhat restrictive monetary policies are set to continue.

Further elements to consider in the analysis of global price trends are friction and possible slowdowns along global supply chains. Analysing essential indicators, such as the Global Supply Chain Pressure Index and the Baltic Dry Index, a decline in supply chain pressures seems to have brought a fair degree of normalization back to the global situation. This should therefore contribute to less pressure on prices and an improvement in inflation at an international level.

In 2023, the ECB confirmed its outlook on raising official rates.

Accordingly, in July and September, the Governing Council of the ECB increased official interest rates by a total of 50 basis points, to 4.50%. The Governing Council currently considers that key rates have reached levels which, if maintained for sufficiently long, will make a substantial contribution to the timely return of inflation to the 2 percent target. In the Eurozone, the cost of financing for businesses and families has risen further, reflecting the rise in official rates, and yields on ten-year government bonds have increased, as have differentials between Italian and corresponding German bonds.

The general economic environment continues to feature a significant degree of uncertainty.

Risks influencing growth and expectations include in particular the evolution of the conflict in Ukraine, the conflict in the Middle East, and the possibility of tighter-than-expected lending conditions.

Inflationary risks, on the other hand, are influenced by the incomplete fall of energy prices, which could lead to an inflation rise, offset, however, by a larger and more lasting reduction in aggregate demand. Furthermore, heightened geopolitical tensions, especially in the Middle East, may lead to an increase in energy and transportation costs over the short term, putting pressure on global trade and supply chains.



## Currency markets

The foreign currency with the most potential to influence the Company's performance is the United States Dollar, as volumes in the aerospace market are mainly expressed in USD.

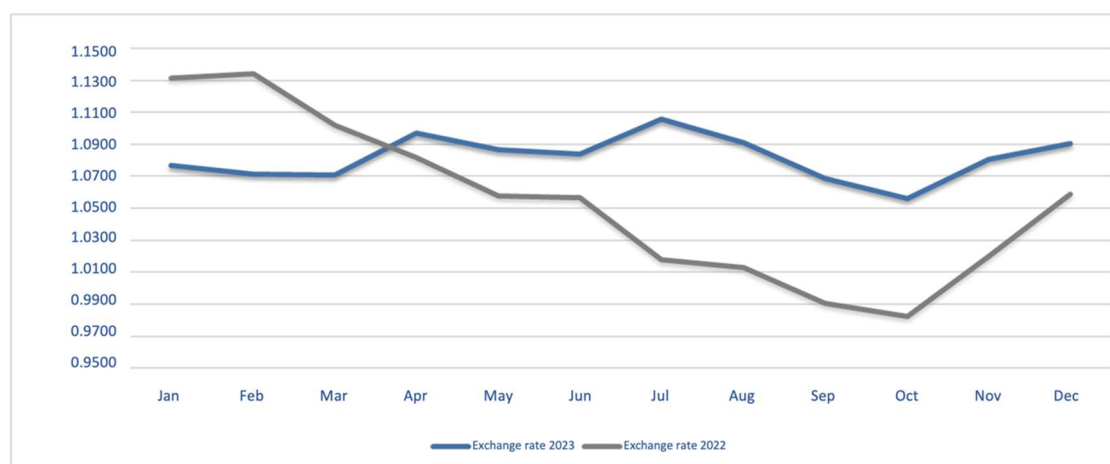
In 2023, the average Euro/Dollar exchange rate was 1.0813, increasing 2.7% on 2022 (1.0530).

Exchange rates continued to fluctuate throughout the year.

These trends resulted in the following low, average and high exchange rates in 2023:

- Average Value: 1.0813
- Average Minimum Value: 1.0469 on March 10, 2023
- Average Maximum Value: 1.1255 on July 17, 2023.

The figure below shows the trend in monthly average EUR/USD exchange rates in 2023 compared to the previous year.



The table below presents the average 2023 rates and the December 31, 2023 rates for the most significant Company currencies, in addition to the percentage change against the Euro compared to the average and year-end rates for 2022.

	Average exchange rate			Year-end exchange rate		
	2023	2022	Change on 2022	31.12.2023	31.12.2022	Change on 2022
	:1 Euro	:1 Euro	%	:1Euro	:1Euro	%
US Dollar (USD)	1.08	1.05	2.7%	1.11	1.07	3.6%
UK Sterling (GBP)	0.87	0.85	2.0%	0.87	0.89	-2.0%

## Group operating performance

### Aerospace Sector

In 2023, the aerospace and defence (A&D) industry has seen a resurgence in product demand.

In the aerospace sector, domestic commercial aviation passenger kilometres have now surpassed pre-pandemic levels in most countries.

This surge in air travel has led to an increase in demand for new aircraft and aftermarket products and services. In the US defence sector, new geopolitical challenges, and the push to modernize the military, have driven strong demand in 2023.

Globally, it is assumed that defence demand will continue to rise in 2024 due to increasing geopolitical instabilities. It is expected that companies operating in emerging markets, such as advanced air mobility (AAM) and urban air mobility (UAM), will make accelerated testing and certification progress towards commercialization.

Overall, commercially speaking, travel is likely to continue to grow.

While such trends are likely to drive spending, both domestically and internationally, the increased demand may lead A&D companies to face new challenges, including supply chain pressures, lengthening lead times, and talent shortages. To address these challenges, A&D companies need to further embrace digitalisation strategies and cutting-edge technologies, to achieve profitability despite costs and launch the development of the new revenue streams. Such technologies can be critical for A&D companies in building supply chain resilience, mitigating logistical issues, attracting new talent and rapidly developing new products.

As A&D companies prepare for the year ahead, there are a few key trends to focus on in order to address the challenges and capitalize on emerging opportunities, with digitalisation as a unifying theme across these trends: Talent: A&D companies must address workforce challenges, against the increasing demand and changing expectations; Supply Chain: The complexity of the global supply chain is driving the development of multi-layered solutions. Digital transformation: The industry can unlock growth and efficiencies through digital technologies, involving diversification, transparency and sustainability; Development of new products: Evolving customer preferences and the growing emphasis on sustainability are fuelling product innovations; Defence and trade spending: Industry spending helps drive growth and innovation (source: Deloitte 2024 Aerospace and Defence Industry Outlook).

Introducing emerging technologies can not only shore up profit margins, but also reinvigorate the workforce. Regardless of roles, A&D companies will do well to launch programmes encouraging employees to engage more with cutting-edge technologies.

A&D companies should furthermore expect continued fragility and disruptions in the global supply chain, caused by delays in manufacturing and deliveries and increased raw material and component prices. From raw material and third-tier suppliers through to equipment manufacturers and maintenance, repair and overhaul service providers, issues along the supply chain may include shortages in skilled labour, materials and components and inflationary pressures.

In 2023, the manufacturing industry saw only a slight recovery in delivery times, averaging 87 days in August for production materials, compared to a peak of 100 days in July 2022, and not yet reaching pre-pandemic turnaround times.

Despite the improvement in 2023, continued shortages of raw materials, semiconductors, microelectronics and other critical components and parts, particularly forgings, will likely remain a concern for A&D companies in 2024, as manufacturing demand reprises across all sectors.

A&D companies are expected to push forward with supply chain digitalisation and automation in 2024. In a recent supply chain survey by Deloitte, 78% of respondents agreed that digital solutions would improve the visibility and transparency of the entire supply network, and give a more complete overview of sourcing, manufacturing and deliveries.

A&D companies are making progress on their digital transformation journeys, and will accelerate in doing so in 2024. Digitalisation can improve product development, operational efficiencies and the capitalisation of growth opportunities. However, before adopting innovations, A&D manufacturers must modernise their processes, technologies and tools, and invest in human and capex resources, such as UmbraGroup has been doing. This will facilitate increases in productivity with existing infrastructures, and effective management of demand and cost fluctuations, against the persistent labour and supply chain challenges.

Artificial intelligence will be key to opportunities to create energy-efficient designs and low-carbon products. Accordingly, UmbraGroup has focused on improving its range of business support technologies with a view to achieving the highest environmental sustainability standards.

The development of new products for the A&D sector involves various significant challenges, in addition to complex operational aspects, such as extensive regulatory, testing and product certification requirements. Despite such obstacles, the growth in consumer demand for more sustainable technologies, reduced emissions, higher performing systems and lower costs are pushing the A&D sector towards innovation through new products in 2024.

A&D companies will likely continue to develop environmentally friendly propulsion alternatives to reduce emissions and prepare for future regulatory changes. In addition to this focus on product innovation, research and development investments will continue to be made in A&D fields such as advanced materials and manufacturing systems with ever-increasing complexity (Industry 4.0 towards Industry 5.0).

In 2024, the A&D industry expects to see an increase in spending, in both defence and commercial segments. Defence spending will likely increase to meet the rising demand created by escalating geopolitical tensions and the need for increased defence capabilities. On the commercial side, increased spending will likely come from a growth in passenger flights, especially in emerging markets.

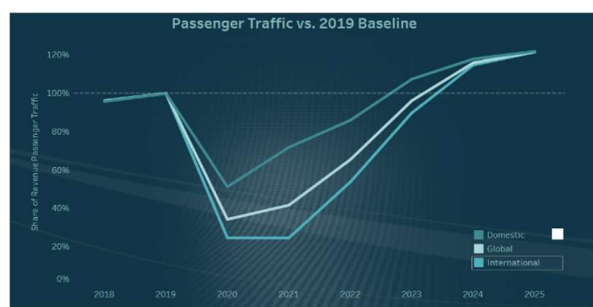
The outlook for the global defence sector is one of strong growth, with defence spending set to exceed USD 2.24 trillion in 2022 (latest data).

Geopolitical events around the world have driven and are likely to continue to drive increases in defence funding. The US Department of Defence requested a budget of USD 842 billion for fiscal year 2024, marking an effective 3.2% increase over 2023.

The A&D industry has long product development cycles and complex supply chains, demanding constant innovation, technology integration and continuous improvements.

The companies in the A&D sector investing in these areas, including UmbraGroup, have great prospects in the constantly evolving global scenario.

### Boeing's Outlook



(Source: Boeing Commercial Market Outlook 2023 – 2042)

Global passenger traffic continues to recover ground lost during the pandemic.

In 2021, the economy finally rebounded from pandemic, and air travel began to regain lost ground. Some constraints are still being felt, including labour shortages, supply chain friction and operational airport and air traffic control restrictions. Nonetheless, Boeing expects global passenger traffic to reach 2019 levels over 2023 and 2024, and domestic traffic to reach this milestone sooner than expected.

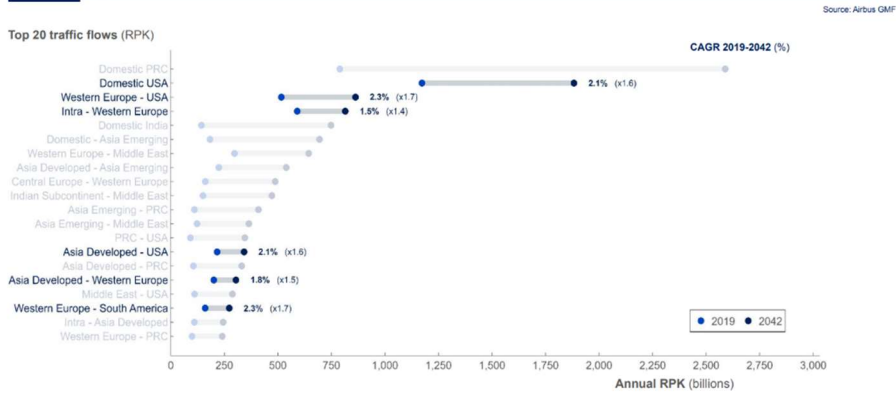
Air travel is expected to continue to grow faster than the general global economy, driven by rising tourism demands and service levels, particularly in developing markets. With annual growth of 3.7% beyond pre-pandemic levels, air traffic is expected to more than double in 20 years. The growth in traffic continues to outpace the growth of aircraft fleets, at 3.2%, as airlines strive to improve efficiency and productivity.

Air passenger travel has become increasingly diverse over the past few decades, and this trend is expected to continue over the next 20 years. More mature aviation markets, however, such as those of North America and Europe, are expected to see slower-than-average global growth. Competition, improved service offerings and economic growth will continue to drive demand for travel to these regions, but at lower rates than in past decades.

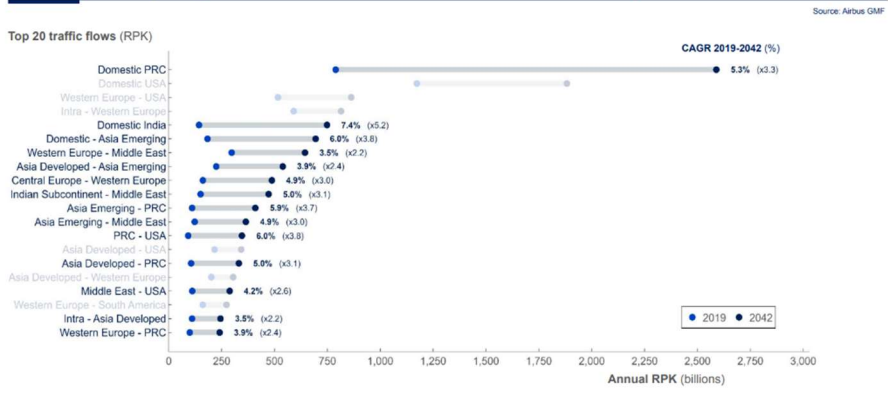
In contrast, emerging aviation markets, such as those of Asia, are at an advanced stage of network, infrastructure and airline development and will experience above-average growth over the next two decades. These different growth trajectories are producing a more geographically balanced global aviation market.

Airbus's Outlook

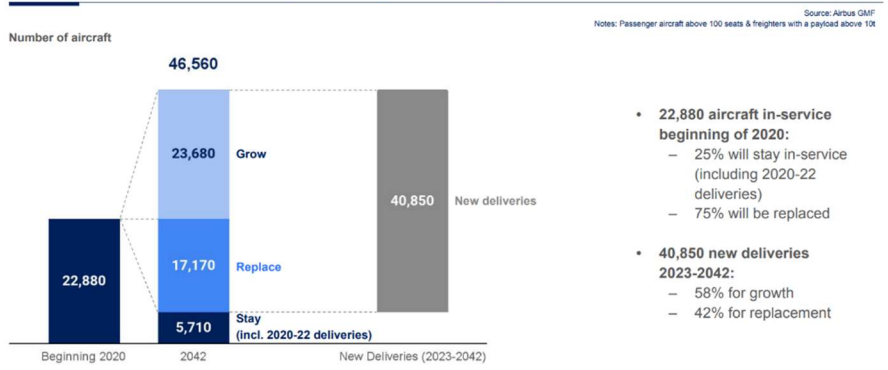
**Modest growth in mature flows...**



**...and stronger growth in Asia and Middle East, led by India and PRC**



**Demand for 40,850 new passenger & freighter aircraft**



(Source: Global Market Forecast Airbus 2023 – 2042)

The latest edition of Airbus' Global Market Forecast (GMF23) for the period 2023-2042 offers an encouraging outlook on the evolution of air traffic and airline fleets.

The report highlights a future growth in passenger traffic and demand for aircraft with more than 100 seats.

Airbus expects passenger traffic to grow annually by 3.6% (CAGR 2019-2042) over the next 20 years.

This growth is mainly attributed to increased GDP (+2.5%, 2019-2042) and trade (+2.9%, 2019-2042). Asia, particularly China and India, will fuel growth, further shifting aviation's centre of gravity eastwards.

Airbus forecasts a demand for 40,850 new deliveries of passenger and cargo aircraft over the next 20 years, of which 32,630 single-aisle and 8,220 wide-body, up from GMF22’s forecast of 39,490. This is 1,360 more units, representing one whole more year of growth.

**Industrial Line**

(Source: UCIMU)

Chalking up a new production record, 2023 ended positively once again for Italian manufacturing of machine tools, robots and automation systems. As reported in preliminary data from the Business and Culture Research Centre of the Italian trade association for the manufacturing of machine tools, robots and automation systems, UCIMU-SISTEMI PER PRODURRE, in 2023, the value of production amounted to Euro 7,560 million, marking growth of 3.8% over the previous year. This result is attributable to the increasing value of exports, up 10.3% to Euro 3,825 million.

The export to production ratio therefore began to rise again, with a percentage growth of 50.6%.

On the export front, according to the UCIMU elaboration of ISTAT data, in the period January-August 2023 (latest available data), the main foreign outlets for the Italian market were: The United States (Euro 356 million, +26.7%), Germany (Euro 217 million, +8.8%), China (Euro 163 million, +34%), France (Euro 138 million +32.1%), and Poland (Euro 128 million, +14.7%). Domestic deliveries, on the other hand, fell slightly to a value of Euro 3,735 million, that is, 2% less than in 2022.

We note that, in the fourth quarter of 2023, the index of machine tool orders elaborated by UCIMU indicates a decline of 31.1% compared to the same quarter of 2022.

This negative result is attributable to reduced orders on the domestic market, while the foreign order book continues to show a certain resilience. In particular, overseas orders were down 2.9% compared to the same period in the previous year. The index stands at 100.9. On the domestic front, orders fell 69.1% compared to the fourth quarter of 2022, that is 79.4 in absolute value terms.

The Bearings line, after a positive 2022, saw a sharp decline, especially in the second half of 2023, due to a series of factors. These included shortages of materials and market instabilities in the wake of the pandemic, with many customers already having overstocked well in excess of their actual needs. Then, in the last quarter of 2023, a further slowdown was seen in sectors such as wind, machine tools and automotive.

This trend is expected to continue in the first half of 2024, although most analysts seem to agree that, following a further decline at the turn of the summer, there should be a moderate recovery in the last half of the year.

Some first signs are coming from the growth forecasts of certain sectors of the Chinese and US markets, with Schaeffler, our main customer for the Bearings line, expecting a pick-up in orders in Q4-2024.

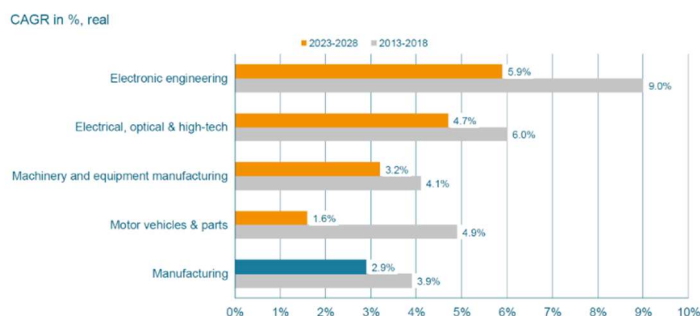
The outlook for 2024, in any case, prescribes caution. Despite the progressive decline in inflation, uncertainties related to international trade are growing. Manufacturing in key countries, such as Germany, is decelerating, and negatively affecting both domestic and foreign orders.

**Machinery Turnover Forecast by selected countries**

% , yoy, volume



## World: Growth outlook manufacturing industries



(Source: VDMA Economics and Statistics)

In 2024, a general reduction in turnover is being seen.

Comparing the compound annual growth rates of 2013-2018 and 2023-2028, a slowdown can be seen in certain sectors up to and even greater than 50%.

### Significant events in 2023

**March 24, 2023**, was the first day of celebrations to mark the 100th anniversary of the establishment of the Italian Air Force on Tuesday, March 28. UmbraGroup was therefore invited to the inauguration of the Aeronautical Village and Air Force Experience, set up in the square of Piazza del Popolo, Rome. The event was designed to bring the public closer to the world of the Air Force and celebrate the 100th anniversary with a series of exhibitions, performances, experiences and training courses.

Speaking and representing UmbraGroup at the event was Reno Ortolani, Chair of the Board of Directors, and Nicola Bacelli, Group Vice President of Aerospace OEM and MRO Sales.

**May 14, 2023**, was the first day of the Aerospace Power Conference, in Rome, another event organised to celebrate the centenary of the Italian Air Force. Beatrice Baldaccini, UmbraGroup Vice President, and Gabriele Guidi, EMEA Commercial Aerospace Business Development Manager, were invited there to represent the Group. It was a very stimulating day that offered a great opportunity to discuss Aerospace Power strategies and policies. Furthermore, it was an opportunity to discuss the need to change teachings that inspire decisions in the Defence sector in such a technologically revolutionary scenario as the current one.

On **May 23, 2023**, around 500 Schaeffler Gruppe suppliers were invited to attend a Supplier Day in Herzogenaurach, Germany. With 500 companies present, 19 received awards, including UmbraGroup in the Schaeffler Quality Supplier Award of the Year category. This recognition confirms the close relationship between the Schaeffler Gruppe and UmbraGroup teams, driven by the common objective to create excellent products that guarantee competitive performance. The two teams, in fact, share the same forward-looking vision and boast motivated people able to work together to achieve ambitious goals.

On **June 13, 2023**, in partnership with the sustainable mobility platform Wecity, UmbraGroup launched a new Health, Safety and Environment (HSE) initiative entitled: CHI CO<sub>2</sub>NSUMA MENO? (WHO CO<sub>2</sub>NSUMS LESS?). The sustainability competition challenged all employees, until the end of the year, to find alternative, more sustainable ways to get to work, thus encouraging car-pooling, cycling, the use of electric scooters and sports activities, for the well-being of both our employees and the environment.

On **June 21, 2023**, at the 54th Paris Le Bourget Air and Space Show, at the stand of the Umbria Aerospace Cluster, of which UmbraGroup forms part, the new partnership with Supernal was officially announced. The Korean company is developing a new electric vertical take-off and landing vehicle (eVTOL) that will revolutionize the concept of sustainable mobility, and involve UmbraGroup in pushing forwards the new frontier of Advanced Air Mobility (AAM).

On **September 8, 2023**, the restored bust of General Ferrante Vincenzo Gonzaga Del Vodice, who died 80 years ago to the day, was inaugurated in the flag-raising square in front of the Foligno barracks named after him. The General was awarded the Gold Medal of Military Valour for his extreme sacrifice and demonstration of the importance of the value of respect. UmbraGroup, represented by its leadership at the official ceremony, had sponsored the restoration work of the monument, which is certainly one of the historical symbols of the city of Foligno.

On **October 4, 2023**, UmbraGroup acquired 51% of the shares of CO.ME.AR. S.r.l., and B.S.P. S.r.l.

On **November 10, 2023**, UmbraGroup inaugurated a photovoltaic system of approximately 2.2 kW, which will cut equivalent CO2 emissions of the Group by as much as 12%, or 770 tonnes per year.

On **November 14, 2023**, UmbraGroup acquired 100% of the shares of Era Electronic Systems S.r.l.

On **November 16, 2023**, UmbraGroup was awarded the 2023 Eubiosia Franco Pannuti Prize, at the Bologna headquarters of Fondazione ANT, a foundation for the prevention and treatment of tumours. The award, given as recognition to companies lending support to the foundation's initiatives, was, for us, another confirmation of the importance of sponsorships and partnerships with entities of this kind.



### *Operating Results*

The year 2023 saw a 17.7% increase in revenues from the previous year. The operating results came in higher than the previous year, mainly thanks to the improved performance of the Parent Company.

Net debt was Euro 42,895 thousand at December 31, 2023, increasing Euro 15,810 thousand on the previous year.

The Group's key performance indicators (KPIs) for the period and main changes are shown below:

(in Euro thousands)

Operating results	2023	2022	Change	Change %
Revenues	222,686	189,235	33,451	17.7%
Value of production	237,117	199,218	37,899	19.0%
Value added	116,077	95,059	21,017	22.1%

<b>EBITDA</b>	<b>33,157</b>	<b>25,975</b>	<b>7,182</b>	<b>27.6%</b>
Adj EBITDA	33,836	25,286	8,550	33.8%
<b>EBITDA Margin (EBITDA/Revenues)</b>	<b>14.9%</b>	<b>13.7%</b>	<b>1.2%</b>	
<b>Adj EBITDA Margin (Adj EBITDA/Revenues)</b>	<b>15.2%</b>	<b>13.4%</b>	<b>1.8%</b>	
EBIT	19,594	12,064	7,529	62.4%
<b>EBIT/Revenues</b>	<b>8.8%</b>	<b>6.4%</b>	<b>2.4%</b>	
Net Profit	11,318	9,489	1,829	19.3%
<b>Financial performance</b>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Change %</b>
Capital Employed	337,405	255,792	81,613	31.9%
Total investments	14,234	7,473	6,761	90.5%
Net working capital	72,251	67,245	5,006	7.4%
Net Capital Employed	162,380	128,563	33,817	26.3%
<b>Financial debt</b>	<b>42,895</b>	<b>15,810</b>	<b>27,085</b>	<b>171.3%</b>

The Group's alternative performance indicators are defined as follows:

- **Value of production:** the sum of revenues from sales and services, other operating revenues, the increase in internal work capitalised and changes in inventories of semi-finished and finished products.
- **Value added:** margin attained as the difference between revenues net of premiums and consumables, services (including outsourcing costs) and operating costs. The added value in fact measures the wealth generated by the Group in the year against that distributed.
- **EBITDA:** the difference between revenues from sales and consumables, service costs, personnel costs and net operating income/charges. It represents the margin before amortisation, depreciation, financial management (financial income/charges) and income taxes. EBITDA so defined is not recognised under Italian GAAP and therefore the measurement criteria employed by the Group may differ from those of other Groups and is therefore not comparable. This indicator is commonly used by analysts in order to assess a company's performance.
- **Adjusted EBITDA:** EBITDA adjusted for extraordinary and/or non-recurring income and expenses.
- **EBIT:** the difference between EBITDA and amortisation, depreciation and write-downs. It represents the margin before financial management and income taxes.
- **Adjusted Net Profit:** Book net profit net of extraordinary income and charges.
- **Net working capital:** the difference between current assets and current liabilities (excluding cash and cash equivalents, financial payables and provisions for risks and charges).
- **Net capital employed:** the sum of fixed assets and net working capital, net of provisions for risks and charges and post-employment benefits.
- **Financial debt:** the difference between cash and cash equivalents and current and non-current financial payables.

The above indicators are not governed by the Group's accounting standards.

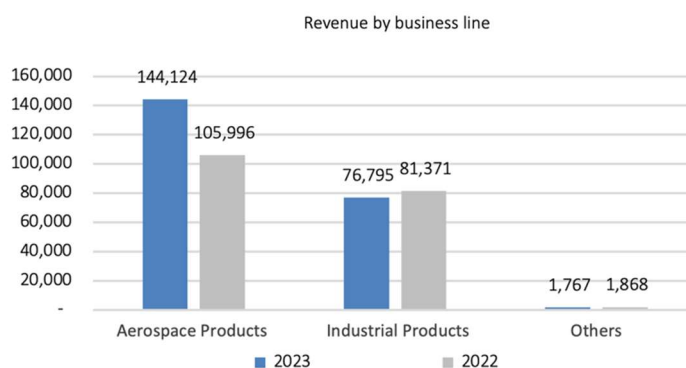
### Revenues

Revenues from sales and services in 2023 amounted to Euro 222,686 thousand, compared to Euro 189,235 thousand in 2022 (+17.7%). The growth in revenues was mainly due to the recovery of the market and the launch of new aerospace development projects. We note that the new acquisitions (Co.Me.Ar. and B.S.P.), net of intercompany transactions, contributed Euro 4,534 thousand to revenues. Considering the same scope of consolidation as in 2022, revenues as at December 31, 2023, would have amounted to Euro 218,361 thousand, up 15.4%.

Revenues by business line and the change on the previous year are outlined in the table below.

(in Euro thousands)	2023	2022	Change	Change %
Aerospace Products	144,124	105,996	38,128	36.0%
Industrial Products	76,795	81,371	(4,576)	-5.6%
Other	1,767	1,868	(101)	-5.4%
<b>TOTAL</b>	<b>222,686</b>	<b>189,235</b>	<b>33,450</b>	<b>17.7%</b>





**Aerospace Line breakdown:**

(in Euro thousands)	2023	2022	Change	Change %
Aerospace Products	118,523	98,743	19,780	20.0%
EMA Aerospace	25,601	7,253	18,348	253.0%
Total	144,124	105,996	38,128	36.0%

The Aerospace Products category saw growth of 20% on the previous year, driven by the continuing recovery of commercial sales.

The significant growth in the Electromechanical Actuators (EMA) line is attributable the launch of new programmes for the Commercial, Defence and Advanced Air Mobility sectors, and to the increase in the Airbus Helicopters H160 production rate. The success of the EMA line is related to new UmbraGroup patents for fault tolerant linear and ball screw rotary actuators. In the first few months of 2024, the market’s interest in EMA line products was confirmed by the development of several negotiations regarding new opportunities.

The following figure shows the percentage share of the product categories of the Aerospace business line.



**Industrial Line breakdown:**

(in Euro thousands)	2023	2022	Change	Change %
Bearings	35,630	37,832	(2,202)	-5.8%
EMA Industrial	1,785	3,653	(1,868)	-51.1%
Other Industrial Products	39,380	39,886	(506)	-1.3%
Total	76,795	81,371	(4,576)	-5.6%

The poorer performance of the Industrial line is mainly attributable to Bearings and EMA products.

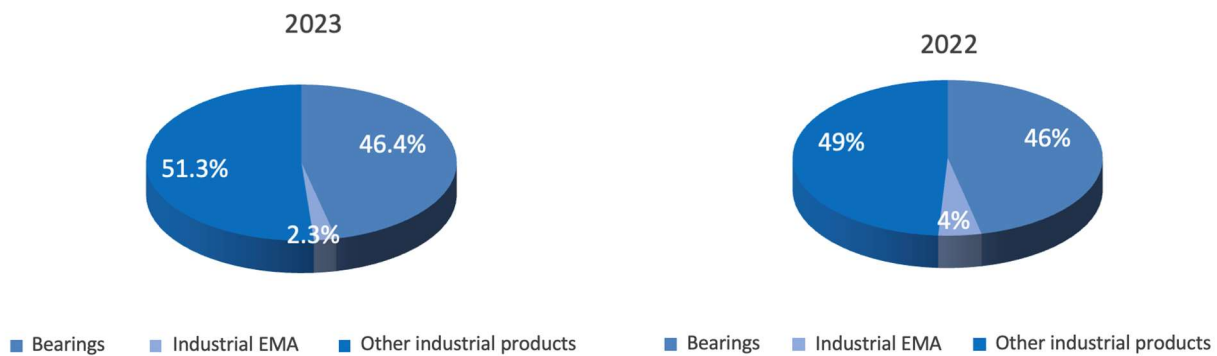
The Bearings line was affected by the market contraction and the insourcing process began at Schaeffler, which internalized the production of certain types of ball bearings. Until 2022, ball bearings accounted for approximately 80% of sales to the customer Schaeffler. In 2023, the production mix shifted in favour of tapered roller bearings (TRB), which now represent

more than 50% of the order book and turnover. An important contribution came from the production of high performance and high durability X-Life TRBs.

For strategic reasons, the Parent Company intends to expand the customer and product line portfolio, offering products such as cylindrical roller bearings (CRB), with the aim of sustaining volumes and diversifying the production mix.

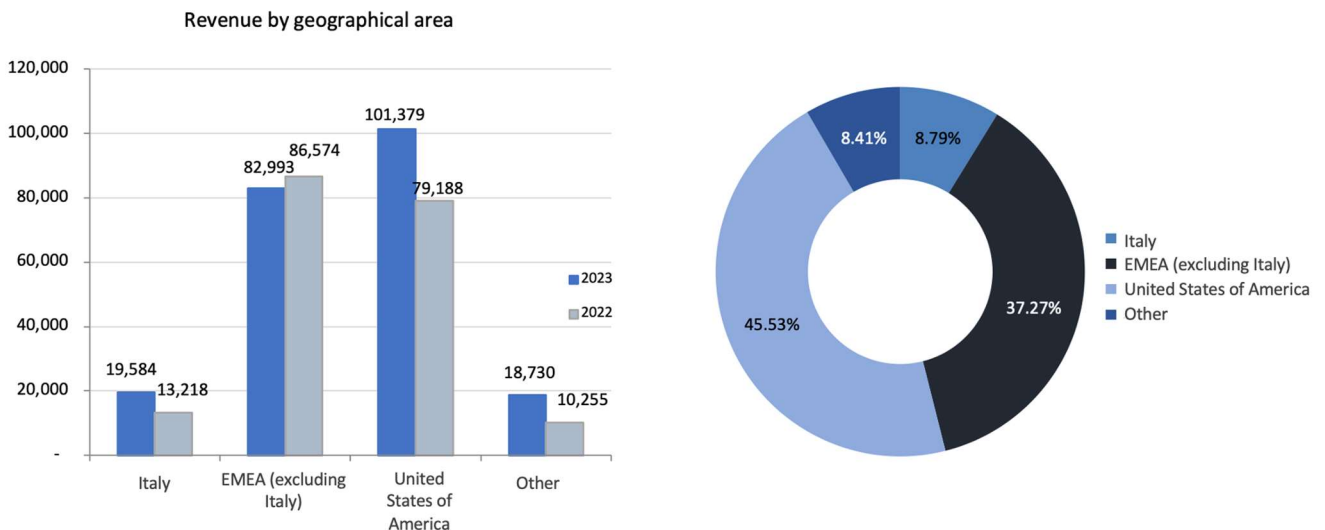
As for the EMA segment, the decline in performance is attributable to less business from sheet metal processing customers. A more marked general slowdown was seen regarding specific applications such as 2D laser-cutting and bending.

The following figure expresses the percentage share of the product categories of the Industrial business line.



### Sales by geographic area

The graphs below present sales by geographic area.



The United States of America was the largest Group sales market in 2023, accounting for 45.53% of the total.

For the breakdown of revenues from the other Group companies, reference should be made to the Transactions with subsidiary, associate and holding companies and those under their control section.

## Costs

The core operational costs (extensively detailed in the explanatory notes) are as follows:

(in Euro thousands)	2023	% Revenues	2022	% Revenues	Change	Change %
Raw Materials	63,355	28.5%	57,236	30.2%	6,119	10.7%
Service costs	45,602	20.5%	39,069	20.6%	6,533	16.7%
Personnel expenses	83,067	37.3%	69,113	36.5%	13,954	20.2%
<b>Total operating charges</b>	<b>192,024</b>	<b>86.2%</b>	<b>165,418</b>	<b>87.4%</b>	<b>26,606</b>	<b>16.1%</b>
Amortisation & depreciation	13,007	5.8%	13,743	7.3%	(736)	-5.4%
Write-downs and provisions	557	0.2%	168	0.1%	389	>100%

Against a 17.7% increase in revenues, total operating charges compared with the previous year increased by Euro 26,606 thousand (+16.1%). The increase partially stemmed also from the entry into the consolidation scope of Co.Me.Ar. and BSP, which contributed Euro 4,411 thousand to operating costs. At like-for-like consolidation scope on 2022, costs would have increased 14.4%.

The main movement in operating costs related to **personnel expense**, which increased 20.2% from Euro 69,113 thousand in 2022 to Euro 83,067 thousand. Personnel expense related to the new acquisitions totalled Euro 2,883 thousand. At like-for-like consolidation scope on 2022, personnel expense would have increased 16%, rather than 20.2%. This expense accounted for 36.7% of revenue, in line with the previous year. The increase is therefore mainly due to the parent company's hiring of staff to support the increased sales in the year, and the increase from the national collective bargaining agreement in June 2023. Parent Company personnel expense in addition includes the production, MBO and LTI bonuses, resulting in increased expense of Euro 3,407 thousand.

**Amortisation and depreciation** totalled Euro 13,007 thousand, compared to Euro 13,743 thousand in the previous year (5.8% of Revenues - 7.3% in 2022).

The financial performance follows:

(in Euro thousands)	2023	% Revenues	2022	% Revenues	Change	Change %
Interest and other financial charges	(4,560)	-2.0%	(1,752)	-0.9%	(2,808)	>100%
Other financial income/(expenses)	887	0.4%	116	0.1%	772	>100%
<b>Net financial expense</b>	<b>(3,673)</b>	<b>-1.6%</b>	<b>(1,636)</b>	<b>-0.9%</b>	<b>(2,036)</b>	<b>&gt;100%</b>
Currency (Losses)/Gains	(1,405)	-0.6%	2,203	1.2%	(3,608)	< -100%
Adjust. to financial assets/liabilities	489	0.2%	(1,269)	-0.7%	1,758	< -100%
<b>Financial management</b>	<b>(4,589)</b>	<b>-2.1%</b>	<b>(702)</b>	<b>-0.4%</b>	<b>(3,886)</b>	<b>&gt;100%</b>

**Net financial expenses** in 2023 were Euro 3,673 thousand, of which financial expense of Euro 4,560 thousand and financial income of Euro 887 thousand. The increase in financial expense stemmed from a number of factors: (i) the increase in the Euribor in 2023 (1.526% in 2022, compared to 3.869% in 2023); (ii) the drawdown of two new loans for Euro 35,000 thousand by the Parent Company; (iii) the entry into the scope of Co.Me.Ar. and BSP, which had a negative impact of Euro 419 thousand.

**Net Currency losses** of Euro 1,405 thousand are reported. Currency losses comprise realised losses of Euro 180 thousand based on the Euro/USD movement in 2023 compared to 2022, respectively with an average of 1.0813 and 1.0530, and unrealised currency losses of Euro 1,225 thousand (fix 31/12/2023 1.1050; fix 31/12/2022 1.0666).

**Adjustments to financial assets** were positive for Euro 489 thousand and represented changes in the fair value of derivatives at December 31, 2023.

### Income taxes and net profit

The 2023 **net profit was Euro 11,318 thousand** (Euro 9,489 thousand in 2022, +19% on the previous year), after ordinary amortisation and depreciation of Euro 13,007 thousand (Euro 13,743 thousand in 2022) and **income taxes** (current and deferred) of Euro 4,562 thousand (Euro 1,873 thousand in 2022).

**EBIT** was Euro 19,594 thousand, increasing Euro 7,529 thousand (+62% on 2022).

The reclassified income statement follows:

(in Euro thousands)	2023	2022	Change	Change %
Value of production	237,117	199,218	37,899	19.0%
Consumables & external costs	120,893	104,130	16,763	16.1%
Personnel expense	83,067	69,113	13,954	20.2%
<b>% on value of production</b>	<b>35%</b>	<b>35%</b>	<b>0%</b>	
<b>EBITDA</b>	<b>33,157</b>	<b>25,975</b>	<b>7,182</b>	<b>27.6%</b>
<b>% on value of production</b>	<b>14%</b>	<b>13%</b>	<b>1%</b>	
Write-downs and Provisions	556	168	388	>100%
Amortisation & depreciation	13,007	13,743	(736)	-5.4%
<b>Operating profit - EBIT</b>	<b>19,594</b>	<b>12,064</b>	<b>7,529</b>	<b>62.4%</b>
<b>% on value of production</b>	<b>8%</b>	<b>6%</b>	<b>2%</b>	
Financial income	887	116	772	>100%
Financial expenses	(4,560)	(1,752)	(2,808)	>100%
Currency gains and losses	(1,405)	2,203	(3,608)	>100%
<b>Net financial expense</b>	<b>(5,078)</b>	<b>566</b>	<b>(5,644)</b>	<b>&gt;100%</b>
<b>% on value of production</b>	<b>-2%</b>	<b>0%</b>	<b>-2%</b>	
Adjustments to fin. asset/liability values	489	(1,269)	1,758	>100%
<b>% on value of production</b>	<b>0%</b>	<b>-1%</b>	<b>1%</b>	
<b>Result before taxes</b>	<b>15,005</b>	<b>11,362</b>	<b>3,643</b>	<b>32.1%</b>
<b>% on value of production</b>	<b>6%</b>	<b>6%</b>	<b>1%</b>	
Income taxes	(4,562)	(1,873)	(2,689)	143.5%
<b>Profit (loss) for the year</b>	<b>10,444</b>	<b>9,489</b>	<b>955</b>	<b>10.1%</b>
<b>Consolidated Net Result</b>	<b>10,444</b>	<b>9,489</b>	<b>955</b>	<b>10.1%</b>
<b>Minority interest result</b>	<b>(874)</b>	<b>-</b>	<b>(874)</b>	<b>&gt;100%</b>
<b>Group Net Profit</b>	<b>11,318</b>	<b>9,489</b>	<b>1,829</b>	<b>19.3%</b>

The Tax rate increased from 16.5% in 2022 to 30.4% in 2023. This relates to the almost zero impact in the present year of the Parent Company's super and hyper amortisation.

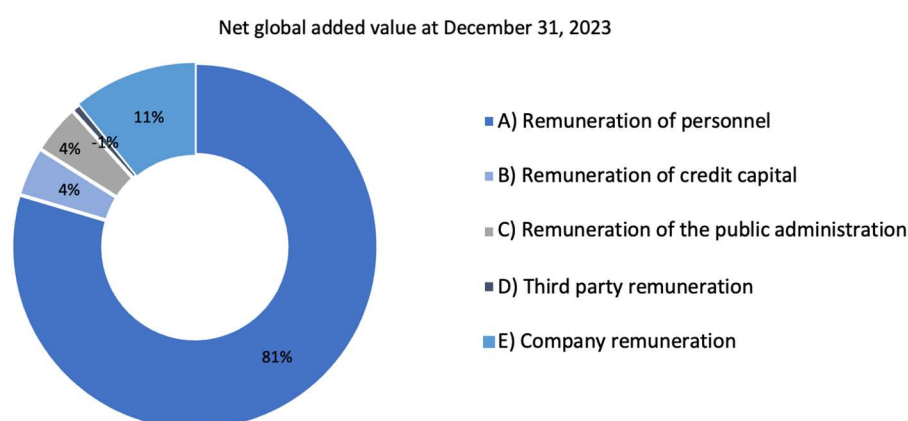
	2023	2022	Change	Change %
Current income taxes	(5,842)	(2,673)	(3,169)	118.5%
Taxes from previous years	141	473	(332)	-70.2%
Deferred tax liabilities	1,053	211	842	398.7%
Income from tax consolidation	86	117	(31)	-26.5%
<b>Total taxes</b>	<b>(4,562)</b>	<b>(1,872)</b>	<b>(2,690)</b>	<b>143.7%</b>
<b>Result before taxes</b>	<b>15,005</b>	<b>11,362</b>	<b>3,643</b>	<b>32.1%</b>
Tax rate	30.4%	16.5%		

A further reclassification of the added value income statement for 2023 compared with the previous year is reported below, with a breakdown of the net global added value.

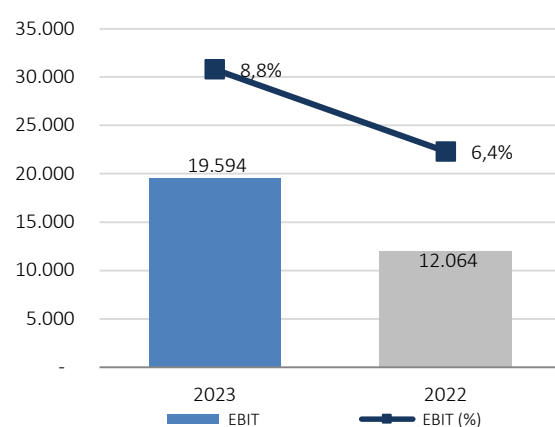
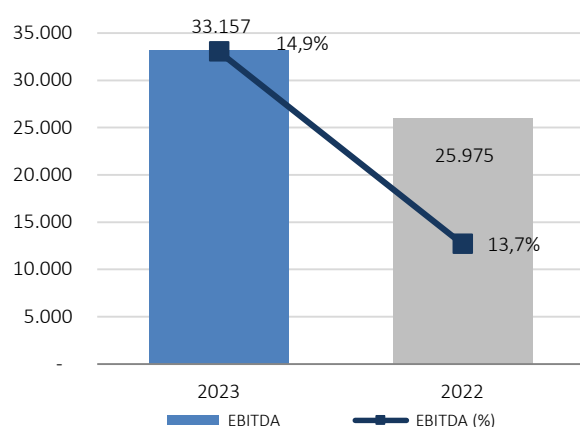
(in Euro thousands)	2023	2022	Change	Change %
Value of production	237,117	199,218	37,899	19.0%
Costs	121,040	104,130	16,910	16.2%
<b>Gross added value</b>	<b>116,077</b>	<b>95,088</b>	<b>20,988</b>	<b>22.1%</b>
<b>Net added value</b>	<b>102,632</b>	<b>82,227</b>	<b>20,405</b>	<b>24.8%</b>

	2023	2022	Change	%
<b>Net added value</b>	<b>102,632</b>	<b>82,227</b>	<b>20,405</b>	<b>24.8%</b>
A) Remuneration of personnel (Employee)	83,067	69,113	13,954	20.2%
B) Remuneration of credit capital (financial expense)	4,560	1,752	2,808	160.3%
C) Remuneration of the public administration (direct taxes)	4,562	1,873	2,689	143.5%
D) Remuneration of risk capital (Dividends)	4,800	3,600	1,200	33.3%
E) Remuneration of third parties (Minority interest profit)	(874)	-	(874)	>100%
<b>F) Company remuneration</b>	<b>6,518</b>	<b>5,889</b>	<b>629</b>	<b>10.7%</b>

The wealth generated by the Group was distributed among the following:



The following graphs outline the EBITDA and EBIT performance for 2022 and 2023 (Euro thousands), and as a percentage of Revenue.



EBITDA in 2023 totalled Euro 33,157, increasing Euro 7,182 thousand on the previous year (+27.6%). EBIT was Euro 19,594, increasing 62.4% on 2022. The increase in revenue in the year resulted in a better absorption of overheads. In addition, a

more favourable mix enabled an improved operating performance thanks to the start-up of development projects in the prototyping phase.

### Adjusted EBITDA

Adjusted EBITDA for 2023 is presented below, compared with the previous year and excluding other extraordinary or non-recurring charges and income i.e. significant or exceptional events outside of core business operations.

The Euro 545 thousand of extraordinary costs mainly relates to the costs incurred by the Parent Company for M&As and the review of HR processes.

	2023	2022	Change	Change %
<b>EBITDA</b>	<b>33,157</b>	<b>25,975</b>	<b>7,182</b>	<b>27.6%</b>
<i>EBITDA % on Revenue</i>	<i>14.9%</i>	<i>13.7%</i>		
UMBRA GROUP S.p.a Leaving incentives	-	199	(199)	-100%
UMBRA GROUP S.p.A. extraordinary costs	545	333	212	63.7%
Umbragroup US leaving incentive	134	-	134	>100%
Linear Motion risks provision	-	(1,221)	1,221	-100%
<b>ADJ EBITDA</b>	<b>33,836</b>	<b>25,286</b>	<b>8,550</b>	<b>33.8%</b>
<i>Adj EBITDA % on Revenue</i>	<i>15.2%</i>	<i>13.4%</i>		

The EBITDA and EBIT of the Group companies is reported below, with indication of the percentage contribution of each to the consolidated results.

Company	EBITDA				EBIT			
	2023	%	2022	%	2023	%	2022	%
UMBRA GROUP S.p.a	29,210	<b>87.7%</b>	20,544	<b>76.0%</b>	21,815	<b>107.0%</b>	12,030	<b>92.4%</b>
Umbra Cuscinetti Inc.	3,159	<b>9.5%</b>	65	<b>0.2%</b>	2,184	<b>10.7%</b>	(1,280)	<b>-9.8%</b>
UGI Holding	714	<b>2.1%</b>	3,709	<b>13.7%</b>	(702)	<b>-3.4%</b>	2,118	<b>16.3%</b>
Kuhn GmbH	(632)	<b>-1.9%</b>	462	<b>1.7%</b>	(966)	<b>-4.7%</b>	42	<b>0.3%</b>
PKE GmbH	13	<b>0.0%</b>	1,483	<b>5.5%</b>	(929)	<b>-4.6%</b>	420	<b>3.2%</b>
AMCO S.r.l	523	<b>1.6%</b>	658	<b>2.4%</b>	(85)	<b>-0.4%</b>	(271)	<b>-2.1%</b>
Serms S.r.l	81	<b>0.2%</b>	94	<b>0.3%</b>	(63)	<b>-0.3%</b>	(44)	<b>-0.3%</b>
Co.Me.Ar. S.r.l.	(27)	<b>-0.1%</b>	-		(842)	<b>-4.1%</b>	-	
BSP S.r.l.	280	<b>0.8%</b>	-		(27)	<b>-0.1%</b>	-	
<b>Total</b>	<b>33,321</b>	<b>100%</b>	<b>27,014</b>	<b>100%</b>	<b>20,385</b>	<b>100%</b>	<b>13,015</b>	<b>100%</b>
Eliminations	(164)		(1,039)		(791)		(951)	
<b>Consolidated result</b>	<b>33,157</b>		<b>25,975</b>		<b>19,594</b>		<b>12,064</b>	

The performance is summarised by the following indicators:

	2023	2022
ROE	9.5%	8.4%
ROS	8.8%	6.4%
ROI	5.8%	4.7%
ROACE	13.5%	9.7%
<b>EBITDA Margin (EBITDA/Revenues)</b>	<b>14.9%</b>	<b>13.7%</b>
<b>Adj EBITDA Margin (Adj EBITDA/Revenues)</b>	<b>15.2%</b>	<b>13.4%</b>

The ROE (Return on Equity) was determined as the ratio between the Group net profit (NP) and the net equity (NE) in the period.

The ROS (Return on sales) is the ratio between the period operating result (OR) and Revenues.

The ROI (Return on Investments) is the ratio between the operating result (OR) and the Net capital employed (NCE).

Return on average capital employed (ROACE) is the ratio of: (i) ordinary EBIT excluding items not related to core business, e.g. gains on the sale of assets and impairment of assets, which are considered extraordinary items for the purposes of calculating ordinary earnings; and (ii) average net capital employed, based on the opening and year-end balances of capital employed.

The EBITDA margin is the ratio between EBITDA and Revenues; the Adjusted EBITDA Margin was also calculated, net of the effects related to non-recurring revenues and costs.

These two indicators should not be considered separately or as a replacement of the financial statement accounts drawn up according to IFRS; rather, these indicators should be used to supplement the results calculated according to IFRS and to assist the reader's understanding of the Group's operating performances.

The Adjusted Group Net Profit increased by Euro 3,197 thousand - from Euro 8,800 thousand to Euro 11,997 thousand.

The reconciliation between adjusted net profit and the net result is presented in the table below.

(in Euro thousands)	2023	2022	Change	Change %
Net Result	11,318	9,489	1,829	19.3%
Leaving incentives	134	199	(65)	-32.6%
Extraordinary costs	545	333	212	63.7%
Linear Motion provision	-	(1,221)	1,221	-100.0%
<b>Adj. Net Profit</b>	<b>11,997</b>	<b>8,800</b>	<b>3,197</b>	<b>36.3%</b>

### Balance sheet overview

The reclassified balance sheet as presented according to the financial criterion is shown below.

Balance Sheet	2023	2022	Change
Net trade receivables	35,907	28,153	7,754
Other receivables	22,417	18,418	3,999
Inventories	83,360	62,438	20,922
Current financial assets	549	259	290
Current non-financial liabilities	(69,982)	(42,023)	(27,959)
<b>A) Net Working Capital</b>	<b>72,251</b>	<b>67,245</b>	<b>5,006</b>
Receivables beyond 12 months	38	10	28
Equity investments	905	184	721
Financial Instruments - Assets	380	239	141
Intangible assets	25,150	3,224	21,926
Property, plant and equipment	83,667	69,381	14,286
Long-term non-financial liabilities	(384)	(658)	274
<b>B) Net Fixed Assets</b>	<b>109,756</b>	<b>72,380</b>	<b>37,376</b>
<b>C) Post-employment benefit provision</b>	<b>(5,610)</b>	<b>(3,857)</b>	<b>(1,753)</b>
<b>D) Provisions for risks and charges</b>	<b>(14,017)</b>	<b>(7,205)</b>	<b>(6,812)</b>
<b>E) Capital employed net of current liabilities (A+B+C+D)</b>	<b>162,380</b>	<b>128,563</b>	<b>33,817</b>
Financed by:			
Short-term debt	31,769	23,437	8,332
Financial payables – Medium-term	96,158	65,859	30,299
Cash & cash equivalents and short-term current	(85,032)	(73,486)	(11,546)
<b>F) Net financial debt</b>	<b>42,895</b>	<b>15,810</b>	<b>27,085</b>
Minority Interest Equity	2,647	-	2,647
Group Equity	116,838	112,753	4,085
<b>G) Consolidated Equity</b>	<b>119,485</b>	<b>112,753</b>	<b>6,732</b>
<b>H) Total (F+G) as in E</b>	<b>162,380</b>	<b>128,563</b>	<b>33,817</b>

Compared to December 31, 2022, capital employed net of current liabilities increased by Euro 5,006 thousand (+7.44%). The accounts reporting the greatest changes were:

- **Net trade receivables:** amounted to Euro 35,907 thousand, accounting for 16.1% of revenues in 2023 - increasing on 14.9% in 2022. The increase is due to both the increased Revenue and the increase in collection days.
- **Inventories:** the account amounted to Euro 83,360 thousand, increasing Euro 20,922 thousand (+33.5%) on 2022. Inventories account for 37.4% of revenue, increasing on 33.0% in 2022. This increase is partly due to the change in consolidation scope. The three acquisitions contributed Euro 10,915 thousand. At like-for-like consolidation scope, inventories would have accounted for a similar percentage as in 2022 (i.e. 33.2%);
- **Current non-financial liabilities:** this mainly includes trade payables. The account overall increased Euro 27,959 thousand on the previous year (+66.5%). This increase is partly due to the change in consolidation scope. The three acquisitions contributed Euro 13,836 thousand;
- **Intangible Assets:** the account increased by Euro 21,926 thousand. The increase was due to the combination of the following events: (i) the allocation of the Goodwill to the new acquisitions for Euro 11,413 thousand; (ii) the allocation of a value to the Customer List of the new acquisitions for Euro 7,915 thousand; (iii) the change in consolidation scope for a total of Euro 3,182 thousand; (iv) operating increases in the year of Euro 652 thousand; (v) amortisation in the year of approx. Euro 1,167 thousand;
- **Property, plant and equipment:** the account increased by Euro 14,286 thousand. The increase was as a combined effect of the following events: (i) the revaluation of the leased plant and machinery of the new acquisitions for Euro 3,742 thousand; (ii) the change in consolidation scope for a total of Euro 9,825 thousand; (iii) operating increases in the year of Euro 13,582 thousand; (iv) depreciation in the year of approx. Euro 11,840 thousand;
- **Financial payables:** the account increased by a total of Euro 38,629 thousand, of which short-term Euro 8,332 thousand and long-term Euro 30,299 thousand; The increase was due to the following events: (i) draw down of two loans by the Parent Company for Euro 35,000 thousand; (ii) the change in consolidation scope for a total of Euro 23,956 thousand;
- **Equity:** this account increased by Euro 6,732 thousand. This movement reflects, in addition to the net profit and the payment of dividends for Euro 3,600 thousand, the recognition of the negative reserve related to the fair value of derivative instruments used to hedge interest expense of Euro 800 thousand, and the increase in the negative reserve related to the fair value of derivative instruments to hedge commodities of Euro 2,080 thousand.

The rotation indexes are shown below:

	2023	2022
Trade receivable days outstanding <b>(trade receivables / net revenues *365)</b>	59	54
Trade payables days outstanding <b>(trade payables / purchase of goods and services *365)</b>	141	110
Inventory rotation days <b>(final inventories/consumables total * 365)</b>	333	299

The **Financial Debt** in 2023 of Euro 42,895 thousand increased Euro 27,085 thousand on the end of 2022. The Financial debt in 2023 was impacted by the corporate transactions and the acquisition of the investments in Co.Me.Ar. S.r.l., BSP S.r.l. and ERA S.r.l.. Calculating the Financial Debt excluding the effect of the corporate transactions over the last two years, an improvement of Euro 8,886 thousand is reported, increasing from a cash position of Euro 31,451 thousand in 2022 to a cash position of Euro 40,337 thousand in 2023.

Description	2023	2022
Cash and cash equivalents	(85,032)	(73,486)
Current loans and borrowings	28,301	21,611
Payables to other lenders	3,468	1,826
<b>Current financial debt</b>	<b>(53,263)</b>	<b>(50,049)</b>
Non-current loans and borrowings	87,833	62,020
Payables to other lenders	8,325	3,839
<b>Medium/long-term financial debt</b>	<b>96,158</b>	<b>65,859</b>
<b>Financial debt</b>	<b>42,895</b>	<b>15,810</b>
Effect Purchases of treasury shares	(47,261)	(47,261)
Effect 2023 Acquisitions	(22,900)	-



Effect Change in Consolidation scope	(13,071)	-
<b>Adj financial debt</b>	<b>(40,337)</b>	<b>(31,451)</b>

Cash and cash equivalents increased by Euro 11,546 thousand compared to the previous year. It should also be noted that the balance of Euro 85,032 thousand includes Euro 36,696 thousand in time deposits of the Group.

Bank payables (current and non-current) at December 31, 2023 amounted to Euro 116,134 thousand (Euro 83,631 thousand in 2022), increasing Euro 32,503 thousand on the previous year; this followed, in addition to the repayment of outstanding loans, the issue of new loans totalling Euro 35,000 thousand in 2023 by the Parent Company and the change in consolidation scope, which impacted for a total of Euro 23,956 thousand. Other lenders includes loans at subsidised rates related to R&D projects and amounts due to Leasing Companies as an effect of the application of IFRS 16. The increase is due to granting of two new leases by the parent company and the change in consolidation scope, which had an impact of Euro 4,694 thousand.

The movement of the Financial Debt and Equity since 2020 is presented below:

	2020	2021	2022	2023
ST+ML Financial debt	(15,203)	(34,047)	15,810	42,895
Equity	140,926	154,243	112,753	116,838
	N.C	N.C	0.14	0.37

The development of the financial and equity structure may be summarised by the following ratios:

(in Euro thousands)	2023	2022
Financial debt	42,895	15,810
Shareholders' Equity / Total Assets	0.35	0.44
Net Debt / NE	0.37	0.14
Financial Debt / EBITDA	1.29	0.61

The Financial Debt/Equity Indicator (Financial Debt on Equity) for 2023 was 0.37, slightly increasing on the previous year (0.14). Similarly, the FinancialDebt/EBITDA ratio, calculated as the ratio between financial debt and EBITDA, was 1.29 in the present year.

Cash and cash equivalents and financial payables by maturity are respectively presented at December 31, 2023:

	2023	2022	%
Cash	85,032	73,486	88%
Bank payables	116,134	83,631	100%
Maturity 2024	28,301	21,611	26%
Maturity 2025	25,723	20,545	25%
Maturity 2026	19,396	16,137	19%
Maturity 2027	16,784	10,297	12%
Maturity 2028	11,606	9,144	11%
Over 5 years	14,325	5,896	7%
<b>Total</b>	<b>116,134</b>	<b>83,631</b>	<b>100%</b>

### Investments

Operating investments totalling Euro 11,120 thousand (+48.8% on 2022) were made in the year.

The areas of investment were as follows:

Intangible assets	Operative	Acquisitions	PPA	Total 2023	Total 2022
Development costs	281	3,042		3,323	-
Software licenses	334	131		464	-
Industrial patents & intellectual property rights		1		1	241

Goodwill			11,413	11,413	-
Assets in progress and advances	37			37	568
Other fixed assets	-	9	7,915	7,924	73
	<b>652</b>	<b>3,182</b>	<b>19,328</b>	<b>23,162</b>	<b>882</b>

Property, plant and equipment	Operative	Acquisitions	PPA	Total 2023	Total 2022
Land & buildings	1,025	4,668		5,693	569
Plant & machinery	5,936	2,917		8,853	2,358
Industrial & commercial equipment	1,181	749		1,930	1,024
Other assets	427	121		548	118
Assets in progress and advances	1,898	99		1,997	2,522
	<b>10,468</b>	<b>8,554</b>	-	<b>19,021</b>	<b>6,591</b>
<b>Total</b>	<b>11,120</b>	<b>11,736</b>	<b>19,328</b>	<b>42,183</b>	<b>7,473</b>

Three companies were acquired in 2023. They contributed to increasing the fixed assets of the following accounts:

- for Euro 11,736 thousand relating to the already existing assets at the time of acquisition;
- for Euro 11,413 thousand related to the acquisition of Goodwill;
- for Euro 7,915 thousand concerning the recognition of an intrinsic value of the “Customer List” acquired, and finally a revaluation of Euro 3,742 thousand of Leased plant.

The Group has continued pursuing an investment strategy aimed at maintaining the full efficiency of our cutting-edge production technologies. Investments in information systems and in digitalisation are of increasing importance as they are essential to the innovation process.

The following table presents the ratio between operating investments and revenues. The percentage rose from 3.8% in 2022 to 6.5% in 2023. This increase highlights the company’s focus on technological development for both production processes and HSE, considering the Parent Company’s investment in photovoltaic systems.

	2023	2022
Operating investments	11,120	7,473
Revenues from sales	222,686	189,235
Total Investments / Revenues ratio	6.5%	3.8%

The movements in Property, plant and equipment and Intangible assets are reported upon in the Explanatory Notes.

### *Human Resources and Organisation*

UmbraGroup is strongly committed to maintaining a climate of trust and a sense of belonging and satisfaction among personnel, protecting health and safety, while also promoting the principles of legal correctness and transparency, fairness and diligence. A major organisational change was made in 2023 in order to support UmbraGroup’s growth internationally. With the support of Korn Ferry, a leading global human resources consultancy firm, an organisational model was drawn up which outlines the leadership and strategic direction role of the Corporate functions for all Group companies, while developing at Divisional level synergies between the various legal entities.

In general, 2023 featured:

- Alignment of the short-term incentive system with the new organisational model by introducing KPIs related to the organisational level of the position (Corporate, Division/Country, site);
- Introduction of a Long Term Incentive Rolling plan;
- Support activities by Umbrargroup S.p.A. for the Group companies in selecting a number of roles hired in 2023 and in the changing of key corporate processes.

Details on Group personnel is presented below.

**Employees by geographical area**

Geographic area	2023	2022
Italy	1,237	800
<i>of whom temporary</i>	70	52
Rest of Europe	136	143
<i>of whom temporary</i>	-	-
North America	240	210
<i>of whom temporary</i>	-	-
<b>Total</b>	<b>1,613</b>	<b>1,153</b>

**Employees by company**

*(including temporary workers)*

	2023			2022		
	Male	Female	Total	Male	Female	Total
UmbraGroup Spa	786	60	846	701	47	748
Amco Srl	53	3	56	47	1	48
Serms Srl	4	1	5	3	1	4
Co.Me.Ar. Srl	173	12	185			
BSP S.r.l.	95	11	106			
ERA S.r.l.	28	11	39			
Pke	93	9	102	98	9	107
Kuhn	29	5	34	29	7	36
Linear Motion	147	20	167	129	19	148
Umbra Cuscinetti Inc	58	15	73	47	15	62
<b>UMBRA GROUP</b>	<b>1,466</b>	<b>147</b>	<b>1,613</b>	<b>1,054</b>	<b>99</b>	<b>1,153</b>

**Employees by company and category**

UMBRA GROUP S.p.A.	2023			2022		
	Male	Female	Total	Male	Female	Total
Executives	9	2	11	7	2	9
Managers	19	2	21	14	2	16
White-collar	227	49	276	192	36	228
Blue-collar	531	7	538	488	7	495
<b>Total</b>	<b>786</b>	<b>60</b>	<b>846</b>	<b>701</b>	<b>47</b>	<b>748</b>

AMCO	2023			2022		
	Male	Female	Total	Male	Female	Total
Executives	-	-	-	-	-	-
Managers	-	-	-	-	-	-
White-collar	6	-	6	6	-	6
Blue-collar	47	3	50	41	1	42
<b>Total</b>	<b>53</b>	<b>3</b>	<b>56</b>	<b>47</b>	<b>1</b>	<b>48</b>

SERMS	2023			2022		
	Male	Female	Total	Male	Female	Total
Executives	-	-	-	-	-	-
Managers	1	-	1	1	-	1
White-collar	3	1	4	2	1	3
Blue-collar	-	-	-	-	-	-
<b>Total</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>4</b>

COMEAR	2023			2022		
	Male	Female	Total	Male	Female	Total
Executives	-	-	-	-	-	-
Managers	-	-	-	-	-	-
White-collar	24	12	36	-	-	-
Blue-collar	149	-	149	-	-	-
<b>Total</b>	<b>173</b>	<b>12</b>	<b>185</b>	<b>-</b>	<b>-</b>	<b>-</b>

BSP	2023			2022		
	Male	Female	Total	Male	Female	Total
Executives	-	-	-	-	-	-
Managers	-	-	-	-	-	-
White-collar	8	11	19	-	-	-
Blue-collar	87	-	87	-	-	-
<b>Total</b>	<b>95</b>	<b>7</b>	<b>106</b>	<b>-</b>	<b>-</b>	<b>-</b>

ERA	2023			2022		
	Male	Female	Total	Male	Female	Total
Executives	-	-	-	-	-	-
Managers	4	-	4	-	-	-
White-collar	15	10	25	-	-	-
Blue-collar	9	1	10	-	-	-
<b>Total</b>	<b>28</b>	<b>11</b>	<b>39</b>	<b>-</b>	<b>-</b>	<b>-</b>

KUHN	2023			2022		
	Male	Female	Total	Male	Female	Total
Executives	1	-	1	1	-	1
Managers	2	1	3	2	1	3
White-collar	3	2	5	4	3	7
Blue-collar	23	2	25	22	3	25
<b>Total</b>	<b>29</b>	<b>5</b>	<b>34</b>	<b>29</b>	<b>7</b>	<b>36</b>

PKE	2023			2022		
	Male	Female	Total	Male	Female	Total
Executives	3	-	3	3	-	3
Managers	11	1	12	12	1	13
White-collar	5	4	9	5	4	9
Blue-collar	74	4	78	78	4	82
<b>Total</b>	<b>93</b>	<b>9</b>	<b>102</b>	<b>98</b>	<b>9</b>	<b>107</b>

LINEAR MOTION	2023			2022		
	Male	Female	Total	Male	Female	Total
Executives	1	3	4	5	-	5
Managers	7	1	8	5	2	7
White-collar	49	10	59	43	12	55
Blue-collar	90	6	96	76	5	81
<b>Total</b>	<b>147</b>	<b>20</b>	<b>167</b>	<b>129</b>	<b>19</b>	<b>148</b>

UCI	2023			2022		
	Male	Female	Total	Male	Female	Total
Executives	2	1	3	-	-	-
Managers	4	1	5	4	4	8
White-collar	13	5	18	11	6	17
Blue-collar	39	8	47	32	5	37
<b>Total</b>	<b>58</b>	<b>15</b>	<b>73</b>	<b>47</b>	<b>15</b>	<b>62</b>

\* the above figure includes temporary workers

**Female**

	2023	2022
% female Board of Directors	38.0%	43.0%
% female Executives	27.3%	11.1%
% female employees	9.1%	8.6%

**Employee age**

The data below does not include temporary workers

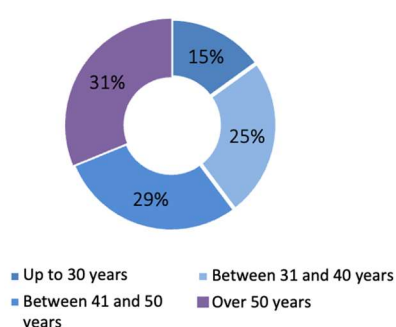
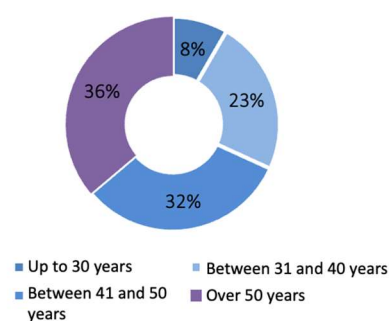
Employees age	UGS	AMCO	SERMS	COMEAR	BSP	ERA	PKE	KUHN	LINEAR MOTION	UCI	Total 2023
Up to 30 years	70	17	3	64	21	5	15	6	21	10	232
From 31 to 40 years	172	21	-	60	37	12	29	11	21	18	381
From 41 to 50 years	271	12	2	44	34	14	18	4	28	22	449
over 50 years	263	6	-	17	14	8	40	13	97	23	481
<b>Total</b>	<b>776</b>	<b>56</b>	<b>5</b>	<b>185</b>	<b>106</b>	<b>39</b>	<b>102</b>	<b>34</b>	<b>167</b>	<b>73</b>	<b>1,543</b>

Employees age	UGS	AMCO	SERMS	COMEAR	BSP	ERA	PKE	KUHN	LINEAR MOTION	UCI	Total 2022
Up to 30 years	31	10	2	-	-	-	19	8	13	9	92
From 31 to 40 years	162	18	-	-	-	-	29	10	17	22	258
From 41 to 50 years	273	13	2	-	-	-	15	5	29	16	353
over 50 years	230	7	-	-	-	-	44	13	89	15	398
<b>Total</b>	<b>696</b>	<b>48</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>36</b>	<b>148</b>	<b>62</b>	<b>1,101</b>

**Employees age - Group average**

The data below does not include temporary workers

Employees age	2023	2022
Up to 30 years	232	92
From 31 to 40 years	381	258
From 41 to 50 years	449	353
over 50 years	481	398
<b>Total</b>	<b>1,543</b>	<b>1,101</b>

**Age of employees - Group percentage**
**Group Percentage 2023**

**Group Percentage 2022**

**Contract type, internal mobility and turnover**

The data below does not include temporary workers

Contract method	UGS	AMCO	SERMS	COMEAR	BSP	ERA	PKE	KUHN	LINEAR MOTION	UCI
Permanent employees	744	48	5	185	106	38	102	34	167	71
Temporary employees	32	8	-	-	-	1	-	-	-	2
Employees Full time	763	55	5	170	91	38	97	31	167	71
Employees Part time	13	1	-	15	15	1	5	3	-	2
Number of hires	85	12	1	26	5	6	1	8	54	41
Number of departures	6	4	-	21	6	2	6	10	35	31
Promoted	14	-	-	-	-	4	-	2	10	2
Turnover rate (%)	12.0%	29.0%	25.0%	25.0%	10.0%	21.0%	7.0%	53.0%	53.0%	99.0%

### Employees by qualification

Due to the differences between the education systems of the various countries, educational qualifications are classified as follows:

- Elementary and Secondary: those who did not go on to university education;
- Diploma (Higher Education): those who undertook a university education or studies which permitted direct entry into a profession (e.g. surveyor diploma);
- Degree: Includes all those undertaking university or post-university (e.g. Masters) studies.

GROUP	2023			2022		
	Male	Female	Total	Male	Female	Total
University or post-graduate	196	78	274	120	41	161
Secondary-school diploma	879	53	932	625	44	669
Middle-school diploma	191	4	195	163	4	167
Elementary school diploma	131	11	142	92	12	104
Total	1,397	146	1,543	1,000	101	1,101

### Training

In 2023, the Group provided training to ensure compliance with local and industry laws and regulations, alongside all training necessary in order to ensure full operational continuity, such as obtaining and maintaining technical certification in the areas of business in which we operate.

The following points encapsulate the training focus:

- Aerospace Culture: Knowledge and application of rules and regulations with an emphasis on Safety Culture;
- Lean Culture: Six Sigma and Continuous Improvement Methodologies and Tools;
- Smart Factory: two Continuous Improvement pilot projects supported by the use of hardware and software devices. The former introduced digital whiteboards to replace Performance Centers, in a number of production departments. The latter led to the development of the My CI App to introduce a digital flow of the 3Cs, a structured Problem Solving process, characterised by the following phases: (i) Concern/Problem, (ii) Containment, (iii) Countermeasure. This system enables escalation of issues encountered at the shop floor level in order to ensure timely and sustainable resolution over time;
- Production Technology: non-destructive testing;
- English language improvement.

Human Resources continued its ongoing dialogue with the various stakeholders to identify training and development needs. The processes of needs planning and of conducting and monitoring training efforts involve the various units of the company, with the Human Resources department engaged in integrating the various specific needs across the organisation.

Average hours of training per capita	13.8	11.7
<i>No data are present for UCI</i>		
Average hours of training per capita female	12.6	3.6
<i>Italy + PKE Data</i>		
Training costs	600.0	300.0
<i>2022 Europe data - UCI not present in 2023</i>		

### Company welfare

UmbraGroup S.p.A. chose to introduce a company welfare policy as an integral part of its remuneration policies, both in terms of collective and company level agreements.

All welfare credits, whether from ordinary welfare or contractual welfare, have been uploaded to the Timeswapp platform, through which employees can purchase goods or services. Via the welfare platform employees can also use their welfare credits to pay for benefits not covered by their health plan, including excluded services, excesses and dental benefits. The Timeswapp platform is currently in use at UMBRAGROUP S.p.a., Serms S.r.l. and Amco S.r.l.

### Agile Work

The agile work project that began in 2020 has produced excellent results in terms of both performance and efficiency, as well as in terms of employee wellness for all those involved, so much so that, at UmbraGroup, it has been made a permanent option when well balanced with in-office work.

The three B's that make work AGILE, are:

- **Bricks:** changes to physical spaces and selection of the most comfortable setting that meets business and personal needs, so as to maximise performance, creativity, and collaboration. The synthesis of an optimal work-life balance.
- **Bytes:** Innovation and Technology. Technology is key to implementing an effective agile working model. It enables people to overcome differences in space and time and make work flexible, efficient and productive.
- **Behaviour:** the focus on people, making them feel accountable and fostering a relationship of trust between managers and their employees. A change in management culture is essential, particularly in terms of evaluations based on defined objectives and achieving predetermined results. It is a different way of working and of interacting, one that is based on autonomy and on the convergence of personal and organisational goals.

### Sponsorships

In an increasingly complex global and geopolitical situation and an ever-changing world, UmbraGroup has approached 2023 with the goal of renewing and transforming itself to always be in control of its future. Change, in fact, is both a risk and an important opportunity. The company is constantly growing, driven by the philosophy that every employee of the Group has in common, expressed through passion for their work, and the desire to always carry it out in the best possible way.

Furthermore, 2023 saw us take steps every day on our path towards a more sustainable business. Sustainability is a fundamental condition for us, and an integral part of our values of social responsibility, which translates into sustainable materials, sustainable products, and sustainable production.

In compliance with internal guidelines, UmbraGroup wanted to lend its support to initiatives and projects in line with both its DNA and a more sustainable model of business.

2023 saw the centenary celebrations of the Italian Air Force, entitled "In Flight Towards the Future", inaugurated on the date of the Air Force's constitution, March 28, with a solemn military ceremony in the splendid setting of the Pincio Terrace, in the heart of Rome. UmbraGroup sponsored various initiatives celebrating this important anniversary, including an exhibition space at the Centenary Air Show in Pratica di Mare, from June 16-18, various technical conferences, and the inauguration ceremony of the Growing Peace exhibition on the contribution of our Air Force to UN peacekeeping missions, held at the United Nations headquarters in New York, and presented by Leonardo Baldaccini, President of UGI Holding Inc., representing UmbraGroup.

As in previous years, UmbraGroup continues to support sports initiatives as opportunities for training, personal growth and the development of young talent. With a view to bringing young people closer to the world of sport and the healthy values it represents, UmbraGroup's most important commitment in 2023 was once again in favour of the football school ASD Cannara Calcio, with which the Company has a strong bond through the figure of Valter Baldaccini, who has always believed strongly in the school.

Among other smaller sponsorships was that of Atletica Winner, an athletics association that continues to gather together in Foligno numerous athletes of different disciplines, of all ages and abilities, including both beginners and professionals.

The Company renewed its support for the fencer Andrea Santarelli, in view of his Olympic bid, and believing that to get to the top, in sport as much as in the manufacturing sector, sacrifice, work and dedication are needed, as well as the team spirit, vision and continuous improvement that allow you to stay at the top of your game. With this shared outlook, the focus is the main event of any athlete's career, the Olympic Games, in this case, Paris 2024.

Another noteworthy project is "Adopt a Nectariferous Forest", which underlines the importance that environmental sustainability has for UmbraGroup.

The project's goal is to create new habitats for pollinators and therefore protect local biodiversity. Having already committed to the project, UmbraGroup renewed its commitment this year through the sub-project entitled "Adopt a Hive-tech Beehive". The project promotes the creation of pastures with graduated blooms, so that pollinators can find honey supplies in all the seasons in which they are active. The nectariferous forest adopted by UmbraGroup is located in Umbria, near to the town of Gubbio. The project allows UmbraGroup to actively participate in a positive change, as a promoter of environmental regeneration, in favour of biodiversity and ecosystems, with not only environmental but also important social and economic impacts. This initiative represents the start of a sustainable and ethical path.

### **Charitable donations**

Social development continues to be an essential and non-negotiable corporate value. Every year, UmbraGroup takes concrete actions to build community wealth.

As the founding member and primary donor of the Valter Baldaccini Foundation, again in 2023 it was the primary donor of a grant aimed at supporting national and international projects targeting the most vulnerable members of society, supporting the projects of the Foundation: family, education, and work.

In 2022, with a view to sharing such an important moment in the company's history as its 50th anniversary with the entire community, UmbraGroup decided, for 2022-2023, to take advantage of the Art Bonus, an initiative of the City of Foligno, funding the refurbishment of the Santa Caterina Auditorium, an evocative place and one of the most significant historical monuments of the city, where the company held a gala for clients and strategic partners. The goal of the refurbishment was for UmbraGroup, as the first company to make use of the Art Bonus in the city of Foligno, to make a contribution to the artistic and cultural heritage of the city that is its home.

At the beginning of 2023, the second instalment of the bonus was approved, allowing for the installation of a modular stage, with an access ramp, lighting truss, and basic audio system for conferences.

Today, this location is a cultural hub that can be used for public and private events for up to 180 people. The inauguration took place on January 19, 2024.

### **Valter Baldaccini Foundation**

In 2023, UmbraGroup was committed to supporting the local and international communities through important donations of Euro 110,000 to support the projects and activities of the Valter Baldaccini Foundation, of which UmbraGroup is a founding member.

For the Foundation, UmbraGroup is its largest donor, and its support has been fundamental again this year to carry out several projects in favour of those who are most in need, with concrete actions in the Foundation's three areas of intervention: family, education and work.



In 2023, the Valter Baldaccini Foundation carried out as many as ten projects, four in Italy, mainly locally, and six internationally, including two in Europe, in Kosovo and Ukraine, and four in Africa, in Kenya and Burkina Faso.

At the local level, support was renewed for the fifth year for the "Con le Famiglie" (With the Families) project, conceived by doctors Marta Franci and Maria Frigeri, and carried out in collaboration with the cooperative Cooperativa La Tenda and the Umbria 2 Health Authority for Social Zone 8. Since its inception, the project has supported 35 children born into 32 disadvantaged and vulnerable families with home visits by two specialised educators. The multidisciplinary team benefits from supervision from the Brazelton Centre in Rome every two months. In 2023, a total of 8 families were helped.

Also in the area, together with the ANT Umbria Foundation, two days of free examinations (December 5-6) for melanoma prevention open to all citizens were organized, at which many UMBRAGROUP employees attended. There were 48 donated visits. In 2023, the Foundation received acknowledgement in the form of a special mention in the Eubiosia Franco Pannuti Awards.

As part of the "Family and Work" project, which the Foundation implements together with the Caritas of Foligno and the Arca Foundation of the Mediterranean, 3 work grants for fragile people were introduced. For the first time this year, job placements were created for people in vulnerable families and contexts, affected by care for the elderly or disabled.

The collaboration also continued with VIDES MIC MAG TMB and the Parish of Santa Maria Madre del Redentore in Tor Bella Monaca, one of the most complex districts of Rome. Together they have created the project "Casa mia, casa nostra" (lit. "My home, our home"), a centre for children and teens experiencing extreme social hardships. The Foundation has renewed its commitment to support the work of one of the educators.

In Kosovo, support was renewed for the Leskoc House project in collaboration with the charity Caritas Umbria, focused this year on supporting Dardana at university, and three work placements at Leskoc House, including work in the bakery for Hasimet, in the dairy for Dorentina, and in housework and the management of Leskoc House for Valentina.

Together with the Polytechnic University of Lviv, in Ukraine, an online training course was created for 100 women fleeing from the areas most affected by the war, with the goal of giving them the necessary tools to find work in new safer cities. In Africa, long-distance adoptions continued, allowing 56 children to go to school: 32 in Kenya and 24 in Burkina Faso. The majority of adoptions are supported by UMBRAGROUP employees.

In Kenya, in Mathare, one of the slums in the capital city of Nairobi, a project providing job training, shopping support and psychological support for 15 very young mothers, mostly minors, living in extreme poverty, continued for the third year.

Also in Kenya, the "Mutanu: the pink garden" project continues to thrive. In the now fourth year of the project, twenty women, led by Sister Federica Zoia, continue with the cultivation of vegetables and the breeding of goats. In 2023, the goal was to expand activities with the purchase of several cows, and launch a business alongside the project offering the rental of tents and chairs for events.

In addition to these more structured projects, the Foundation made smaller donations to two projects in Africa and one in the United States. Specifically:

- Considering the complex political situation in Burkina Faso, Sister Philomène asked for help in building a chicken coop to contribute to sustaining her local community. To do this, the Foundation provided a contribution of €2,200;
- A contribution of €3,000 was renewed for the Sisters of Mathare, in Nairobi, Kenya, to deal with emergency situations they find themselves facing;
- A contribution of €1,000 was made to Emmaus House, in Saginaw, Michigan, USA, which helps women affected by addictions, prison and violence on the path of rehabilitation.

Below is a summary table of the disbursements for projects in 2023:

Disbursements for projects 2023				
Projects	Description	Amount	Area	Region
Distance support Kenya	Education for 32 boys and girls	19,200	Education	Africa
Mutanu: pink vegetable	A small agricultural and livestock business run by 20 women	6,400	Work	Africa
Jobs for mothers in Mathare, Nairobi	Training and support for 15 young mothers	17,300	Work	Africa
Long distance support Burkina Faso	Education for 24 boys and girls	3,600	Education	Africa
Chicken coop in Burkina Faso	Creation of a small chicken coop managed by women	2,200	Work	Africa
Donation to the Sisters of Mathare	Support for the Sisters in dealing with emergency situations in the Mathare slum	3,000	Education	Africa
University support and work for young people in Kosovo	One year at university and three work placements for the boys and girls of Leskoc House	6,000	Education/Work	Europe
Education at the University of Lviv	Training course for 100 women fleeing the war in Ukraine	5,000	Education	Europe
"With families"	Support for fragile local families with newborns (5th year)	23,000	Family	Italy
"Family & work"	Three work grants for people in difficulty in our local area	12,000	Work	Italy
Support for VIDES Tor Bella Monaca	Supporting the work of educators of the project "My home, our home"	13,100	Education	Italy
Melanoma screening with Fondazione ANT	Two days of free screening open to everyone	3,200	Family	Italy
Funding for the Emmaus House project	Support for the employment of women hosted by the facility in Michigan	1,000	Work	USA
<b>Total for projects</b>		<b>115,000</b>		

In addition to supporting the above projects, the Foundation also carries out various other activities and initiatives.

In 2023, finally seeing the light of day was the publication of a book of collected writings and speeches by Valter Baldaccini, which UmbraGroup had provided financing for in 2022. Following in the wake of the eighth anniversary of Valter Baldaccini's passing, it was edited by Director and Professor Marco Moschini, under the title "Valter Baldaccini: An Enlightened Entrepreneur at the Service of the Common Good", and published by FrancoAngeli. The book was presented in Foligno, at the Teatro San Carlo theatre, on May 3, 2023, in Albanella, at the town hall of Albanella, on July 7, 2023, and in Perugia, at the Umbria Carabinieri Legion Command, on September 27, 2023.

The Foundation is always ready to respond to emergencies and natural disasters. For example, in March 2023, we joined the Amici di Spello association in collecting basic necessities for the earthquake-stricken in Turkey. In May 2023, we promoted an internal fundraising campaign to donate the value of vacation or work hours, collecting €10,000 to aid those affected by the flooding in Emilia-Romagna (in 2024, the campaign is dedicated to the La Piccolo Betlemme soup kitchen project in Faenza).

We would also like to highlight two other particular initiatives involving UmbraGroup employees: hiking on Mount Subasio, together with Bimbincommio Emozioni in Natura (Children Walking - Emotions in Nature), on May 27, and the 3rd edition of the football tournament "A Goal for Valter", organised by the football school ASD Cannara Calcio in memory of Valter Baldaccini, which took place on September 1 and 2, at the Parco XXV Aprile Stadium, in Cannara.

Overall, fifty volunteers - the majority UmbraGroup employees - decided to stand with the Foundation, supporting it in its activities and serving once a month at the Caritas canteen in Foligno, in addition to the various events of the Foundation.

Over the course of the year, initiatives were spontaneously launched to raise funds for the Foundation's projects, including a bingo, a raffle, and the sale of party favours for special occasions. Another initiative was participation in the fantasy literary prize entitled "Fuga della realtà... sulle ali della fantasia" (Escape from reality... on the wings of fantasy), the publication of its anthology, the proceeds of which are destined to the Con Famiglie (With Families), and the organisation of the Fantasy Dinner held on December 2, 2023.

The radio programme "Women of impact" continued with 6 episodes spread throughout the year. Stories of women changing the world" produced in collaboration with Radio Gente Umbra and hosted by Beatrice Baldaccini and Fabio Luccioli. The goal of the programme is to give a voice to women who, through their work in different sectors, contribute to their community by promoting positive values of sharing, tenacity and courage. The protagonists of this season were: Rosa Bisogni, Sister Federica Zoia, Luisa Felicioni, Sonia Bonfiglioli, Loretta Bonamente, and Monica Sassi.

The 2023 Financial Statements of the Valter Baldaccini Foundation, with details of all the activities and the projects carried out, is available on the website [www.fondazionevb.org](http://www.fondazionevb.org)

### Ethics Code

The Ethics Code presents the set of values which the Group recognises, shares and promotes, in its awareness that the principles of correctness, loyalty and transparency are a major driver for economic and social development.

The ethics code was extended to all Italian and overseas subsidiaries and consists of 7 sections whose contents, based on the main national and international laws and regulations on corporate social responsibility, commit the company's corporate boards, management, employees and collaborators.

### Environment, Safety and Health

#### Health and Safety

In 2023, strategic action was taken that enabled us to achieve important objectives, not only financially, but also in increasing awareness of ESG (Environmental, Social and Governance) issues and monitoring the KPIs related to environmental and social impact, all with a view to constant improvement. Sustainability is part of the Group's DNA, and will increasingly be a competitive advantage in the energy transition.

In order to ensure the continued growth of its business, UmbraGroup focuses closely on workplace health and safety and on environmental impacts, in addition to the commitment to continually improve processes in order to minimise health and safety risks. The Group is aware of its responsibility to its employees. The utmost care is therefore paid to reducing risks and improving the psycho-physical well-being of all staff.

#### Safety indicators

Organisation	No. of accidents	No. of employees	% accidents on total employees
UmbraGroup S.p.A.	7	846	0,83%
AMCo S.r.l.		56	0,00%
Serms S.r.l.		5	0,00%
Co.Me.Ar. Srl		185	0,00%
BSP S.r.l.		106	0,00%
ERA S.r.l.		39	0,00%
PKE GmbH	2	102	1,96%
Kuhn GmbH	1	34	2,94%
Linear Motion LLC	1	167	0,60%
Umbra Cuscinetti Inc.	2	73	2,74%
<b>Total</b>	<b>13</b>	<b>1613</b>	

*\*including transits*

## Accidents and Occupational illnesses

There were 13 occupational injuries in 2023, four less than the 17 in 2022. Relative to the 7 accidents that occurred at the parent company, there were 123 days of absence from work and 77 days of absence from commuting accidents. The severity and frequency indices (number and severity of injuries) stood at 0.09 and 5.39 respectively.

## Certifications

The Parent Company in November received from TÜV Italy an audit for the renewal of ISO 45001 (Occupational health and safety) and ISO 14001 (Environmental management) certification of our integrated management system. Both certifications have been renewed until December 2024, and no non-conformities in the management system were encountered. Also in November, TÜV audited the Parent Company to achieve management system certification under ISO 50001 (energy management). The audit was successful, and no non-conformities were encountered.

During 2022, German subsidiary Präzisionskugeln Eltmann GmbH also passed audits related to UNI EN ISO 14001 (environmental protection) and UNI EN ISO 50001 (energy management) certifications.

## Expenses and investments

In the year 2023, UmbraGroup incurred costs related to the Environment, Health and Safety area of Euro 3.040 thousand, of which investments amounted to Euro 2.211 thousand:

The above amount breaks down as follows:

- Environment Area for Euro 2.495 thousand, of which investments Euro 2.110 thousand;
- Workers' Health and Safety Area for Euro 545 thousand, of which investments Euro 101 thousand.

## Training

Total expenses for external environmental, health and safety teaching amounted to Euro 56 thousand for a total number of hours of 7.783.

## Objectives for improvement

Main objectives of HSE improvements achieved in 2022:

- Maintenance of ISO 14001 certification;
- Maintenance of ISO 45001 certification;
- Maintenance of ISO 50001 certification;
- Construction of 2000 Kwp photovoltaic system;
- Eliminate cyanide from galvanic processes.

## Promotion of health with MAP project:

In 2023, there were 208 "personal training" interventions divided into:

- 190 in-person visits;
- 18 lessons and designs with online worksheets.

During 2023, assistance at workstations within the company covered 200 workers who were given the manual for the prevention of musculoskeletal disorders.

In order to increase the data collection activity for pain perception mapping through a "Pain Map", a paper version of the "Pain Map" itself was also made so as to involve even those employees who do not have PCs. 11 Videos were also produced during the year regarding awareness with respect to the topics Movement, Nutrition and Posture.

## Environmental indicators

For the Group, protecting the environment and natural resources is a key objective for sustainable growth in the medium/long-term. The Group is constantly committed to protecting natural resources, as we seek to reduce the environmental impact and risks of our operations.

Regarding the environmental indicators, we highlight the improvement of the waste production KPIs, which shows that waste production expressed in kg compared to the value of production generated in 2023 reduced by 8% compared to the previous year

Additional specific KPIs for electricity consumption, natural gas consumption, water consumption and waste generation will be commented on below in detail.

## Energy Consumption

The Group has begun a process aimed at reducing energy consumption by way of a range of structural and operational actions, including the gradual replacement of florescent lighting with LED technology at all Group companies. We are also working to increase awareness within the Group surrounding energy saving, renewable energy, the responsible use of natural resources, and lifestyle changes, to promote responsible conduct among all our employees.

### Electricity

(kWh)	Consumption 2023	Consumption 2022	Consumption 2021	Consumption 2020
Electricity	18.171	18,634	16,910	17,458
Revenues	142.961	120,584	104,960	111,540
<i>KPI (Kwh/K€)</i>	<i>12,7%</i>	<i>15.5%</i>	<i>16.1%</i>	<i>15.7%</i>

The index that monitors electricity consumption improved in 2023 compared to 2022. This is due to adopt proper plant management using automatic logic and constantly monitoring consumption in order to avoid waste.

### Water (Drinking and non-drinking)

Mc (cubic meters)	Consumption 2023	Consumption 2022	Consumption 2021	Consumption 2020
Water (Drinking and non-drinking)	22.322	21,771	24,291	13,666
Revenues	142.961	120,584	104,960	111,540
<i>KPI (mc/K€)</i>	<i>15,6%</i>	<i>18.1%</i>	<i>23.1%</i>	<i>12.3%</i>

Water consumption in 2023 increased to absolute valus compared to 2022, but the KPI of water consumption on sales shows a sharp reduction due to water management efficiency.

### Methane gas

Cubic meters	Consumption 2023	Consumption 2022	Consumption 2021	Consumption 2020
Methane gas	530.592	712,518	718,280	745,546
Degree days	1.774	1,889	1,991	1,994
<i>KPI's</i>	<i>299</i>	<i>377</i>	<i>361</i>	<i>374</i>

Whereas for electricity, water and waste the company has KPIs that provide ratios of annual levels to revenue, given that there is a close correlation between these factors, the viewpoint for methane gas is different. UmbraGroup's methane gas consumption is not related to production needs, but depends only on climatic aspects since it is solely used for heating. For this reason, we have compared annual methane consumption with the winter degree days at our Foligno facility.

During 2023, thanks to accurate plant management, there was a reduction in annual methane consumption and a major improvement in KPI compared to previous years.

### Waste

	2023	2022	2021	2020
Waste to recovery [Kg]	727.894	605,518	466,270	419,285

Waste to landfill [Kg]	258,191	308,935	318,022	468,951
Total waste produced	986,085	914,453	784,292	888,236
Revenues [€/000]	142,961	120,584	104,960	111,540
KPI [Kg/€/000]	6,90	7,58	7,47	7,96
KPI [% recovered]	73,8%	66,0%	59,0%	47,0%

With regard to waste, on the basis of ISO 14001:2015 and in order to raise the environmental sustainability standards of UmbraGroup as much as possible, we are working to reduce the amount of waste produced to the greatest degree possible against the amount of revenues generated. We are at the same time attempting to increase the percentage of recyclable waste in relation to the total waste produced. As can be seen from the table above, from 2020 to now we have been improving both indicators. In the years 2020/2021, the indices were highly variable due to the pandemic.

### *Management and co-ordination*

UmbraGroup S.p.A. is controlled by the company Poliscom S.r.l., with Registered Office in Florence, and Tax Code 02778900544.

The company is not subject to management and co-ordination pursuant to Art. 2497 and subsequent of the Civil Code. This is due to the fact that the majority shareholder does not carry out management duties within the Company, and, regardless of having the right to vote at the Shareholder's Meeting, does not participate in the preparation of strategic, business, financial or budgeting plans, or issue any binding instructions or directives. The Company is administered by a Board of Directors that autonomously defines its strategic, business, financial and budgeting plans and dictates operational directives. The Parent carries out its operations through an autonomous and independent decision-making process; it has independent decision-making capacity with clients and suppliers and independently manages its treasury in accordance with the corporate scope and any other service. The Company has also appointed an independent CEO, to whom it has given broad powers.

### *Transactions with subsidiary, associated, parent and other related companies (see Article 2427(1), No. 22-bis, of the Civil Code)*

UmbraGroup S.p.A. transactions with other Group companies are part of ordinary operations and are regulated at market conditions, i.e. the conditions that would be applied between two independent parties, and are undertaken in the interests of the Company.

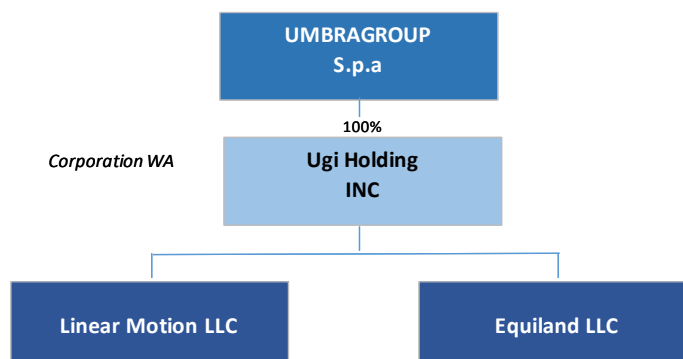
UmbraGroup S.p.A. transactions with subsidiaries and associates are undertaken in the interest of Group synergies in terms of operating integration and the efficient use of existing expertise, operating structures and financial resources.

Financial transactions were executed at market interest rates.

The Parent Company holds investments in the following subsidiaries:

1. Kuhn GmbH – Freiberg – Germany
2. Umbra Cuscinetti Inc. – Everett – USA
3. UGI Holding Inc – Everett – USA
4. Prazisionkugeln Eltmann GmbH – Eltmann – Germany
5. AMCO S.r.l – Foligno (PG)- Italy
6. Serms Srl – Foligno (PG) - Italy
7. Co.Me.Ar. Srl – Spello (PG) – Italy
8. BSP Srl – Spello (PG) – Italy
9. ERA Electronic Systems Srl – Perugia - Italy

It should be noted that the subsidiary UGI Holding Inc in turn owns 100% of Linear Motion LLC and Equiland LLC, according to the structure shown below:



The other Group companies approved the respective 2023 financial statements or drafts thereof, with their results and balance sheets reported and outlined in the condensed statement attached to the Explanatory Notes. With regards to Article 2364 of the Civil Code, UmbraGroup S.p.A., as a company required to prepare consolidated financial statements, opted for the extended deadline for approval of the Financial Statements.

Commercial and financial transactions with the other Group companies are summarised below:

Company	Financial receivables	Trade receivables	Trade payables	Revenue and other income	Purchases	Other
Umbra Cuscinetti Inc.	4,983	9,177	209	3,811	223	227
Kuhn GmbH	-	650	16	1,007	52	-
UGI Holding Inc	5,792	70	-	-	-	282
Linear Motion LLC.	-	4,607	275	7,557	328	-
Prazisionkugeln Eltmann GmbH	-	180	182	296	1,712	-
AMCO S.r.l	-	83	23	138	5,005	11
Serms S.r.l	-	22	11	19	31	-
Co.Me.Ar. S.r.l.	-	17	(43)	9	1,221	-
BSP S.r.l.	-	342	442	201	324	-
ERA Electronic Systems S.r.l.	-	1	155	-	-	-
<b>Total</b>	<b>10,775</b>	<b>15,149</b>	<b>1,270</b>	<b>13,038</b>	<b>8,896</b>	<b>520</b>

Transactions with the Parent Company under the Tax Consolidation are reported below.

Company (Euro thousands)	Receivables	Payables
Poliscom S.r.l.	-	2,621

The Parent Company undertook transactions with the related party EDIL UMBRA S.r.l; these are commercial transactions, are part of ordinary operations and are regulated at market conditions, i.e. the conditions that would be applied between two independent parties, and are undertaken in the interests of the Parent Company.

Commercial transactions are summarised below:

Company (Euro thousands)	Trade receivables	Trade payables	Sales	Components and treatments purchased	Other
EDIL UMBRA S.r.l	-	14	-	-	47

### *Subsequent events*

On **January 30, 2024**, the Board of Directors of the Parent Company approved the new rolling 2024-2028 Business Plan, as an update to the previous plan approved by the Board of Directors on January 30, 2023.

The strategic and value creation pillars were reaffirmed, with a view to consolidating the processes already started last year.

### *Outlook*

On the basis of the order book, and in the absence of significant changes in the current macroeconomic and geopolitical context, having implemented commercial risk mitigation and management actions, the Group expects, including in the current year, revenue growth on the previous year.

For the Parent Company, in January 2024, the Aerospace line had an order book providing almost total coverage of the forecast volumes. At the same time, the Industrial line, affected by market contraction, had a more challenging order book situation compared to the forecast volumes.

### *Principal risks and uncertainties*

With reference to the disclosure required by Article 2428 of the Civil Code, paragraph 2, No. 6-*bis*, it is reported that the Company operates in a very dynamic market environment and therefore faces multiple risks in the conduct of its business, which are nevertheless an indispensable condition for conducting business in the market sectors in which UmbraGroup operates. The management of risks is therefore an integral part of company operations.

Risk management fosters awareness in company decision-making, reduces the volatility of results against objectives and is managed with a view to obtaining a competitive advantage.

The outlook on operations for 2024 could be influenced by risks and uncertainties that depend on a great many factors – first and foremost concerning the conflict in Ukraine and the Middle East, market performance, the imbalance in the supply and demand of certain goods and services, inflation and climate change – most of which are beyond the Company's sphere of control.

In relation to these outside variables, the Company's objectives may be affected by the variability of certain risk factors, including: the instability of the markets, the possibility of adequately and promptly procuring raw materials and other resources necessary for production, the ability of customers and suppliers to comply with contractual obligations undertaken and to undertake new ones, the review, by customers, of purchasing strategies, the restrictions arising from any measures to protect the health of individuals, with repercussions on the Company's commercial and industrial action.

Given that the Company does not carry out speculative actions assuming risks that are not related to its core business, we can classify risks into four main categories: external risks, strategic risks, operational risks, and financial risks.

#### **External Risks**

##### *Risks associated with Macroeconomic developments*

In 2023, the global economy saw record inflation rates not seen for the last 20 years. In light of this, the International Monetary Fund revised its global growth prospects downwards for 2024, signalling a risk of recession for several EU countries.



In order to consider impacts on Company results, sales forecasts are constantly reviewed through a continuous portfolio monitoring.

### **Strategic risks**

#### *Market risk*

UmbraGroup operates in the Industrial and Aerospace sectors, and is exposed to market risks related to specific trends in these sectors. In order to mitigate such market risks, the Company is working on expanding products and applications in line with customer demand, and on diversifying the customer portfolio as much as possible.

### **Operating risks**

#### *Product risk*

The “Product” category includes all risks related to product defects as a result of “quality levels” which expose the Company to replacement and repair costs and which, if not handled correctly and if repeated over time, may result in reputational damage. Product non-conformity may be attributable to suppliers or internal processes. A rigorous quality control system has been introduced to mitigate this risk. The Group has also taken out insurance contracts to protect the Group from issues caused by product defects.

#### *Raw materials risk*

Critical raw materials are of major importance to aerospace and industrial applications, particularly those that entail high levels of technology, such as sensors, the microprocessors used in EMA production, and other similar components. In certain cases, these raw materials are of strategic importance and can impact the equilibrium of supply and demand and effect market prices and/or the availability of goods, particularly under scenarios such as the current geopolitical landscape, including the outbreak of wars that are deteriorating relations between sovereign states. To mitigate such risks, the Company builds up safety stocks to cope with critical moments and market tensions.

#### *Supply chain risk*

The Company relies on a range of suppliers both of raw materials and semi-finished products and components in undertaking its operations. Company activities are shaped by the capacity of its suppliers to meet quality standards and the related classifications. In order to contain these risks, the Company undertakes a detailed selection and periodic assessment of its suppliers on the basis of professional and functional criteria, utilising international benchmarks.

#### *Price risk*

Raw material prices depend on a broad range of factors which are difficult to predict and largely may not be controlled by the Company. Although historically the Company has not encountered particular difficulties in acquiring adequate amounts of and appropriate quality raw materials, it may not be discounted that difficulties may arise in terms of supply, resulting in increased costs with impacts on Company results.

#### *IT security, data management and dissemination risks*

The growing importance of the company's technology infrastructure increases the Company's exposure to various types of both internal and external cyber risks. Among them, the most critical are cyberattacks, which are a threat that must be defended against. The Company has developed operational policies and technical security measures to ensure adequate protection of corporate data and information. We also note that, for several years, the Company has had coverage in place for cybersecurity risks.

#### *Environmental and sustainability risks*

The main risks that may arise from climate change and the transition to a low-carbon energy model are related to the improper management of energy and emission sources, risks related to rule/regulatory changes associated with combating climate change, and risks related to health and physical well-being. Among the main risk factors to which the Company may be exposed are greater reporting requirements on emissions produced, expectations with respect to the use of low-impact energy sources, and uncertain market signals with potential unforeseen changes on energy prices. Finally, we highlight the risks arising from progressively changing weather conditions and extreme weather events that expose the Company to damage to infrastructure, such as industrial buildings or plant and machinery, or potential disruptions to essential supplies and the potential contraction of production capacity. In order to partially mitigate this risk, the Company has taken out an insurance policy that covers direct damages from weather events such as hurricanes, blizzards, storms, wind, hail, floods, and earthquakes. Transition risks associated with moving to a low-carbon economy also include reputational risks: failing to undertake a gradual process of decarbonization could have negative impacts on the Company's reputation and consequently

on its financial performance. To mitigate energy price variation risks, the Company has concluded commodity hedging contracts and invested in photovoltaic systems that cover approximately 80% of its needs.

### **Financial Risks**

#### *Interest rate risk*

The Company is exposed to fluctuating interest rates on funding operations, payables and bank loans and on leasing contracts.

As at December 31, 2023, the Company's medium to long term fixed-rate debt represents 36% of total debt. Considering the debt covered through interest rate fluctuation risk management tools, the percentage rises to 94%.

#### *Currency risk*

The Company is exposed to fluctuations in the exchange rates of the currencies in which sales transactions with group companies and third-party clients are executed (principally US Dollars). In 2023, approx. 41% of total revenues were in USD (at the average exchange rate for the year), compared to 34% in 2022.

This risk is in addition to the possibility that the Euro value of revenues reduces following unfavourable exchange rate movements, impacting the achievement of the desired margin.

In order to contain the currency risk from commercial operations, the Company undertakes derivative contracts to fix in advance the conversion rate, or a preset range of conversion rates, at future dates.

#### *Liquidity risk*

The Company manages liquidity risk through close control of the operating working capital components and in particular trade receivables, including intercompany items, and trade payables.

The Company is committed to strong cash generation to meet supplier payments, without therefore compromising short-term treasury equilibrium and avoiding current liquidity difficulties. The Treasury department constantly monitors forecast needs with a view to guaranteeing adequate credit lines, and ensuring a good balance between short term and medium to long term debt.

#### *Credit risk*

Company credit risk represents the exposure to potential losses deriving from the non-compliance with obligations by counterparties.

The Company generally favours consolidated ongoing commercial relationships. According to Company policy, customers that request payment extensions are subject to a credit rate check, both using information which may be sourced from specialised agencies and from observation and analysis of existing client data. Moreover, the collection of receivables is constantly monitored during the year in order to ensure timely action and to reduce the risk of losses.

The risk that significant non-performing positions arise for certain clients may not, however, be excluded. Such positions would result in impairments, with consequent impacts on the Company's income statement.

### *Information in accordance with Article 2428 of the Civil Code*

The most significant research and development projects pursued in 2023 are described below.

The Company continued to strengthen research by focusing increasingly on "More electric aircraft", where participation in research programs in the aeronautical sector continued in order to develop cutting-edge technologies that go beyond the technological state-of-the-art.

UmbraGroup's main areas of development focused on electric landing gear, electric motors substituting conventional power, primary surface actuators, innovative components in "additive manufacturing", electromechanical actuation for auxiliary systems, and actuation for "Advanced Air Mobility"

Industrial relations for the research activities in progress have been developed and were further consolidated with sector leaders (such as Airbus) which, thanks to identified innovations, can boost business volumes.

Digital and ecological transition activities also continued during 2023.

### *Treasury shares*

At December 31, 2023, the parent company holds 47,620 treasury shares, comprising 14.29% of the share capital.

Description	Number held	Share capital (%)
-------------	-------------	-------------------

Treasury shares	47,620	14.29%
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We outline below the holding and movement of treasury shares in 2023:

Description	Start of year	Acquired	Year-end
Treasury shares	47,591	29	47,620

The Parent Company does not hold treasury shares through trust companies or nominees.

The Parent Company in addition has not held and does not hold, neither directly or indirectly, parent company shares.

#### *Tax consolidation participation*

As it has done since 2009, in 2023 the Parent Company exercised the national tax consolidation option with the Holding Company Poliscom S.r.l.

#### *Legislative Decree 231/01*

The Parent Company adopted an Organisational Model modelled on its specific needs, setting out a complete system of internal control and organisation in order to ensure legality, correctness and transparency in the conducting of business, in addition to the protection of UmbraGroup S.p.A. from liability under Legislative Decree No. 231/01, and therefore in protection of all Company interest holders.

In 2023, the Supervisory Board carried out its institutional role and regular meetings allowed for useful discussion of the 231 System adopted by the Company and enabled the Supervisory Board to look more closely at specific processes, particularly those that are involved in the company's organisation as it evolves in line with the Group's vision.

As indicated in its annual report for 2023, the Supervisory Board did not find any critical issues or anomalies in conduct, facts or events relevant to UmbraGroup's liability for administrative offences, or any violations of the ethical principles enshrined in the Ethics Code.

The Company introduced, by the deadline of December 17, 2023, a whistleblowing reporting process as per Legislative Decree 24/2023, establishing an IT platform with an internal reporting channel in compliance with ANAC guidelines. Furthermore, the Board of Directors appointed the Supervisory Board as Reporting Manager, as per Article 5 of the aforementioned Legs. Decree No. 24/2023.

We thank you for the trust afforded to us and invite you to approve the financial statements as presented.

Chairperson of the Board of Directors

Reno Ortolani

Foligno, May 28, 2024

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*Financial Statements at December 31, 2023*

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## Consolidated Balance Sheet at December 31, 2023

<i>In Euro thousands</i>	Note	December 31, 2023	December 31, 2022
INTANGIBLE ASSETS	7	13,076	2,563
GOODWILL	8	12,074	661
RIGHT-OF-USE ASSETS	9	11,863	5,865
PROPERTY, PLANT AND EQUIPMENT	10	71,804	63,516
NON-CURRENT FINANCIAL ASSETS	11	905	184
NON-CURRENT DEFERRED TAX ASSETS	12	502	235
OTHER NON-CURRENT ASSETS	13	38	10
<b>NON-CURRENT ASSETS</b>		<b>110,262</b>	<b>73,034</b>
INVENTORIES	14	83,360	62,438
TRADE RECEIVABLES	15	35,907	28,153
TAX RECEIVABLES	16	890	3,814
OTHER CURRENT FINANCIAL ASSETS	11	36,696	30,054
CURRENT DEFERRED TAX ASSETS	12	8,879	7,238
OTHER CURRENT ASSETS	13	12,146	7,131
CASH AND CASH EQUIVALENTS AND DEPOSITS	17	48,885	43,691
DERIVATIVE INSTRUMENT ASSETS (CURRENT)	18	380	239
<b>CURRENT ASSETS</b>		<b>227,143</b>	<b>182,758</b>
<b>ASSETS</b>		<b>337,405</b>	<b>255,792</b>
SHARE CAPITAL	19	12,031	12,056
LEGAL RESERVE	19	2,406	2,411
SHARE PREMIUM RESERVE	19	24,144	24,194
TREASURY SHARES	19	(50,284)	(49,775)
OTHER RESERVES	19	116,197	113,612
RETAINED EARNINGS/(ACCUMULATED LOSSES)	19	1,026	766
NET PROFIT/(LOSS) FOR THE YEAR	19	11,318	9,489
<b>EQUITY ATTRIBUTABLE TO THE SHAREHOLDERS OF THE PARENT</b>		<b>116,838</b>	<b>112,753</b>
NON-CONTROLLING INTEREST EQUITY	19	2,647	-
<b>EQUITY</b>		<b>119,485</b>	<b>112,753</b>
EMPLOYEE BENEFITS	20	5,610	3,857
PROVISIONS FOR RISKS AND CHARGES	21	3,762	2,453
NON-CURRENT LOANS & BORROWINGS	22	87,833	62,020
NON-CURRENT FINANCIAL PAYABLES	23	8,325	3,839
NON-CURRENT DEFERRED TAX LIABILITIES	12	3,494	1,070
OTHER NON-CURRENT LIABILITIES	24	384	658
NON-CURRENT DERIVATIVE INSTRUMENT LIABILITIES	18	5,582	2,127
<b>NON-CURRENT LIABILITIES</b>		<b>114,990</b>	<b>76,024</b>
TRADE PAYABLES	25	42,838	29,605
CURRENT LOANS & BORROWINGS	22	28,301	21,611
FINANCIAL PAYABLES	23	3,468	1,826
CURRENT DEFERRED TAX LIABILITIES	12	1,179	1,555
INCOME TAX PAYABLES	26	3,633	967
OTHER CURRENT LIABILITIES	24	23,511	11,451
<b>CURRENT LIABILITIES</b>		<b>102,930</b>	<b>67,015</b>
<b>LIABILITIES</b>		<b>217,920</b>	<b>143,039</b>
<b>EQUITY &amp; LIABILITIES</b>		<b>337,405</b>	<b>255,792</b>

## Consolidated Income Statement 2023

<i>In Euro thousands</i>	Note	2023	2022
<b>REVENUES</b>	<b>25</b>	<b>222,686</b>	<b>189,235</b>
PURCHASES OF RAW MATERIALS, COMPONENTS, GOODS AND CHANGE IN INVENTORIES	26	63,355	57,236
SERVICE COSTS	27	45,602	39,069
DEVELOPMENT COSTS CAPITALISED	28	(171)	(234)
PERSONNEL EXPENSES	29	83,067	69,113
OTHER INCOME/(EXPENSE)	30	2,176	1,895
AMORTISATION, DEPRECIATION & WRITE-DOWNS	31	13,416	13,882
<b>OPERATING RESULT (EBIT)</b>		<b>19,594</b>	<b>12,064</b>
NET FINANCIAL INCOME/(EXPENSES)	32	(3,673)	(1,636)
CURRENCY GAINS/(LOSSES)	32	(916)	934
<b>PROFIT BEFORE TAXES</b>		<b>15,005</b>	<b>11,362</b>
INCOME TAXES	33	4,562	1,873
<b>NET PROFIT</b>		<b>10,444</b>	<b>9,489</b>
NON-CONTROLLING INTERESTS	19	(874)	-
<b>GROUP NET PROFIT</b>		<b>11,318</b>	<b>9,489</b>

## Consolidated comprehensive income statement 2023

<i>In Euro thousands</i>	2023	2022
<b>Net Profit</b>	<b>10,444</b>	<b>9,489</b>
<i>Profit/(loss) on cash flow hedges</i>	(2,822)	(1,302)
<i>Profit/(Loss) from translation reserve of subsidiaries</i>	(872)	1,024
<b>Total Gains/(Losses) to be subsequently reclassified to Profit/(Loss) for the year</b>	<b>(3,694)</b>	<b>(278)</b>
<i>Actuarial gains/(losses) on defined benefit plans</i>	669	192
<b>Total Gains/(Losses) which will not be subsequently reclassified to Profit/(Loss) for the year</b>	<b>669</b>	<b>192</b>
<b>Total gains/(losses) recognised to equity</b>	<b>(3,025)</b>	<b>(86)</b>
<i>Comprehensive profit/(loss) - Non-controlling interests</i>	(791)	-
<i>Comprehensive profit/(loss) - Group</i>	8,210	-
<b>Total comprehensive income/(expense)</b>	<b>7,418</b>	<b>9,403</b>

## Statement of changes in consolidated equity

At December 31, 2023

<i>In Euro thousands</i>	Share capital	Legal reserve	Share premium reserve	Treasury shares reserve	IAS 19 Reserve	CFH reserve	Translation reserve	Other reserves	Retained earnings	Net Result	Group Equity	Total non-controlling interest equity	Equity
<b>January 1, 2022</b>	<b>12,056</b>	<b>2,411</b>	<b>24,194</b>	<b>(2,482)</b>	<b>(518)</b>	<b>-</b>	<b>1,850</b>	<b>100,183</b>	<b>726</b>	<b>15,823</b>	<b>154,243</b>	<b>-</b>	<b>154,243</b>
Allocation of prior year result								15,783	40	(15,823)	-		-
Other comprehensive income/(losses)					192	(1,302)	1,024			9,489	9,403		9,403
Acquisition of treasury shares				(47,293)							(47,293)		(47,293)
Dividends								(3,600)			(3,600)		(3,600)
Other changes							-	-			-		-
<b>December 31, 2022</b>	<b>12,056</b>	<b>2,411</b>	<b>24,194</b>	<b>(49,775)</b>	<b>(326)</b>	<b>(1,302)</b>	<b>2,874</b>	<b>112,366</b>	<b>766</b>	<b>9,489</b>	<b>112,753</b>	<b>-</b>	<b>112,753</b>
<i>Allocation of prior year result</i>								9,489		(9,489)	-		-
Net result										11,318	11,318	(874)	10,444
Other comprehensive income/(losses)					608	(2,844)	(872)				(3,108)	83	(3,025)
<i>Total comprehensive income/(loss) for the year</i>	-	-	-	-	608	(2,844)	(872)	-	-	11,318	8,210	(791)	7,418
Capital held by subsidiaries	(25)	(5)	(50)	(494)	-	-	-	(237)	(2)	-	(813)	(385)	(1,198)
Acquisition of equity investments	-	-	-	-	-	-	-	-	-	-	-	3,906	3,906
Dividends								(3,582)			(3,582)		(3,582)
Other changes				(15)	61	22		(59)	262		271	(83)	188
<b>December 31, 2023</b>	<b>12,031</b>	<b>2,406</b>	<b>24,144</b>	<b>(50,284)</b>	<b>343</b>	<b>(4,124)</b>	<b>2,002</b>	<b>117,977</b>	<b>1,026</b>	<b>11,318</b>	<b>116,839</b>	<b>2,647</b>	<b>119,485</b>

## Consolidated cash flow statement

At December 31, 2023

<i>In Euro thousands</i>	December 31, 2023	December 31, 2022
<b>A) Cash flows from operating activities</b>		
Net profit/(loss)	10,444	9,489
Income taxes	4,562	1,873
Interest expense/(income)	3,673	3,160
(Dividends)	-	-
(Gains)/losses on sale of assets	(4)	-
<b>Profit/(loss) for the year before taxes, interest, dividends and gains/losses from disposals</b>	<b>18,675</b>	<b>14,522</b>
Provisions for risks and charges/inventory obsolescence provision/doubtful debt provision	5,912	2,364
Employee benefits provision	2,618	1,896
Amortisation & depreciation	13,006	13,743
Change in fair value of derivative instruments	(316)	-
<b>Cash flow before net working capital changes</b>	<b>21,219</b>	<b>18,003</b>
Decrease / (increase) in inventories	(10,787)	(13,525)
Decrease / (increase) in trade receivables	1,429	(5,734)
Increase / (Decrease) in trade payables	7,666	5,447
Other changes in net working capital	3,671	(869)
<b>Cash flow after net working capital changes</b>	<b>1,979</b>	<b>(14,681)</b>
Interest received / (paid)	(3,673)	(3,160)
Taxes paid	(879)	(292)
Dividends received	-	-
(Utilisation of provisions)	(4,289)	(3,774)
(Utilisation of employee benefit liability)	(2,979)	(1,868)
<b>Cash flow after net working capital changes</b>	<b>(11,820)</b>	<b>(9,094)</b>
<b>Cash flow from operating activities (A)</b>	<b>30,053</b>	<b>8,750</b>
<b>B) Cash flows from investing activities</b>		
(Investments)/Disposals of intangible assets	(611)	(882)
(Investments)/Disposals of tangible assets	(10,051)	(6,505)
(Investments)/Disposals of financial assets	(230)	(328)
Increase (Decrease) in financial instruments	(6,245)	(19,695)
Acquisition Co.Me.Ar., BSP and ERA	(22,900)	-
Cash and cash equivalents from acquisitions	7,347	-
<b>Cash flow from investing activities (B)</b>	<b>(32,690)</b>	<b>(27,410)</b>
<b>C) Cash flow from financing activities</b>		
<i>Third party funds</i>		-
New loans	35,508	22,000
Repayment of loans	(21,477)	(17,646)
Repayment leases liabilities	(2,430)	(2,646)
<i>Own funds</i>		
Dividends	(3,582)	(3,600)
Other Changes in Equity	(15)	(47,293)
<b>Cash flow from financing activities (C)</b>	<b>8,005</b>	<b>(49,185)</b>
<b>Conversion exchange difference effect on cash and cash equivalents</b>	<b>(173)</b>	<b>318</b>
<b>D) Increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>5,194</b>	<b>(67,527)</b>
Opening cash and cash equivalents	43,691	111,218
Closing cash and cash equivalents	48,885	43,691



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*Notes to the Consolidated Financial  
Statements at December 31, 2023*

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### *Note 1 - Corporate information*

The publication of the consolidated financial statements of UmbraGroup S.p.A. and its subsidiaries (together the Group) for the year ended December 31, 2023 was authorised by the Board of Directors on May 28, 2024. UmbraGroup S.p.A. is a joint-stock company, registered and domiciled in Italy. The registered office is located at Foligno (PG), via V. Baldaccini 1-Z.I. Loc Paciana, 06304.

The information on transactions of the Company with the other related parties are presented in Note 40 "Related party transactions".

These Consolidated Financial Statements concern the year ended December 31, 2023 (hereafter the "Consolidated Financial Statements").

### *Note 2 - Main accounting standards*

#### **2.1 Accounting policies**

The Group's consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and related interpretations (SIC/IFRIC) and endorsed by the European Union, in force at the date of the financial statements, as well as the provisions issued in implementation of Article 9 of Legislative Decree No. 38/2005, which also governs the ability to apply the above standards on an optional basis. The date of first application of IFRS ("FTA") is January 1, 2021.

The Explanatory Notes to the financial statements were supplemented with the additional information required by the Civil Code. IFRS also means the International Accounting Standards ("IAS") currently in force, as well as all interpretative documents issued by the IFRS Interpretation Committee, formerly the International Financial Reporting Interpretation Committee ("IFRIC"), and even earlier the Standing Interpretations Committee ("SIC") and endorsed by the European Commission, in force at the reporting date.

The statements adopted by the company are composed as follows:

- consolidated balance sheet - the balance sheet is presented through the separate disclosure of current and non-current assets and current and non-current liabilities, separating for each item of assets and liabilities the amounts expected to be settled or recovered within or beyond 12 months from the reporting date;
- consolidated income statement - reports items by nature, as considered that which provides the most explanatory information;
- consolidated comprehensive income statement - includes items recognised directly to equity when IFRS permits;
- consolidated cash flow statement - the cash flow statement presents cash flows from operating, investing and financing activities. The cash flow statement is presented in accordance with the indirect method, whereby net income is adjusted for the effects of non-cash transactions, any deferrals or provisions for previous or future operating cash receipts or payments, and items of income or expense associated with cash flows from investing or financing activities;
- statement of changes in consolidated equity: the statement of changes in equity shows the comprehensive income for the year and the effect, for each equity item, of changes in accounting policies and correction of errors as required by International Accounting Standard No. 8. In addition, the statement presents the balance of accumulated gains or losses at the beginning of the year, movements during the year and the balance at the end of the year.

The Consolidated Financial Statements have been prepared under the historical cost convention, except for derivative financial instruments and financial assets represented by equity securities, which are recorded at fair value. The carrying amount of assets and liabilities subject to fair value hedging and which otherwise would be recognised at amortised cost is adjusted to take account of fair value changes attributable to the hedged risks.

The consolidated financial statements are presented in Euro and all the amounts are rounded to the nearest thousandth, unless otherwise specified.

## 2.2 Consolidation principles and scope

UmbraGroup's Consolidated Financial Statements include the financial statements of the Parent Company and those of the Italian and overseas companies in which UmbraGroup S.p.A. directly or indirectly controls the majority of votes exercisable at Shareholders' Meetings.

The Group exercises control when it is exposed to or has the right to variable income streams, based on the relationship with the investee, and, at the same time, has the capacity to affect such income streams through the exercise of power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- the power over the investment entity (or holds valid rights which confer it the current capacity to control the significant activities of the investment entity);
- the exposure or rights to variable returns deriving from involvement with the investment entity;
- the capacity to exercise its power on the investment entity to affect its income streams.

The consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses this control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements at the date in which the Group obtains control until the date in which the Group no longer exercises control.

Minority interests represent the portion of profits or losses and of net assets not held by the Group and are shown in a separate income statement account and in the balance sheet under equity, separately from the Group equity.

Acquisitions of Subsidiaries are accounted for under the purchase method, which involves allocating the cost of the business combination to the fair values of the assets, liabilities, and contingent liabilities acquired as of the acquisition date, and including the result of the acquisition accrued from the acquisition date to the end of the fiscal year. Changes in the Group's holding in a subsidiary that do not result in loss of control are accounted for as capital transactions.

The following table summarises, with respect to the Subsidiaries, the information at December 31, 2023 regarding name, registered office, and the portion of share capital held directly and indirectly by the Group:

Company	Note	Registered Office	Currency	Share capital	Percentage held			Group Interest
					Direct	Indirect	Total	
Amco S.r.l.		Foligno (ITA)	EUR	100,000	100%	0%	100%	100%
KUHN GmbH		Freiberg (GER)	EUR	782,000	100%	0%	100%	100%
Serms S.r.l.		Terni (ITA)	EUR	15,625	100%	0%	100%	100%
PKE GmbH		Eltmann (GER)	EUR	100,000	100%	0%	100%	100%
Umbra Cuscineti Inc.		Everett (USA)	USD	5,580,604	100%	0%	100%	100%
UGI Holding Inc.		Everett (USA)	USD	5,208,469	100%	0%	100%	100%
Linear Motion LLC	1	Saginaw (USA)	USD	14,841,026	0%	100%	100%	100%
Equiland LLC	2	Saginaw (USA)	USD	500,000	0%	100%	100%	100%
Co.Me.Ar. S.r.l.		Spello (ITA)	EUR	150,000	51%	0%	51%	51%
BSP S.r.l.		Spello (ITA)	EUR	150,000	51%	0%	51%	51%
ERA Electronic Systems S.r.l.		Perugia (ITA)	EUR	110,000	100%	0%	100%	100%

(1) held by UGI Holding Inc. (100%)

(2) held by UGI Holding Inc. (100%)

In 2023, the Group composition changed as follows:

- on October 4, 2023, the parent company's purchase of 51% of the companies Co.Me.Ar. S.r.l. and BSP S.r.l. was completed. The Companies were fully consolidated from September 30, 2023;
- on November 14, 2023, the parent company's purchase of 100% of ERA Electronic Systems S.r.l. was completed. The Company was fully consolidated from December 31, 2023.

For further details on the acquisitions outlined above, please refer to *Note 6 - Business Combinations and acquisitions of minority interests*.

At the date of preparation of the Consolidated Financial Statements at December 31, 2023, there were no Subsidiaries not included in the consolidation scope.

The Consolidated Financial Statements, in the absence of uncertainties or doubts about the ability to continue business in a foreseeable future, have been prepared on the basis of business continuity. Based on the aforementioned principle, the Company was considered able to continue its business and therefore the assets and liabilities were accounted for on the assumption that the company will be able to carry out its activities and meet its liabilities during the normal course of business activity.

### *Note 3 - Summary of the main accounting policies*

#### **3.1 Business combinations and goodwill**

Business combinations are recognised using the acquisition method. The purchase cost is calculated as the sum of the consideration transferred, measured at the fair value at the acquisition date, and the value of the holding in the investee. For each business combination, the Group decides whether to measure the minority interest at fair value or in proportion to the amount held in the identifiable net assets of the investee. The acquisition costs are expensed in the year and classified under administration expenses.

When the group acquires a business, the financial assets acquired or liabilities assumed under the agreement are classified or designated in accordance with the contractual terms, the economic conditions and the other conditions at the acquisition date. This includes the verification to establish whether an embedded derivative must be separated from the host contract.

Any contingent payment to be recognised is recorded by the acquirer at fair value at the acquisition date. The contingent amount classified as equity is not remeasured and its subsequent payment is accounted under shareholders' equity. The change in the fair value of the contingent amount classified as an asset or liability, as a financial instrument covered by IFRS 9 Financial instruments must be recognised in the income statement in accordance with IFRS 9. The contingent amount that does not fall within the scope of IFRS 9 is measured at fair value at the reporting date and changes in fair value are recognized in the income statement.

#### **3.2 Goodwill**

Goodwill is initially recognised at cost represented by the excess of the total amount paid and the amount recognised for minority interests in respect of the net identifiable assets acquired and the liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the total consideration paid, the Group again verifies if it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedure utilised to determine the amount to be recorded at the acquisition date. If from the new valuation the fair value of the net assets acquired is still above the consideration, the difference (gain) is recorded in the income statement.

After its initial recognition, goodwill is measured at cost, net of accumulated impairment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated, from the acquisition date, to each of the Group's cash-generating units expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units.

If the goodwill is allocated to a cash generating unit and the entity sells part of the activities of this unit, the goodwill associated with the activity sold is included in the book value of the activity when determining the gain or loss deriving from the sale. The goodwill associated to assets sold is calculated based on the relative values of the asset sold and the part maintained by the cash generating unit.

#### **3.3 Intangible assets**

Intangible assets acquired separately are initially recognized at cost, while those acquired through business combinations are recognized at fair value on the acquisition date. After initial recognition, intangible assets are recognised at cost, net of accumulated amortisation and accumulated impairment, if any. Intangible assets internally generated, with the exception of development costs, are not capitalised and are recorded in the income statement of the year in which they were incurred.

The useful life of the intangible assets is measured as finite or indefinite.

Intangible assets with a finite useful life are amortised over their useful life and tested for impairment whenever there is evidence of an impairment loss. The amortisation period and the amortisation method of an intangible asset with finite useful life are reviewed at least at each year-end. Changes in the expected useful life or in the manner in which the future economic benefits related to the asset will be realised are recognised through the change in the period or amortisation method, as the case may be, and are considered changes in accounting estimates. The amortisation of intangible assets with finite useful life is recorded in the income statement under the category of costs relating to intangible assets.

Intangible assets with indefinite useful life are not amortised but are subject to an annual impairment test at an individual level or at cash-generating unit level. The valuation of the indefinite useful life is reviewed annually to determine whether this allocation continues to be sustainable, otherwise, the change from indefinite useful life to finite useful life is applied on a prospective basis.

An intangible asset is derecognised upon disposal (i.e. on the date on which the acquirer obtains control of it) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the disposal of the asset (calculated as the difference between the net disposal consideration and the carrying amount of the asset) is included in the income statement.

### Research and development costs

Research costs are fully expensed to the income statement in the period in which they are incurred. Development costs incurred for a particular project are recorded as intangible assets where the Group can demonstrate:

- the technical feasibility to complete the intangible asset, so as to be available for use or sale;
- the intention to complete the asset and its capacity and intention to utilise or sell the asset;
- the means by which the asset will generate future economic benefits;
- the availability of resources to complete the asset;
- the capacity to reliably value the cost attributable to the asset during development.

After initial recognition, the development activities are measured at cost, reduced for amortisation or cumulative impairments. Amortisation begins when the development is completed and the asset is available for use. Development activities are amortised over the period of expected benefits and the relative accumulated amortisation is included in the cost of sales. During the development period the asset is subject to an annual impairment test.

### Patents and licenses

The patents were granted for use by the relevant body for a minimum period of 10 years, with an option to renew at the end of that period. Licenses for the use of intellectual property were granted for a period of five to ten years, depending on the specific license. Licenses may be renewed at no or minimal cost. As a result, these licenses are considered to have an indefinite useful life.

The policies applied by the Group for intangible assets are summarised below:

	Licenses and Patents	Development costs
<b>Useful life</b>	Defined (5 years)	Defined (5 years)
<b>Amortisation method used</b>	Amortised on a straight-line basis over the life of the patent	Amortised on a straight-line basis over the period of expected future sales from the related project
<b>Internally produced or acquired</b>	Acquired	Generated internally

### 3.4 Property, plant and equipment

Property, plant and equipment are recorded at historical cost, less accumulated depreciation and accumulated impairment losses. This cost includes costs for the replacement of part of machinery and plant at the time they are incurred, if they meet the recognition criteria. In the case of extraordinary work, the cost is included in the carrying amount of the plant or machinery where the criterion for recognition is met. All other repair and maintenance costs are recognised to the income statement when incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Buildings: 33 years
- Plant and machinery 10 years and 6 years
- Equipment: 4 years and 3 years
- Other assets:
  - EDP: 5 years
  - office furniture and fittings: 8 years
  - automobiles: 4 years

The Group reviews the estimated residual values and expected useful lives of property, plant and equipment at least annually. In particular, the Group considers the impact of health, safety and environmental legislation when assessing expected useful lives and estimated residual values.

The carrying amount of property, plant and equipment and any significant component initially recognised is derecognised upon disposal (i.e. on the date the acquirer obtains control) or when no future economic benefit is expected from its use

or disposal. The gain/loss arising when the asset is derecognised (calculated as the difference between the net carrying amount of the asset and the consideration received) is recognised in the income statement when the item is derecognised.

The residual values, useful lives, and depreciation methods of property, plant, and equipment are reviewed at each fiscal year-end and, where appropriate, adjusted prospectively.

### 3.5 Leasing

The Group assesses when entering into a contract whether it is, or contains, a lease. In other terms, whether the contract confers the right to control the use of an identified asset for a period of time in exchange for a fee.

The Group adopts a single recognition and measurement model for all leases, except for short-term leases and low value leases. The Group recognises the lease liabilities and the right-of-use asset representing the right to use the asset underlying the contract.

#### Right-of-use assets

The Group recognises right-of-use assets at the initial lease date (i.e. the date on which the underlying asset is available for use). Right-of-use assets are measured at cost, net of accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liabilities. The cost of the right-of-use assets includes the amount of the lease liabilities recognised, the initial direct costs incurred and the lease payments made at the commencement date or before, net of any incentives received. Right-of-use assets are depreciated on a straight-line basis from the effective date to the end of the useful life of the asset consisting of the right of use or at the end of the lease term, whichever is earlier, as follows:

- Plant and machinery 10 years and 6 years
- Equipment: 4 years and 3 years
- Other assets:
  - EDP: 5 years
  - office furniture and fittings: 8 years
  - automobiles: 4 years

If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the asset consisting of the right-of-use reflects the fact that the lessee will exercise the option to purchase, the lessee shall depreciate the asset consisting of the right-of-use from the commencement date to the end of the useful life of the underlying asset.

#### Lease liabilities

At the lease commencement date, the Group recognises the lease liabilities measuring them at the present value of the payments due for leasing not yet settled at that date. The payments due include the fixed payments (including the fixed payments in substance), net of any lease incentives to be received, the variable lease payments which depend on an index or a rate and the amounts expected to be paid as guarantee on the residual value. The lease payments include also the exercise price of a purchase option where it is reasonably certain that this option shall be exercised by the Group and the lease termination penalty payments, where the lease duration takes account of the exercise by the Group of the termination option on the lease.

The variable lease payments not depending on an index or a rate are recognised as costs in the period (unless incurred in the production of inventories) in which the event or the condition generating the payment occurs.

In calculating the present value of the future payments, the Group uses the incremental borrowing rate at the commencement date where the implicit interest rate can not be readily determined. After the commencement date, the amount of the lease liability increases to take account of the interest on the lease liabilities and reduces to consider the payments made. In addition, the carrying amount of the lease liabilities are restated in the case of any changes to the lease or a review of the contractual terms with regards to the change in the payments; it is also restated in the event of changes in the valuation of the option to purchase the underlying asset or for changes in future payments resulting from a change in the index or rate used to determine those payments.

#### Short-term leases and low value asset leases

The Group applies the exception for the recognition of short-term leases for machinery and equipment (i.e. leasing with a duration of 12 months or less from the commencement date and not containing a purchase option). The Group has also applied the exception for leases concerning assets of a modest value with regards to the leasing contracts on office equipment whose value is considered low. The short-term lease instalments and those for low value assets are recognised as costs on a straight-line basis over the lease duration.

### 3.6 Impairment of non-financial assets

At the end of each year, the Group verifies the existence of indicators of loss in value of the assets. In this case, or in the cases where an annual verification of the loss in value is required, the Group makes an estimate of the recoverable value. The recoverable value is the higher between the fair value of the asset or cash generating unit, net of selling costs, and its value in use. The recoverable value is determined by individual asset, except when this asset generates cash flows which are not sufficiently independent from those generated by other assets or groups of assets. If the carrying amount of an asset is higher than its recoverable value, this asset has incurred a loss in value and is consequently written down to the recoverable value.

In the determination of the value in use, the estimated future cash flows are discounted by the Group at a pre-tax rate that reflects the market assessment of the present value of money and the risks specific to the asset. In the determination of the fair value net of selling costs, account is taken of recent market transactions. Where it is not possible to identify these transactions, an adequate valuation model is utilised. These calculations are made utilising appropriate valuation multipliers, listed equity prices for publicly traded securities and other fair value indicators available.

The Group bases its impairment test on the five-year Business Plan, prepared separately for each Group cash generating unit to which the individual assets have been allocated. A long-term growth rate is calculated to project future cash flows beyond the fifth year.

The losses in value of operating assets are recorded in the income statement in the category of costs relating to those assets. An exception are fixed assets previously revalued, where the revaluation was recorded under other items of the statement of comprehensive income. In this case, the loss in value is recorded under other items of the statement of comprehensive income up to the amount of the previous revaluation.

For assets other than goodwill, at each reporting date, the Group evaluates the existence of indicators of a recovery (or reduction) in the loss in value previously recorded and, where these indicators exist, estimates the recoverable value of the asset or of the CGU. The value of an asset previously written down may be restated only if there have been changes in the assumptions used to determine the recoverable value, after the last recording of a loss in value. The recovery of value cannot exceed the carrying amount which would have been calculated, net of amortisation, where no such loss in value was recorded in previous years. This recovery is recorded in the company income statement unless the fixed asset is recorded at a revalued amount, in which case the recovery is treated as a revaluation gain.

Goodwill is tested for impairment at least once a year (at December 31) or more frequently when circumstances suggest that the carrying value may be subject to impairment.

The impairment of goodwill is determined through a valuation of the recoverable value of the cash generating unit to which the goodwill is allocated. Where the recoverable amount of the cash generating unit is less than the carrying amount of the cash generating unit to which the goodwill has been allocated, an impairment loss is recognised. The decrease in the value of goodwill cannot be restated in future years.

### 3.7 Inventories

Inventories are measured at the lower of cost and net realisable value.

The costs incurred in bringing each asset to its present location and condition are recognised as follows:

- Raw materials: purchase cost calculated by the weighted average cost method
- Finished and semi-finished goods: directly incurred industrial cost of materials and labour, plus a share of production overheads, defined on the basis of normal production capacity, excluding financial expenses.

Inventory cost includes the transfer, from other comprehensive income, of gains and losses from any qualified cash flow hedging transactions related to the purchase of raw materials.

Net realisable value is the estimated normal selling price in the normal course of business, less estimated costs of completion and estimated costs to realise the sale.

### 3.8 Trade Receivables

A receivable is recognised where the consideration is unconditionally due from the customer i.e., it is only necessary for time to elapse for payment of the consideration to be obtained. Please refer to the section concerning Financial assets and liabilities for initial recognition and subsequent measurement.

### 3.9 Cash and cash equivalents and short-term deposits

Cash and cash equivalents and short-term deposits include cash on hand and on demand, short-term and highly liquid deposits with a maturity of three months or less, which are readily convertible into a given amount of money and subject to insignificant risk of changes in value.

### 3.10 Financial assets and liabilities

A financial instrument is any contract which gives rise to a financial asset for one entity and a financial liability or an equity instrument for another.

#### Financial assets

##### *Initial recognition and measurement*

Upon initial recognition, financial assets are classified according to the subsequent measurement method, as appropriate, i.e., amortised cost, fair value through OCI comprehensive income, and fair value through profit or loss.

The classification of financial assets on initial recognition depends on the characteristics of the contractual cash flows of the financial assets and the business model that the Group uses to manage them. Except for trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are valued at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value recognised in OCI, it must generate cash flows that depend solely on principal and interest on the amount of principal to be repaid ("solely payments of principal and interest (SPPI)"). This assessment is referred to as the SPPI test and is performed at the instrument level. Financial assets whose cash flows do not meet the above requirements (e.g., SPPI) are classified and measured at fair value through profit or loss.

Financial assets that are classified and measured at amortised cost are held as part of a business model whose objective is to own financial assets for the collection of contractual cash flows, while financial assets that are classified and measured at fair value through OCI are held as part of a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets.

##### *Subsequent measurement*

Subsequently, the financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through other comprehensive income without reversal of accumulated gains and losses upon derecognition (equity instruments);
- Financial assets at fair value through profit or loss.

#### (i) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the income statement when the asset is derecognised, modified or revalued.

The Group's financial assets at amortised cost include trade receivables, a loan to an associate, and a loan to a director included in other non-current financial assets.

#### (ii) Investments in equity instruments

Upon initial recognition, the Group may irrevocably elect to classify its equity investments as equity instruments recognised at fair value through OCI when they meet the definition of equity instruments under IAS 32 "Financial Instruments: Presentation" and are not held for trading. Classification is determined for each individual instrument.

Gains and losses on these financial assets are never reversed through profit or loss. Dividends are recognised as other income in the income statement when the right to payment has been approved, except when the Group benefits from such income as a recovery of part of the cost of the financial asset, in which case such gains are recognised to OCI. Equity instruments recorded at fair value through OCI are not subject to impairment testing.

The Group has chosen to irrevocably classify its unlisted equity investments in this category.

#### (iii) Financial assets at fair value through profit or loss

Financial instruments at fair value with changes recognised to the income statement are recorded in the balance sheet at fair value and net changes in fair value through profit or loss.

This category includes derivative instruments and non qualified equity investments that the Group has not irrevocably elected to classify at fair value through OCI. Dividends on non qualified equity investments are recognised as other income to the income statement when the right to payment has been established.

The embedded derivative contained in a hybrid non-derivative contract, financial liability or master non-financial contract is separated from the host contract and accounted for as a separate derivative if: its economic characteristics and associated risks are not closely related to those of the host contract; a separate instrument with the same terms as the



embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. The embedded derivatives are measured at fair value through profit or loss. A redetermination occurs only in the case of a change in the terms of the contract which significantly modify the cash flows otherwise expected or a reclassification of a financial asset to a category other than fair value through profit or loss.

#### *Cancellation*

A financial asset is cancelled firstly when:

- the rights to receive cash flows from the asset are extinguished, or
- the Group has transferred to a third party the right to receive the cash flows of the asset or has assumed the contractual obligation to pay entirely and without delay and (a) has substantially transferred all of the risks and rewards of ownership of the financial asset, or (b) has not substantially transferred all of the risks and rewards of the asset, but has transferred control.

Where the Group has transferred the rights to receive the cash flows of an asset or has signed an agreement under which to maintain the contractual rights to receive the cash flows of a financial asset, but assumes a contractual obligation to pay the cash flows to one or more beneficiaries (pass-through), they shall assess if and to what extent they have maintained the risks and rewards relating to ownership. Where they have neither transferred or maintained substantially all of the risks and rewards or have not lost control, the asset continues to be recorded in the financial statements of the Group up to the amount of its residual holding in the asset. In this case, the Group also recognises an associated liability. The assets transferred and the associated liabilities are measured in order to reflect the rights and obligations maintained by the Group.

When the entity's continuing involvement is a guarantee on the transferred asset, involvement is measured based on the lesser of the amount of the asset or the maximum amount of consideration received that the entity may have to repay.

#### *Impairment losses*

The Group recognises a write-down for expected credit losses (ECLs) on all financial assets represented by debt instruments not held at fair value recognized to the Income Statement. ECLs are based on the difference between the contractual cash flows due under the contract and all cash flows that the Groups expects to receive, discounted at an approximation of the effective original interest rate. Expected cash flows will include the cash flows from the enforcement of collateral held or other credit guarantees that are an integral part of the contractual conditions.

The Group takes a simplified approach to calculating the expected credit losses on trade receivables and assets deriving from contracts. Accordingly, the Group does not monitor changes in credit risk, but recognizes the full expected credit loss at each reporting date. The Group has implemented a matrix system based on historical information, revised to consider prospective elements with regard to specific types of debtors and their economic environment, as a means of determining expected credit losses.

For assets represented by debt instruments measured at fair value through OCI, the Group applies the simplified approach allowed for assets with low credit risk. At each reporting date, the Group assesses whether the debt instrument is considered to have low credit risk using all available information that can be obtained without undue cost or effort. In making this assessment, the Group monitors the creditworthiness of the debt instrument. In addition, the Group assumes that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

### **Financial liabilities**

#### *Recognition and initial measurement*

Financial liabilities are classified, on initial recognition, under financial liabilities at fair value through profit or loss, as loans and borrowings or as derivatives designated as hedging instruments.

All financial liabilities are initially recognised at fair value in addition, in the case of loans, borrowings and payables, directly attributable transaction costs.

The financial liabilities of the Group include trade payables and other payables, loans and borrowings, including bank overdrafts and derivative financial instruments.

#### *Subsequent measurement*

For the purposes of subsequent measurement, financial liabilities are classified into two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

**(i) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss are liabilities held-for-trading and those initially designated as financial liabilities at fair value through profit or loss.

Liabilities held-for-trading are all those assumed with the intention of settling or transferring them in the short term. This category also includes derivative financial instruments underwritten by the Group which are not designated as hedging instruments as defined by IFRS 9

Gains or losses on liabilities held for trading are recognised in the income statement.

Financial liabilities are designated at fair value through profit or loss from the date of first recognition, only when in compliance with the criteria as per IFRS 9. Upon initial recognition, the Group did not designate financial liabilities at fair value with changes recognised in the income statement.

**(ii) Financial liabilities at amortised cost (loans and borrowings)**

This is the most relevant category for the Group. After initial recognition, loans are measured at amortised cost, using the effective interest rate method. Gains and losses are recognised in the income statement when the liability is settled and through the amortisation process.

The amortised cost is calculated taking into consideration all discounts or purchase premiums and includes commissions and transaction costs which are an integral part of the effective interest rate. The interest is recognised under financial expenses in the consolidated income statement.

This category generally includes interest-bearing receivables and loans.

***Cancellation***

A financial liability is derecognised when the underlying obligation of the liability is settled, cancelled or fulfilled. If an existing financial liability is replaced by another by the same lender but under substantially different conditions, or if the conditions of an existing financial liability are substantially changed, such a swap or change is treated as an elimination of the original liability and the opening of a new liability, with any differences in accounting values recorded in the income statement.

**3.11 Fair value measurement**

The Group values financial instruments, such as derivatives and non-financial assets at fair value at year-end.

The fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date. A fair value measurement assumes that the sale transaction of the asset or transfer of the liability takes place:

- in the main market of the asset or liability;

or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal market or the most advantageous market must be accessible for the Group.

The fair value of an asset or liability is measured adopting the assumptions which market operators would utilise in the determination of the price of the asset or liability, assuming they act to best satisfy their economic interests.

The fair value measurement of a non-financial asset considers the capacity of a market operator to generate economic benefits utilising the asset to its maximum and best use or selling to another market operator that would utilise the asset to its maximum or best use.

The Group utilises measurement techniques which are appropriate to the circumstances and for which there is sufficient available data to measure the fair value, maximising the utilisation of relevant observable inputs and minimising the use of non-observable inputs.

All the assets and liabilities for which the fair value is measured or stated in the financial statements are categorised based on the fair value hierarchy, as described below:

- Level 1 - listed prices (not adjusted) on active markets for identical assets or liabilities which the entity can access at the measurement date;
- Level 2 - inputs other than listed prices included in Level 1, directly or indirectly observable for the asset or the liability;
- Level 3 - measurement techniques for which the input data are not observable for the asset or for the liability.

The fair value measurement is classified entirely in the same fair value hierarchical level in which the lowest hierarchical input level utilised for the measurement is classified.

For assets and liabilities recognised to the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels of the hierarchy by reviewing the categorisation at each reporting date. At each reporting date, the Group Finance Department analyses the changes in the values of assets and liabilities for which the revaluation or recalculation is required, based on the Group's accounting policies.

For this analysis, the main inputs applied in the most recent assessments are verified by comparing information used in the assessment to contracts and other relevant documents.

For fair value disclosure purposes, the Group classifies assets and liabilities according to type, characteristics and the risks associated with the assets and the liabilities and the fair value hierarchy level, as previously illustrated.

### 3.12 Revenue from contracts with customers

The Group is engaged in the supply of high-precision ball screws, bearings, actuators and balls, mechanical and mechatronic components for the aerospace, defence and industrial markets.

Revenues from contracts with customers are recognised when the control of the goods and services is transferred to the customer for an amount which reflects the consideration that the Group expects to receive in exchange for these goods and services. The Group concluded that it acts as a Principal in agreements from which revenues arise.

The Group considers whether there are other promises in the contract that represent obligations in relation to which a portion of the transaction consideration should be allocated. In calculating the sales transaction price, the Group considers the effects from variable fees, significant financial components and monetary and non-monetary fees to be paid to the client (if existing).

Where the fee concluded in the contract includes a variable amount, the Group estimates the amount of the fee to which it will be entitled in exchange for the transfer of the goods to the customer.

Variable consideration is estimated at the time the contract is entered into, and its recognition is not possible until it is highly probable that when the uncertainty associated with the variable consideration is subsequently resolved, a significant downward adjustment to the amount of cumulative revenue that has been recognized should be implemented. Some contracts for sale provide customers with a right to return goods within a specified timeframe. The Group guarantees volume discounts on quantities sold to certain customers when the quantities of goods purchased in the period exceed specific contractually defined thresholds.

The Group then applies the guidance on variable consideration recognition to determine the amount of variable consideration that can be included in the price of the transaction and recognised as revenue.

The Group typically provides warranties for repairs of defects existing at the time of sale, as required by law. Revenues for additional guarantee services are recognised over the period in which the service is provided based on the elapsed time.

### 3.13 Public grants

Public grants are recognised when there is reasonable certainty that they will be received and that all conditions attached to them are met. Grants related to cost components are recognised as revenue, but are allocated systematically between periods so as to be commensurate with the recognition of the costs they are intended to offset. Grants related to an asset are recognised as revenue on a straight-line basis over the expected useful life of the asset to which they refer.

### 3.14 Income taxes

#### a. Current taxes

Tax receivables and payables for the year are measured at the amount expected to be paid to / received from the tax authorities. The tax rates and regulations used to calculate such amounts are those issued or substantially in force at the reporting date of the financial statements, in the countries in which the Group operates and generates its assessable income.

Current taxes relating to items recorded directly in net equity are also recorded directly to equity and not to the separate income statement. Management periodically assesses the positions assumed in the income tax returns where the fiscal regulations are subject to interpretations and, where appropriate, record appropriate provisions.

#### b. Deferred tax liabilities

Deferred taxes are calculated using the liability method on temporary differences at the reporting date between the fiscal values of the assets and liabilities and the corresponding values in the financial statements.

Deferred tax liabilities are recognised on all taxable temporary differences, and also arise from the recognition of lease taxation.

Deferred tax assets are recognised on all temporary deductible differences, receivables, inventories, derivative financial instruments and unused fiscal losses carried forward, to the extent of the probable existence of adequate future tax profits, that can justify the use of the temporary deductible differences, credits and fiscal losses carried forward. The carrying value of deferred tax assets is reviewed at each reporting date and reduced to the extent it is unlikely that sufficient future taxable income will be available, so that some or all of the asset may be used. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent of the probability that the taxable income is sufficient to permit such deferred tax assets to be recovered.

In assessing the recoverability of deferred tax assets, the Group relies on the same forward-looking assumptions used in the financial statements, which, among other matters, reflect the potential impact of climate-related developments on the business, such as increased production costs as a result of measures to reduce carbon emissions. Deferred tax assets and liabilities are calculated on the basis of the tax rates expected to be applied in the year in which the assets are realised or the amounts are paid, considering the rates in effect and those already issued or substantially issued as of the closing date of the financial statements. Deferred taxes concerning items recognised outside of the income statement are also recognised outside of the income statement and therefore to equity or to the comprehensive income statement, in line with the item to which they refer.

### c. Indirect taxes

Costs, revenues, assets and liabilities are recognised net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognized as part of the purchase cost of the asset or part of the cost recognized in the income statement;
- trade receivables and payables include the indirect tax applicable.

The net amount of the indirect taxes to be recovered or be paid to the Tax Authorities is included in the financial statements under receivables or payables.

### 3.15 Conversion of accounts in foreign currencies

The consolidated financial statements are presented in Euro, which is the Parent Company's functional currency. Each Group company decides the functional currency to be used to measure the accounts in the financial statements. The Group utilises the direct consolidation method; the gain or loss reclassified to the income statement on the sale of a foreign subsidiary represents the amount deriving from the use of this method.

	Average exchange rate			Year-end exchange rate		
	2023	2022	Change on 2022	31.12.2023	31.12.2022	Change on 2022
	:1 Euro	:1 Euro	%	:1Euro	:1Euro	%
US Dollar (USD)	1.0813	1.053	2.70%	1.105	1.0666	3.60%
UK Sterling (GBP)	0.8698	0.8528	2.00%	0.8691	0.8869	-2.00%

### a. Transactions and balances

Foreign currency transactions are initially recorded in the functional currency, applying the exchange rate at the transaction date.

Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Exchange rate differences realised or arising on the translation of monetary items are recorded in the income statement, with the exception of monetary items which hedge a net investment in a foreign operation. These differences are recorded in the comprehensive income statement until the sale of the net investment, and only then is the total amount reclassified to the income statement. The income taxes attributable to the exchange differences on the monetary items are also recorded in the comprehensive income statement.

Non-monetary items, measured at historical cost in foreign currency, are translated using the exchange rates on the date the transaction was first recorded. Non-monetary items recorded at fair value in foreign currencies are translated using the exchange rate at the date this value was determined. The gain or loss deriving from the translation of non-monetary items is treated in line with the recognition of the gain or loss recorded on the change in the fair value of these items (i.e. the translation differences on the accounts to which the fair value changes in the statement of comprehensive income or in the income statement are recorded, respectively in the statement of comprehensive income or in the income statement).

In determining the spot exchange rate to be used upon initial recognition of the related asset, expense or revenue (or portion thereof) upon derecognition of a non-monetary asset or non-monetary liability related to the upfront consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability resulting from the upfront consideration. If there are multiple payments or advances, the Group determines the transaction date for each payment or advance.

### b. Group companies

At the reporting date, the assets and liabilities of the Group companies are translated into Euro at the exchange rate at that date, while revenues and costs included in the comprehensive income statement or separate income statement are

translated at the average exchange rate for the year. The exchange differences from the translation are recorded in the statement of comprehensive income. On the sale of a net investment in a foreign operation, the items in the statement of comprehensive income relating to this foreign operation are recorded in the income statement.

The goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are recorded as assets and liabilities of the foreign operation and therefore are recorded in the functional currency of the foreign operation and translated at the exchange rate at the reporting date.

### 3.16 Dividends

The Parent Company recognises a liability for the payment of a dividend when the distribution is properly authorised and is no longer at the discretion of the company. Based on company law in Europe, a distribution is authorised when it is approved by the shareholders. The corresponding amount is recorded directly in shareholders' equity.

### 3.17 Financial expenses

Financial expenses that are directly attributable to the acquisition, construction or production of an asset which requires a lengthy period before availability for use shall be capitalised as part of the cost of that asset. All other financial expenses are recognised as a charge in the period in which they are incurred. Financial expenses consist of interest and other costs that an entity incurs in connection with obtaining financing.

### 3.18 Derivative financial instruments and hedge accounting

#### a. Initial recognition and subsequent measurement

The Group uses derivative financial instruments including: currency forward contracts, interest rate swaps, and commodity purchase swaps to hedge its currency exchange risks, interest rate risks, and commodity price risks, respectively. These derivative financial instruments are initially recognized at fair value at the date on which they are underwritten, and this fair value is periodically remeasured. They are recorded as financial assets when the fair value is positive, and as financial liabilities when negative. For hedge accounting purposes, the Group undertakes fair value hedges on interest rates and commodity purchases.

At the beginning of the hedge, the Group establishes and documents formally the hedge relationship, upon which it will apply hedge accounting, its risk management objectives and the strategy undertaken. The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements. The hedging relationship meets the eligibility criteria for hedge accounting if it meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not prevail over changes in value resulting from the above economic report;
- the hedging ratio of the hedging relationship is the same as that resulting from the amount of the hedged item that the Group actually hedges and the amount of the hedging instrument that the Group actually uses to hedge that amount of the hedged item.

The change in fair value of hedging derivatives is recognised to other costs in the income statement. The change in fair value of the hedged item attributable to the hedged risk is recognised as part of the carrying value of the hedged item and is also recognised to other costs in the income statement.

With regard to fair value hedges referring to items accounted for under the amortised cost method, any adjustment to the carrying amount is amortised in the income statement over the remaining period of the hedge using the effective interest rate (EIR) method. Amortisation determined in this way may begin as soon as an adjustment is made, but may not extend beyond the date on which the hedged item ceases to be adjusted due to changes in fair value attributable to the hedged risk.

If the hedged item is derecognised, the unamortised fair value is recognised immediately to the income statement.

When an unrecognised firm commitment is designated as a hedged item, subsequent cumulative changes in its fair value attributable to the hedged risk are recognised as assets or liabilities and the corresponding gains or losses recognised to the income statement.

### 3.19 Treasury shares

Treasury shares acquired are recorded at cost and as a reduction of shareholders' equity. The purchase, sale or cancellation of treasury shares does not give rise to any profit or loss in the income statement. The difference between the purchase price and the payment received, in the case of reissue, is recorded in the share premium reserve.

### 3.20 Provisions for risks and charges

Provisions for risks and charges are recorded when the Group has a legal or implicit obligation (that derives from a past event) and a payment of resources is probable to satisfy the obligation and the amount of this payment can be reliably estimated.

If the Group has an onerous contract, the current obligation in the contract is recognised and determined as a provision. However, before making a specific provision for an onerous contract, the Group recognises any impairment losses that the assets related to the contract have suffered.

An onerous contract is one under which the non-discretionary costs (i.e. costs that the Group cannot avoid because it has the contract) of fulfilling the obligations assumed by the contract exceed the economic benefits expected to be received from the same contract. The non-discretionary costs of a contract reflect the lowest net cost of exiting the contract, which is the lower of the cost of performance and any compensation or penalties resulting from non-performance. Costs to fulfil a contract include costs that relate directly to the contract.

### 3.21 Post-employment benefit liabilities

Post-employment benefits are defined on the basis of programs, even if not formalized, which according to their characteristics are divided into "defined benefit" programs and "defined contribution" programs. Italian legislation (Article 2120 of the Civil Code) provides that, on the date on which each employee terminates the employment contract with the company, indemnity referred to as TFR is received. The calculation of this indemnity is based on some items that make up the employee's annual salary for each year of work (appropriately re-evaluated) and on the length of the employment relationship. According to Italian civil law, this indemnity is reflected in the financial statements according to a calculation method based on the indemnity accrued by each employee at the reporting date, in the event that all employees terminate the employment contract on that date. The International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) addressed the subject of the Italian TFR and concluded that, in application of IAS 19, it must be calculated according to a method called Projection Unitary Credit Method (PUCM), according to which the amount of liabilities for the benefits acquired must reflect the date of expected resignation and must be discounted.

The actuarial assumptions and the related effects take into consideration the regulatory changes introduced by the Italian legislator, which provided for the option for the employee to allocate the TFR accrued from July 1, 2007 to INPS or supplementary pension funds. The net obligation deriving from defined benefit plans is calculated by estimating the amount of the future benefit that employees have accrued in exchange for the activity performed in the current year and in previous years; this benefit is discounted to calculate the current value. The actuarial gains and losses referring to the defined benefit plans accumulated up to the previous year and which reflect the effects deriving from changes in the actuarial assumptions used, are recognized in full in the comprehensive income statement.

The actuarial valuation of the liability was entrusted to an independent actuary. The Group does not have other defined benefit pension plans. The obligation deriving from defined contribution plans is limited to the payment of contributions to the State or to a legally separate asset or entity (fund), and is determined on the basis of the contributions due.

## *Note 4 - Change of accounting standards and disclosure*

### 4.1 New accounting standards, interpretations and amendments adopted by the Group

The Group has applied for the first time a number of standards and amendments entering into force from January 1, 2023. The Group has not adopted in advance any accounting standard, interpretation or amendment issued but not yet in effect.

The accounting standards, amendments and interpretations not adopted in advance for the year ended December 31, 2023 govern facts and cases that do not have significant effects on the balance sheet, income statement, cash flow statement and the information contained in the consolidated financial statements.

The Group is assessing the impact of the modifications, amendments and interpretations to the approved accounting standards not adopted early or in the process of being approved.

### 4.2 Definition of accounting estimate (Amendments to IAS 8)

The amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies and error correction. They also clarify how entities should use valuation techniques and inputs to develop accounting estimates.

The amendments did not have any impact on the Group consolidated financial statements.

#### **4.3 Information on accounting standards (Amendments to IAS 1 and IFRS Practice Statement 2)**

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply judgements to accounting policy disclosures. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to provide their "significant" accounting policies with a requirement to provide disclosures about their "material" accounting policies; in addition, guidance is added on how entities apply the concept of materiality in making accounting policy disclosure decisions.

The changes had an impact on the Group's disclosure of accounting policies, but not on the measurement, recognition and presentation of items in the Group's consolidated financial statements.

#### **4.4 Deferred taxes on assets and liabilities arising from a single transaction (Amendments to IAS 12)**

The amendments to IAS 12 Income Taxes narrow the scope of the exception to initial recognition, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning liabilities. The amendments did not have any impact on the Group consolidated financial statements.

#### **4.5 Amendment to IAS 12 Income taxes: International Tax Reform - Second Pillar**

The amendments to IAS 12 were introduced to respond to the OECD BEPS Pillar Two rules and include:

- A temporary mandatory exemption to the recognition and disclosure requirements for deferred taxes resulting from the implementation in jurisdictions of the Pillar Two rules; and
- Disclosure requirements for affected entities to help financial statement users better understand the income tax impacts arising from this legislation, particularly before the effective date.

The temporary mandatory exemption - whose use is required to be disclosed - is immediately applicable. The remaining disclosure requirements apply for fiscal years beginning on or after January 1, 2023, but not for interim periods prior to December 31, 2023.

The change has no effect on the Group's consolidated financial statements in that the Group is not affected by the Pillar Two rules, given that revenues are below Euro 750 million annually.

### **STANDARDS ISSUED BUT NOT YET IN FORCE**

#### **4.6 Amendment to IAS 1: Classification of liabilities into current and non-current**

In 2020 and 2022, the IASB published amendments to IAS 1 so as to clarify the requirements for classifying liabilities as current or non-current, including in relation to liabilities subject to covenants, and to define the disclosures to be made in the financial statements. The amendments will be effective for fiscal years beginning on or after January 1, 2024, and should be applied retrospectively. The Group is currently evaluating the impact the changes will have on the consolidated financial statements.

#### **4.7 Amendments to IFRS 16 Leasing: lease liabilities in "Sale and Leaseback"**

In September 2022, the IASB issued amendments to IFRS 16 with the aim of specifying the parameters to be used by the lessor-seller in accounting for variable lease payments that occur in a "Sale and Leaseback" transaction. The amendments introduce a new model for accounting for variable payments and will require the lessor-seller to re-evaluate and potentially re-formulate sale and leaseback transactions entered into from 2019. The amendments will be effective for fiscal years beginning on or after January 1, 2024, and should be applied retrospectively to "Sale and Leaseback" transactions beginning after the initial application of IFRS 16. Early application is permitted provided that such is disclosed. The amendments will not have any impact on the Group consolidated financial statements.

#### **4.8 Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments**

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments to clarify the characteristics of financial arrangements with suppliers, while requiring additional disclosures to be presented in the financial statements. The increased disclosure required is intended to enable financial statement readers to understand

the effects of financial arrangements with suppliers on liabilities, cash flows, and exposure to liquidity risk. The amendments will be effective for fiscal years beginning on or after January 1, 2024; Early application is however permitted provided that such is disclosed. The amendments will not have any impact on the Group consolidated financial statements.

#### 4.9 Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates

In August 2023, the IASB issued an amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates clarifying:

- When a currency is not exchangeable with other currencies;
- How a company should estimate point-in-time exchange rates when a currency may not be exchanged.

The changes will require further disclosure to enable financial statement readers to understand the point-in-time exchange rate used, the estimation process, the nature and impact of using an estimated exchange rate on financial statement data, and the risks to the company associated with currency non-interchangeability. The amendments will be effective for fiscal years beginning on or after January 1, 2025. Early application is permitted. The amendments will not have any impact on the Group consolidated financial statements.

#### *Note 5 - Discretionary valuations and significant accounting estimates*

The preparation of the financial statements requires the directors of the Group to undertake discretionary valuations, estimates and assumptions which impact upon the amount of revenue, costs, assets and liabilities and related disclosures, as well as potential liabilities. The uncertainty concerning these assumptions and estimates could result in significant changes in the book value of these assets and/or liabilities in the future.

##### **3.1 Period of depreciation of tangible assets and amortization of intangible assets and impairment test**

Depreciation and amortisation of assets with definite useful life of tangible assets and intangible assets and the forecast data used for the purposes of impairment tests require a discretionary valuation by the directors. At each reporting date, this valuation is revised in order to verify that the amounts recorded are representative of the best estimate of costs that may be incurred by the Group and, if significant changes are detected, the amounts recognised to the financial statements are reviewed and updated.

With regard to the impairment test, reference should be made to the paragraph "Impairment of assets" below in the present consolidated financial statements at December 31, 2023.

##### **3.2 Provision for expected losses on trade receivables**

The Group uses a matrix to calculate ECLs for trade receivables. Provisioning rates are based on days past due for each class of customers grouped into the various segments that present similar historical loss performances.

At each reporting date, they are updated and changes in estimates of forecast elements are analysed.

The amount of ECL's is sensitive to changes in circumstances and expected economic conditions. The Group's historical credit loss experience and forecast economic conditions might also fail to be representative of actual defaults by customers in the future.

##### **3.3 Income taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that there will be a taxable profit in the future such that the losses can be utilised. Significant estimating by management is required to determine the amount of tax assets that may be recognised based on the level of future taxable profits, the timing of their realisation, and applicable tax planning strategies.

##### **3.4 Employee benefit plans (Post-employment benefit provisions) and accruals to the supplementary indemnity provision**

The evaluation of the severance indemnity is carried out using actuarial valuations. The actuarial valuation requires the development of assumptions about discount rates, future salary increases, turnover and mortality rates. Due to the long-term nature of these plans, these estimates are subject to uncertainty.

##### **3.5 Fair value of financial instruments**

When the fair value of a financial asset or financial liability recorded in the balance sheet may no longer be measured based on the prices on an active market, the fair value is determined utilising various valuation techniques, including the



discounted cash flow model. The inputs inserted in this model are recorded from observable markets, where possible, but when this is not possible, a certain level of estimation is required to define the fair values. The estimates include considerations on variables such as the liquidity risk, the credit risk and volatility. The changes of the assumptions on these elements may have an impact on the fair value of the financial instrument recorded.

### 3.6 Development costs

The Group capitalises costs related to new product development projects. The initial capitalisation of costs is based on whether the Directors' opinion on the technical and economic feasibility of the project is confirmed, usually when the project has reached a definite stage in the development plan.

### 3.7 Lease - Estimate of the marginal borrowing rate

The Group may not easily determine the implied interest rate of the lease and therefore uses the marginal borrowing rate to measure the lease liability. The marginal borrowing rate is the interest rate that the lessee would incur to borrow over a similar term, and with a similar security, the funds necessary to purchase an asset of a similar value to the underlying right-of-use asset in a similar economic context. The marginal funding rate therefore reflects what the Group would have had to pay, and this requires estimation when there is no observable data. The Group estimates the marginal lending rate using observable data, such as market interest rates, and making specific considerations about the conditions of the investee, such as creditworthiness.

#### Note 6 - Business combinations and acquisitions of minority interests

On October 4, 2023, UmbraGroup S.p.A. purchased:

- a 51% stake in the share capital of Co.Me.Ar. S.r.l.; and
- a 51% stake in the share capital of BSP S.r.l.

On November 14, UmbraGroup S.p.A. purchased:

- a 100% stake in the share capital of ERA Electronic Systems S.r.l.

The transactions were carried out in order to strengthen the Group's control over its supply chain and to integrate strategic electronics expertise. Under the financial conditions agreed, UmbraGroup S.p.A. settled a total of Euro 22.9 million.

The fair value of the identifiable assets and liabilities of the acquired Companies at the acquisition date is as follows:

<i>In Euro thousands</i>	<i>Value as per financial stats.</i>			<i>Fair value at acquisition</i>		
	<i>Co.Me.Ar. S.r.l.</i>	<i>BSP S.r.l.</i>	<i>ERA S.r.l.</i>	<i>Co.Me.Ar. S.r.l.</i>	<i>BSP S.r.l.</i>	<i>ERA S.r.l.</i>
<b>Assets</b>						
INTANGIBLE ASSETS	4,054	861	1,043	1,285	3,392	6,420
RIGHT-OF-USE ASSETS	-	-	-	3,128	1,885	-
PROPERTY, PLANT AND EQUIPMENT	11,288	3,463	121	4,969	3,463	121
OTHER NON-CURRENT ASSETS	98	2,612	56	345	2,702	67
INVENTORIES	4,997	2,636	3,034	4,997	2,636	3,034
TRADE RECEIVABLES	3,238	4,213	2,233	3,200	4,257	2,189
OTHER CURRENT ASSETS	1,816	974	1,071	1,628	974	1,071
CASH AND CASH EQUIVALENTS AND DEPOSITS	2,990	1,005	3,352	2,390	1,005	3,352
	<b>28,481</b>	<b>15,764</b>	<b>10,910</b>	<b>21,942</b>	<b>20,314</b>	<b>16,254</b>
<b>Liabilities</b>						
TRADE PAYABLES	(3,137)	(1,236)	(2,209)	(3,137)	(1,236)	(2,209)
BANK PAYABLES	(11,730)	(5,695)	(1,928)	(11,730)	(5,695)	(1,928)
FINANCIAL PAYABLES	(1,622)	(705)	(922)	(2,618)	(1,767)	(922)
OTHER LIABILITIES	(3,216)	(1,804)	(1,578)	(3,218)	(1,804)	(1,578)
EMPLOYEE BENEFITS	(137)	(1,229)	(551)	(152)	(1,414)	(548)

DEFERRED TAX LIABILITIES	-	-	(20)	(733)	(1,025)	(1,523)
	<b>(19,842)</b>	<b>(10,669)</b>	<b>(7,208)</b>	<b>(21,586)</b>	<b>(12,941)</b>	<b>(8,708)</b>
<b>Net identifiable assets</b>	<b>8,639</b>	<b>5,095</b>	<b>3,702</b>	<b>354</b>	<b>7,373</b>	<b>7,546</b>
Minority interests measured at fair value				(173)	(3,613)	-
Group interests at fair value				181	3,760	7,546
Goodwill deriving from the acquisition				5,959	(0)	5,454
<b>Consideration of the acquisition</b>				<b>6,140</b>	<b>3,760</b>	<b>13,000</b>

It should be noted that the amounts were consolidated from September 30, 2023 with regard to the companies Co.Me.Ar. S.r.l. and BSP S.r.l., and from December 31, 2023 for ERA S.r.l.

For the purpose of allocating the transaction consideration in accordance with the *IFRS 3 Business Combinations* accounting standard, UmbraGroup S.p.A. identified and estimated the fair value of the assets and liabilities acquired with the support of an independent external consultant. The Company, upon initial adoption of international accounting standards, in accordance with the requirements of IFRS 1, chose to adopt the fair value method as a substitute for cost. This decision reflects management's assessments regarding the possibility of using the assets in the Company's production process in future accounting periods.

#### *Co.Me.Ar. S.r.l.*

The fair value at the acquisition date of the net assets acquired was Euro 354 thousand, compared to a carrying amount of Euro 8,639 thousand.

In this regard, Co.Me.Ar. S.r.l. in 2020 utilised the option granted for Italian GAAP purposes due to the COVID-19 pandemic to suspend depreciation. The suspension continued until December 31, 2023. For the purposes of international accounting standards, suspension would not have been possible. Therefore, suspended depreciation from 2020 to 2023 for a total of Euro 9,087 thousand was fully recovered.

On the other hand, the external appraiser's analysis indicated a capital gain of Euro 2,595 thousand related to leased plant and machinery, almost fully depreciated, used in the production process. Goodwill, amounting to Euro 5,959 thousand and including the value of expected synergies from the acquisition, was allocated entirely to the Co.Me.Ar. S.r.l. CGU.

Since the acquisition date, Co.Me.Ar. S.r.l. has contributed Euro 2,415 thousand to Group revenues, net of intercompany eliminations, and a negative Euro 1,085 to the Group profit before taxes.

#### *BSP S.r.l.*

The fair value at the acquisition date of the net assets acquired was Euro 7,373 thousand, compared to a carrying amount of Euro 5,095 thousand.

The external appraiser's analysis indicated a capital gain of Euro 1,146 thousand related to leased plant and machinery, almost fully depreciated, used in the production process, and a Customer List of Euro 2,531 thousand.

For the purpose of estimating the fair value of the Customer List, the Multi Excess Earning Method was used. According to this methodology, the fair value of the Customer List is determined based on the present value of the future benefits that the asset is capable of generating over its useful life. The cash flows used in the valuation were developed based on BSP S.r.l.'s business plan, considering estimated revenues over the useful life period. The WACC used to discount the cash flows was considered as 11.98%. Net of the fair value of the assets and liabilities acquired, there is no remaining value to be allocated to goodwill.

Since the acquisition date, BSP S.r.l. has contributed Euro 2,119 thousand to Group revenues, net of intercompany eliminations, and a negative Euro 101 to the Group profit before taxes.

#### *ERA S.r.l.*

The fair value at the date of acquisition of the net assets acquired was Euro 7,546 thousand, compared to a carrying amount of Euro 3,702 thousand.

The external appraiser's analysis indicated a capital gain of Euro 5,385 thousand related to the Customer List. For the purpose of estimating the fair value of the Customer List, the Multi Excess Earning Method was used. According to this methodology, the fair value of the Customer List is determined based on the present value of the future benefits that the asset is capable of generating over its useful life. The cash flows used in the valuation were developed based on ERA S.r.l.'s business plan, considering estimated revenues over the useful life period. The WACC used to discount the cash flows was considered to be 10.34%. Net of the fair value of the acquired assets and liabilities, the residual value allocated to goodwill from the acquisition is Euro 5,454 thousand, which includes the value of expected synergies from the acquisition and has been allocated entirely to the ERA S.r.l. CGU.

Transaction costs of Euro 309 thousand were reflected in the income statement under Service costs in accordance with IFRS 3 Business Combinations.

### Note 7 - Intangible Assets

The breakdown of Other intangible assets at December 31, 2023, compared with December 31, 2022, is shown below.

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
Development costs	3,075	77
Patents and intellectual property rights	1,390	1,587
Concessions, licenses, trademarks and similar rights	1	-
Other intangible assets	7,963	214
Assets in progress and advances	647	685
<b>Total intangible assets</b>	<b>13,076</b>	<b>2,563</b>
<i>Of which arising from Acquisitions</i>	<i>11,098</i>	<i>N/A</i>

The table below presents the changes in the individual items of Intangible Assets for the year ended December 31, 2023:

<i>In Euro thousands</i>	<b>Development costs</b>	<b>Patents and intellectual property rights</b>	<b>Concessions, licences, trademarks and similar rights</b>	<b>Other intangible assets</b>	<b>Assets in progress and advances</b>	<b>Total intangible assets</b>
Net carrying amount						
<b>December 31, 2022</b>	<b>77</b>	<b>1,587</b>	<b>-</b>	<b>214</b>	<b>685</b>	<b>2,563</b>
Increases	281	334			37	652
Increases for acquisitions	3,042	131	1	7,924		11,098
Other Changes	-	-		34	(75)	(41)
Exchange rate differences	-	(25)		(5)		(30)
Amortisation & depreciation	(325)	(637)		(204)		(1,166)
<b>December 31, 2023</b>	<b>3,075</b>	<b>1,390</b>	<b>1</b>	<b>7,963</b>	<b>647</b>	<b>13,076</b>

"Development costs" includes costs incurred for the development of prototypes by the parent company UmbraGroup S.p.A. and by the subsidiaries acquired in 2023. The item "Patent and intellectual property rights" relates to the use of Computer Software (ERP and Management). "Other intangible assets" comprise the costs incurred by the parent company UmbraGroup S.p.A. and the subsidiary Linear Motion LLC for the development of the software used in production. The increase in the period is mainly due to the fair value measurement of the assets and liabilities acquired through the business combination that took place during the year. In particular, the Customer Lists of BSP S.r.l. and ERA S.r.l. were valued at Euro 7,915 thousand.

"Assets in progress and advances" is mainly composed of the D365 management revamping project initiated by UmbraGroup S.p.A. and not yet concluded.

At the reporting date, there were no indicators of impairment deriving either from internal sources (business strategies) or external sources (regulatory, economic, technological environment in which the Group operates) related to the intangible assets as a whole.

### Note 8 - Goodwill

The value of Goodwill increased during the year through the business combination of Co.Me.Ar. S.r.l. and ERA S.r.l. and is attributable to the synergies and other economic benefits arising from the aggregation of the assets of the acquired Companies with those of UmbraGroup S.p.A.. Net of the fair value of the acquired assets and liabilities, the residual value allocated to goodwill arising from the acquisition amounts to Euro 11,413 thousand.

The breakdown of the account by CGU is presented below:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
AMCO S.r.l.	96	96
Serms S.r.l.	565	565
Co.Me.Ar. S.r.l.	5,959	-
ERA S.r.l.	5,454	-
<b>Goodwill</b>	<b>12,074</b>	<b>661</b>

Goodwill consists of the difference between the fair value of the amount transferred and the net value of the amounts at the acquisition date of the identifiable assets acquired and of the liabilities assumed identifiable at fair value.

Goodwill was allocated to the following Cash Generating Units (CGUs):

- Serms S.r.l. for an amount of Euro 565 thousand following its acquisition;
- Amco S.r.l. for an amount of Euro 96 thousand following its acquisition in 2021;
- Co.Me.Ar. S.r.l. for an amount of Euro 5,959 thousand;
- ERA S.r.l. for an amount of Euro 5,454 thousand.

For the details of the transaction, reference should be made to "Note 6 - Business Combinations and acquisitions of minority interests" and the "Significant events in 2023" section of the Directors' Report.

At December 31, 2023, the recoverable value of the CGUs was subject to impairment testing, taking into account the provisions of IAS 36, in order to verify the existence of any impairment, by comparing the carrying amount of the unit with its value in use, i.e. the present value of the expected future cash flows from its continued use and disposal at the end of its useful life. The results of these tests follow.

**Serms S.r.l.:** the value in use was determined using the Unlevered Discounted Cash Flow (UDCF) method by discounting the cash flows presented in the 2024-2028 business plan approved by the Board of Directors of UmbraGroup S.p.A.

In order to calculate the value in use of the CGU, the prospective cash flows used in the impairment test, which have been calculated by taking as reference the EBITDA expected net of notional taxes and less the notional contribution of fixed assets and working capital, were considered. In the light of that presented, in conducting the impairment test it was decided to refer to a growth rate  $g$  of 2.00%. The assumptions and method used are consistent with the company's historical results and the reference market. The discount rate applied to prospective cash flows (WACC) is 10.4%; a long-term growth rate "g" of 2% is assumed for cash flows for years after the explicit projection period.

Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill. A sensitivity analysis of the results was also performed assuming a change in WACC of +/-1, with a change in the CGU's prospective EBITDA level of +/-1%. The equilibrium WACC at December 31, 2023 is approx. 14%.

**AMCO S.r.l.:** the value in use was determined using the Unlevered Discounted Cash Flow (UDCF) method by discounting the cash flows contained in the 2024-2028 business plan approved by the Board of Directors of UmbraGroup S.p.A.

In order to determine the value in use of the CGU, the prospective cash flows used in the impairment test were considered. The prospective cash flows used in the impairment test are calculated by taking as a reference the expected EBITDA net of notional taxes and deducting the notional contribution of fixed assets and working capital. In light of the above, a growth rate  $g$  of 2.00% was considered appropriate for the impairment test. The assumptions and method used are consistent with the company's historical results and the reference market. The discount rate applied to prospective cash flows (WACC) is 10.4%; a long-term growth rate "g" of 2% is assumed for cash flows for years after the explicit projection period.

Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill. A sensitivity analysis of the results was also performed assuming a change in WACC of +/-1, with a change in the CGU's prospective EBITDA level of +/-1%. The equilibrium WACC at December 31, 2023 is greater than 100%.

**Co.Me.Ar. S.r.l.:** the value in use was determined using the Unlevered Discounted Cash Flow (UDCF) method by discounting the cash flows contained in the 2024-2028 business plan approved by the Board of Directors of UmbraGroup S.p.A..

In order to determine the value in use of the CGU, the prospective cash flows used in the impairment test were considered. The prospective cash flows used in the impairment test are calculated by taking as a reference the expected EBITDA net of notional taxes and deducting the notional contribution of fixed assets and working capital. In light of the above, a growth rate  $g$  of 2.00% was considered appropriate for the impairment test. The assumptions and method used are consistent with the company's historical results and the reference market. The discount rate applied to prospective cash flows (WACC) is 10.4%; a long-term growth rate "g" of 2% is assumed for cash flows for years after the explicit projection period.

Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill. A sensitivity analysis of the results was also performed assuming a change in WACC of +/-1, with a change in the CGU's prospective EBITDA level of +/-1%. The equilibrium WACC at December 31, 2023 is approx. 19%.

**ERA S.r.l.:** the value in use was determined using the Unlevered Discounted Cash Flow (UDCF) method by discounting the cash flows contained in the 2024-2028 business plan approved by the Board of Directors of UmbraGroup S.p.A..

In order to determine the value in use of the CGU, the prospective cash flows used in the impairment test were considered. The prospective cash flows used in the impairment test are calculated by taking as a reference the expected EBITDA net of notional taxes and deducting the notional contribution of fixed assets and working capital. In light of the above, a growth rate  $g$  of 2.00% was considered appropriate for the impairment test. The assumptions and method used are consistent with the company's historical results and the reference market. The discount rate applied to prospective cash flows (WACC) is 10.4%; a long-term growth rate "g" of 2% is assumed for cash flows for years after the explicit projection period.

Determining the value in use on the basis of these parameters resulted in no reduction in the value of goodwill. A sensitivity analysis of the results was also performed assuming a change in WACC of +/-1, with a change in the CGU's prospective EBITDA level of +/-1%. The equilibrium WACC at December 31, 2023 is greater than 100%.

As a result of the updated analyses, management did not identify an impairment of this company.

#### *Note 9 - Right-of-use assets*

Right-of-use assets amounted to Euro 11,863 thousand at December 31, 2023 and increased Euro 5,998 thousand.

The breakdown of the account is presented below:

The Group used the internal rate of return implied for contracts previously classified as "financial" and used the marginal interest rate residually for certain contracts previously classified as "operational". The marginal borrowing rate is the rate the lessee would have to pay for a loan with a similar term and security and required to obtain an asset of similar value to the asset consisting of the right-of-use in a similar economic environment. The Group estimated this rate using observable data.

The following table provides information on the carrying amounts of right-of-use assets and their movements during the year:

<i>In Euro thousands</i>	Property	Plant & machinery	Other assets	Total
<b>December 31, 2022</b>	<b>2,989</b>	<b>2,264</b>	<b>612</b>	<b>5,865</b>
Increases	-	2,725	389	<b>3,114</b>
Increases for Acquisitions	64	4,925	24	<b>5,013</b>
Exchange rate differences	-	-	(4)	<b>(4)</b>
Depreciation costs	(439)	(1,241)	(445)	<b>(2,125)</b>
<b>December 31, 2023</b>	<b>2,614</b>	<b>8,673</b>	<b>576</b>	<b>11,863</b>

*Property* mainly includes the production properties of the subsidiaries AMCO S.r.l. and PKE GmbH.

*Plant and Machinery* included plants leased, mainly by UmbraGroup S.p.A.. At December 31, 2023, contracts related to Co.Me.Ar. and BSP S.r.l. were also included, which were revalued to fair value during the Purchase Price Allocation. For the details of the transaction, reference should be made to "Note 6 - Business Combinations and acquisitions of Minority Interests" and the "Significant events in 2023" section of the Directors' Report.

*Other assets* mainly relates to the leased machinery of all Group Companies and from other assets of low value.

#### Note 10 – Property, plant and equipment

The breakdown of Property, Plant and Equipment at December 31, 2023, compared with December 31, 2022, is presented below:

<i>In Euro thousands</i>	December 31, 2023	December 31, 2022
Land & buildings	37,629	33,983
Plant & machinery	24,642	21,815
Industrial & commercial equipment	4,407	3,818
Assets in progress and advances	3,906	3,065
Other tangible assets	1,220	835
<b>Total property, plant and equipment</b>	<b>71,804</b>	<b>63,516</b>
<i>Of which arising from Acquisitions</i>	<i>8,554</i>	<i>N/A</i>

The table below presents the changes in the individual items of Property, Plant and Equipment for the year ended December 31, 2023:

<i>In Euro thousands</i>	Land & buildings	Plant & machinery	Commercial and industrial equipment	Assets in progress and advances	Other tangible fixed assets	Total intangible assets
Net carrying amount						
<b>December 31, 2022</b>	<b>33,983</b>	<b>21,815</b>	<b>3,818</b>	<b>3,065</b>	<b>835</b>	<b>63,516</b>
Increases	1,025	5,936	1,181	1,898	427	10,467
Increases for Acquisitions	4,668	2,917	749	99	121	8,554
Disposals	-	(11)	-	(11)	-	(22)
Other Changes		702	3	(1,092)	(3)	(390)
Exchange rate differences	(313)	(271)	30	(53)	-	(607)
Depreciation	(1,734)	(6,446)	(1,374)	-	(160)	(9,714)
<b>December 31, 2023</b>	<b>37,629</b>	<b>24,642</b>	<b>4,407</b>	<b>3,906</b>	<b>1,220</b>	<b>71,804</b>

"Land and Buildings" includes all production properties of the Group Companies:

- The property located in Foligno (PG), where the parent company UmbraGroup S.p.A. operates;
- The property located in Freiberg (DE), where the German subsidiary Kuhn GmbH operates;
- The property located in Saginaw (MI - USA), where the US subsidiary Linear Motion LLC operates;
- The property located in Everett (WA - USA), where the US subsidiary Umbra Cuscinetti Inc. operates;
- The properties located in Spello (PG), where the subsidiaries Co.Me.Ar. S.r.l. and BSP S.r.l. operate, for an amount of Euro 4,668 thousand.

"Plant and machinery" essentially refers to investments made by the parent company UmbraGroup S.p.A. as of December 31, 2023. The increases for acquisitions mainly refer to the plants owned by Co.Me.Ar. S.r.l.

"Industrial and commercial equipment" refers mainly to UmbraGroup and its subsidiaries AMCO, PKE and UCI. The main investments for the year mainly concern control instruments and industrial production equipment.

The increases in the category "Other tangible assets" are mainly attributable to new motor vehicles, furniture and fixtures, and electronic machines.

"Assets in progress and advances" are mainly attributable to the parent company and in particular Advances concerning investments in plant and machinery planned for 2024.

### Note 11 - Financial Assets

Financial assets totalled Euro 37,601 thousand at December 31, 2023 and Euro 30,238 thousand at December 31, 2022. The breakdown of the account is presented below:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
Non-current financial assets	905	184	721	>100%
Other current financial assets	36,696	30,054	6,642	22%
<b>Financial assets</b>	<b>37,601</b>	<b>30,238</b>	<b>7,363</b>	<b>24%</b>
<i>Of which arising from Acquisitions</i>	<i>1,747</i>	<i>N/A</i>		

Non-current financial assets at December 31, 2023 amounted to Euro 905 thousand, compared to Euro 184 thousand at December 31, 2022.

The balance refers partly to the shares subscribed by the Parent Company in the "Eureka! Fund I - Technology Transfer" fund. Eureka is a venture capital fund specialised in deep tech with the goal of promoting the transfer of technology in Italy by way of startups and spin-offs connected with Italian universities and research centres that work to commercialise the results of their scientific research, thereby promoting innovative, often cutting-edge technologies that can have a profound impact on individual lives and on society as a whole.

On April 30, 2020, the Board of Directors resolved to proceed with the subscription of the above fund up to the maximum amount of Euro 1 million. At December 31, 2023, the value was Euro 403 thousand.

The remainder is fully attributable to the three Companies acquired in 2023 and is represented by minority interests in consortia or industry associations.

Current financial assets at December 31, 2023 amounted to Euro 36,696 thousand, compared to Euro 30,054 thousand at December 31, 2022. The item mainly includes non-current financial assets related to the parent company UmbraGroup S.p.A. and to BSP S.r.l..

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
Current financial assets	36,147	29,795	6,352	21%
Other financial assets	549	259	290	112%
<b>Other current financial assets</b>	<b>36,696</b>	<b>30,054</b>	<b>6,642</b>	<b>22%</b>
<i>Of which arising from Acquisitions</i>	<i>1,245</i>	<i>N/A</i>		

The balance at December 31, 2023 of current financial assets refers mainly to:

- 1 Credit Linked subscribed with Mediobanca through Goldman Sachs Finance Corp International LTD, linked to Intesa Sanpaolo S.p.A. (Sub) for a total of Euro 5 million, maturing on June 20, 2024 and accruing a creditable interest rate at maturity. The fair value at the reporting date was Euro 4,902 thousand;
- 1 Time Deposit subscribed with Mediobanca for a total of Euro 10 million, maturing in June 2024 and accruing a creditable interest rate at maturity. The fair value at the reporting date was Euro 10,000 thousand;

- 1 Time Deposit subscribed with Intesa Private for a total of Euro 5 million, maturing in February 2024 and accruing a creditable interest rate at maturity. The fair value at the reporting date was Euro 5,000 thousand;
- 2 Time Deposits subscribed with BNL for a total of Euro 10 million, maturing in January 2024 and accruing a creditable interest rate at maturity. The fair value at the reporting date was Euro 10,000 thousand;
- 1 Time Deposit subscribed with Unicredit for a total of Euro 5 million, maturing in February 2024 and accruing a creditable interest rate at maturity. The fair value at the reporting date was Euro 5,000 thousand.
- 1 Time Deposit subscribed with Unicredit for a total of Euro 5 million, maturing in February 2024 and accruing a creditable interest rate at maturity. The fair value at the reporting date was Euro 5,000 thousand.
- 1 Time Deposit subscribed with BPM for a total of Euro 495 thousand, maturing in April 2024 and accruing a creditable interest rate at maturity. The fair value at the reporting date was Euro 495 thousand.
- 1 Time Deposit subscribed with CariOrvieto for a total of Euro 750 thousand, maturing in April 2024 and accruing a creditable interest rate at maturity. The fair value at the reporting date was Euro 750 thousand.

### Note 12 - Deferred tax assets and liabilities

The breakdown of deferred tax assets and liabilities at December 31, 2023 and December 31, 2022 is presented below:

<i>In Euro thousands</i>	December 31, 2023	December 31, 2022	Change	Change %
Deferred tax assets				
of which non-current	502	235	267	114%
of which current	8,879	7,238	1,641	23%
<b>Total deferred tax assets</b>	<b>9,381</b>	<b>7,473</b>	<b>1,908</b>	<b>26%</b>
<i>Of which arising from Acquisitions</i>	<i>1,227</i>	<i>N/A</i>		
Deferred tax liabilities				
of which non-current	(3,494)	(1,070)	(2,424)	227%
of which current	(1,179)	(1,555)	376	-24%
<b>Total deferred tax liabilities</b>	<b>(4,673)</b>	<b>(2,625)</b>	<b>(2,048)</b>	<b>78%</b>
<i>Of which arising from Acquisitions</i>	<i>(3,148)</i>	<i>N/A</i>		
<b>Net balance</b>	<b>4,708</b>	<b>4,848</b>	<b>(140)</b>	<b>-3%</b>

The Group's net deferred tax assets and liabilities at December 31, 2023 amounted to Euro 4,708 thousand, compared with a net value for the previous year of Euro 4,848 thousand. The item mainly concerns the parent company, the American subsidiaries, and the subsidiaries acquired in 2023, mainly due to the recognition of deferred taxes related to the recognition of the fair values of the revalued assets.

Regarding deferred tax assets, the item is mainly composed as follows:

- Temporary difference related to the Inventory obsolescence provision;
- Temporary difference related to the accrual to the Employee bonuses provision;
- Tax effect of recording hedging derivatives on commodities and loan interest rates;
- Deferred tax assets related to UCI's and Co.Me.Ar.'s tax losses;
- Deferred tax assets related to the depreciation of the property owned by UGI Holding.

Deferred tax liabilities mainly comprised the temporary differences related to unrealised exchange gains and, as already indicated, to deferred taxes that arose from the fair value measurement of the Companies acquired in 2023.

### Note 13 - Other assets

Other assets at December 31, 2023 amounted to Euro 12,184 thousand, compared to Euro 7,141 thousand at December 31, 2022.

The breakdown of the account is presented below:

<i>In Euro thousands</i>	December 31, 2023	December 31, 2022	Change	Change %
Other non-current assets	38	10	28	280%
Other current assets	12,146	7,131	5,015	70%



<b>Total other assets</b>	<b>12,184</b>	<b>7,141</b>	<b>5,043</b>	<b>71%</b>
<i>Of which arising from Acquisitions</i>	<i>2,608</i>	<i>N/A</i>		

Other non-current assets, entirely concerning security deposits, amounted to Euro 38 thousand at December 31, 2023, compared with Euro 10 thousand at December 31, 2022.

Other current assets amounted to Euro 12,146 thousand at December 31, 2023 and to Euro 7,131 thousand at December 31, 2022.

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
Receivables for Grants	6,323	1,838	4,485	244%
VAT receivables	1,617	1,736	(119)	-7%
Other tax receivables	1,420	1,334	86	6%
Advances to suppliers	1,338	756	582	77%
Other receivables	1,448	1,467	(19)	-1%
<b>Total other current assets</b>	<b>12,146</b>	<b>7,131</b>	<b>5,015</b>	<b>70%</b>
<i>Of which arising from Acquisitions</i>	<i>2,577</i>	<i>N/A</i>		

Receivables for Grants mainly concerns the parent company. The following table provides further details:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
ASTIB Grant	133	133	-	0%
AG2 Grant	22	22	-	0%
Valema Grant	-	25	(25)	-100%
IMARE Grant	54	54	-	0%
PON MIUR (Lub for Life) Grant	76	317	(241)	-76%
PON MIUR SIAD Grant	168	277	(109)	-39%
Diprovel Grant	224	224	-	0%
Costar Grant	161	161	-	0%
POR FESR 2014-2020 Grant	-	407	(407)	-100%
Simest Grant	200	200	-	0%
UP Wing Grant	1,211	-	1,211	>100%
UAM4UAM Grant	3,227	-	3,227	>100%
Subsidiaries Grants	847	18	829	>100%
<b>Receivables for Grants</b>	<b>6,323</b>	<b>1,838</b>	<b>4,485</b>	<b>244%</b>
<i>Of which arising from Acquisitions</i>	<i>847</i>	<i>N/A</i>		

The grant and amount received during the year is presented below:

- The amount of Euro 133 thousand relates to the receivable from the European Union, through the Clean Sky 2 programme, for the European research project called ASTIB (Total grant Euro 2,388 thousand - Amount received Euro 2,255 thousand);
- The amount of Euro 22 thousand relates to the receivable from the European Union for the European research project called AG2 co-ordinated by the Italian Aerospace Research Centre (Total grant Euro 183 thousand - Amount received Euro 161 thousand);
- The amount of Euro 54 thousand relates to the receivable from the Ministry for Economic Development for the European research project called Imare co-ordinated by Costruzioni Motori Diesel S.p.A. (Total grant Euro 227 thousand - Amount received Euro 174 thousand);
- The amount of Euro 76 thousand relates to the receivable from the Ministry for Education, the Universities and Research called Pon Miur Lub for Life (Total grant Euro 999 thousand - Amount received Euro 923 thousand);
- The amount of Euro 168 thousand relates to the receivable from the Ministry for Education, the Universities and Research called Pon Miur Siad (Total grant Euro 277 thousand - Amount received Euro 110 thousand);

- The amount of Euro 224 thousand relates to the receivable from the Ministry for Economic Development for the European research project called Diprovel (Total grant Euro 356 thousand - Amount received Euro 132 thousand);
- The amount of Euro 161 thousand relates to the receivable from the European Union for a European research project called Costar (Total grant Euro 1,280 thousand - Amount received Euro 1,119 thousand);
- The amount of Euro 200 thousand refers to the receivable from Simest (CDP Group Company). The grant is related to the National Recovery and Resilience Plan project - "Digital and Ecological Transition of SMEs with an international focus" (Total grant Euro 400 thousand - Amount received Euro 200 thousand);
- The amount of Euro 1,211 thousand relates to the receivable from the European Union for a European research project called Up Wing, whose co-ordinator is Airbus GMBH (Total grant Euro 1,864 thousand - Amount received Euro 652 thousand);
- The amount of Euro 3,227 thousand relates to the receivable from the Ministry of Enterprises and Made in Italy, pertaining to the Sustainable Growth Fund - Innovation Agreements, as per Ministerial Decree of December 31, 2021 and Executive Decree of March 18, 2022, for a research project called UAM4UAM (Total grant Euro 3,227 - no receipt recognised);
- The amount related to subsidiaries refers mainly to ERA S.r.l., which contributes Euro 847 thousand to the total amount of Euro 798 thousand. The receivable is from the Ministry for Economic Development (now the Ministry of Enterprises and Made in Italy (MIMIT)), in relation to the research project called S.IBU (Total grant Euro 1,675 thousand - Amount received Euro 877 thousand).

The *VAT receivable* balance refers mainly to the parent company and relates to the annual credit resulting from the December settlement carried forward.

The balance of *other tax receivables* mainly refers to the parent company. The main tax receivables accrued as of December 31, 2023 are listed below:

- the tax credit of Euro 24 thousand in the form of bonuses on investments in capital goods (FY 2020) as per Article 1, para. 184 – 197, of Law No. 160 of December 27, 2019, Euro 12,158 thousand of which beyond one year;
- the tax credit of Euro 213 thousand related to R&D (FY 2021) as per Law No. 160 of December 27, 2019;
- the tax credit of Euro 205 thousand related to R&D (FY 2022) as per Law No. 160 of December 27, 2019;
- the tax credit of Euro 184 thousand related to R&D in 2023 as per Law No. 160 of December 27, 2019, Euro 122,867 thousand of which beyond one year;
- the tax credit of Euro 11 thousand related to the Art Bonus of the year 2022, as per Law No. 106 of July 29, 2014, Euro 5,417 of which beyond one year;
- the tax credit of Euro 16 thousand related to the Art Bonus of the year 2023, as per Law No. 106 of July 29, 2014, Euro 10,833 of which beyond one year;
- the tax credit of Euro 53 thousand in the form of bonuses on investments in capital goods (FY 2022) as per Article 1, para. 1055, of Law No. 178 of December 30, 2020, Euro 26,611 thousand of which beyond one year;
- the tax credit of Euro 182 thousand in the form of bonuses on investments in capital goods (FY 2023) as per Article 1, para. 1057, of Law No. 178 of December 30, 2020, Euro 121,520 thousand of which beyond one year;

The tax credit relating to R&D expenses and technological innovation can be used exclusively by means of offsetting, in three equal annual instalments, starting from the tax period following that in which it accrues, subject to fulfilment of the certification obligations.

#### Note 14 Inventories

Inventories amount to Euro 83,360 thousand at December 31, 2023 and to Euro 62,438 thousand at December 31, 2022.

The changes in the account were as follows:

<i>In Euro thousands</i>	December 31, 2023	December 31, 2022	Change	Change %
Raw materials, ancillaries and consumables	27,749	21,429	6,320	29%
Semi-finished products	42,359	31,202	11,157	36%
Finished products	11,588	8,031	3,557	44%
Goods in transit	962	1,776	(814)	-46%
Contract work-in-progress	702	-	702	>100%
<b>Total inventory at the lower of cost and net realisable value</b>	<b>83,360</b>	<b>62,438</b>	<b>20,922</b>	<b>34%</b>
<i>Of which arising from Acquisitions</i>	<i>10,915</i>	<i>N/A</i>		

In the year ended December 31, 2023, the item increased by Euro 20,922 thousand, mainly due to the change in consolidation scope. The three acquisitions contributed Euro 10,915 thousand to the increase in inventories.

The inventory obsolescence provision at December 31, 2023 is Euro 7,375 thousand and represents 8.1% of the value of gross inventories. The provision was set aside to account for obsolescence and slow turnaround.

The provision is broken down below:

<i>In Euro thousands</i>	December 31, 2023	December 31, 2022	Change	Change %
Obsoles. prov. Raw materials, ancillaries and consumables	2,895	2,756	139	5%
Obsoles. prov. Semi-finished products	2,719	2,504	215	9%
Obsoles. prov. Finished products	1,761	1,637	124	8%
<b>Total inventory obsolescence provision</b>	<b>7,375</b>	<b>6,897</b>	<b>478</b>	<b>7%</b>

The changes in the account were as follows:

<i>In Euro thousands</i>	December 31, 2023	December 31, 2022
Present value of the provision at the beginning of the year	6,897	6,742
Increase from Acquisitions	138	-
Utilisation of the inventory obsolescence provision in the year	(1,624)	(1,655)
Accrual to the obsolescence provision in the year	1,859	1,743
Other changes	105	67
<b>Balance Inventory Obsolescence Provision</b>	<b>7,375</b>	<b>6,897</b>

The utilisation in 2023 is attributable to the parent company in the amount of Euro 832 thousand, and to subsidiaries in the amount of Euro 792 thousand.

The provision for the year 2023 is attributable to the parent company in the amount of Euro 1,019 thousand and to subsidiaries in the amount of Euro 840 thousand. Other changes include that related to the exchange rate effect.

The movements in the Inventory obsolescence provision result from the application of the new inventory obsolescence policy, which sets out separate guidelines according to the segment and business line.

### *Note 15 Trade receivables*

Trade receivables amounted to Euro 35,907 thousand at December 31, 2023, compared to Euro 28,153 thousand at December 31, 2022. The increase for the year was mainly due to the change in consolidation scope. The three new acquisitions increased trade receivables by Euro 6,558 thousand.

The changes in the account were as follows:

<i>In Euro thousands</i>	December 31, 2023	December 31, 2022	Change	Change %
Trade receivables from third-party customers	37,177	29,344	7,833	27%
Other trade receivables	-	3	(3)	-100%
Doubtful debt provision	(1,270)	(1,194)	(76)	6%

<b>Total trade receivables</b>	<b>35,907</b>	<b>28,153</b>	<b>7,754</b>	<b>28%</b>
<i>Of which arising from Acquisitions</i>	<i>6,558</i>	<i>N/A</i>		

The doubtful debt provision represents the best possible estimate made by management, based on information available as of the date the financial statements were prepared. Estimates and assumptions are made by the Directors with the support of the corporate function, consistent with the regulations of IFRS 9.

Impairment on trade receivables is carried out through the simplified approach allowed by the standard. This approach involves estimating the expected loss over the life of the loan at initial recognition and in subsequent evaluations. For each customer segment, the estimate is principally made through the calculation of the average expected non-recoverability of receivables, based on historical-statistical indicators, which are eventually adjusted using prospective elements. For certain categories of receivables characterised by specific elements of risk, specific valuations are instead made on the individual credit positions.

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>2023</b>	<b>2022</b>
Present value of the provision at the beginning of the year	1,194	1,047
Utilisation/release of doubtful debt provision in the year	(425)	(15)
Accrual to doubtful debt provision in the year	501	162
Other changes	-	-
<b>Balance doubtful debt provision</b>	<b>1,270</b>	<b>1,194</b>
<i>Of which arising from Acquisitions</i>	<i>316</i>	<i>N/A</i>

#### *Note 16 - Tax receivables*

Tax receivables amounted to Euro 890 thousand at December 31, 2023, compared to Euro 3,814 thousand at December 31, 2022.

At December 31, 2023, this item consists primarily of:

- state and federal taxes related to subsidiaries operating in other states, amounting to Euro 738 thousand;
- settlements under the tax consolidation, amounting to Euro 109 thousand, and IRES/IRAP advances;
- other income taxes for Euro 43 thousand.

The decrease is attributable to the utilisation of the parent company's tax consolidation credit.

#### *Note 17 - Cash and cash equivalents*

Trade receivables amounted to Euro 48,885 thousand at December 31, 2023, compared to Euro 43,691 thousand at December 31, 2022.

The three acquisitions contributed Euro 8,097 thousand.

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
Cash in hand and similar	48,866	43,679	5,187	12%
Bank and postal deposits	19	13	6	46%
<b>Total cash and cash equivalents</b>	<b>48,885</b>	<b>43,691</b>	<b>5,194</b>	<b>12%</b>
<i>Of which arising from Acquisitions</i>	<i>8,097</i>	<i>N/A</i>		

The amounts shown can be readily converted into cash and do not have a significant risk of change in value. The Group believes that the credit risk associated with cash and cash equivalents is limited because they primarily consist of deposits held with various national Italian banking institutions.

### *Note 18 - Derivative instruments assets and liabilities*

Derivative instrument assets, relating to the Parent Company and Co.Me.Ar. S.r.l., amount to Euro 380 thousand at December 31, 2023.

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
Current derivative instrument assets	380	239	141	59%
<b>Total current derivative instrument assets</b>	<b>380</b>	<b>239</b>	<b>141</b>	<b>59%</b>
<i>Of which arising from Acquisitions</i>	101	N/A		

Non-current derivative instruments liabilities, relating to the Parent Company and Co.Me.Ar. S.r.l., amount to Euro 5,582 thousand at December 31, 2023. The balance mainly stems from the Mark to Market value of commodity hedging derivatives undertaken between the end of 2022 and the beginning of 2023.

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
Non-current derivative instruments liabilities	5,582	2,127	3,455	162%
<b>Total Non-current derivative instruments liabilities</b>	<b>5,582</b>	<b>2,127</b>	<b>3,455</b>	<b>162%</b>
<i>Of which arising from Acquisitions</i>	57	N/A		

Financial instruments are used by the parent company with the intention of hedging risks arising from interest rate assessments of bank debt, hedging exchange rate fluctuations, and hedging energy price fluctuations. These derivative financial instruments are initially recorded at fair value at the date on which they are agreed; subsequently this fair value is periodically recalculated.

Interest rate derivatives are over-the-counter (OTC) instruments, meaning that they are entered into bilaterally with market counterparties and their current value is determined on the basis of valuation techniques based on inputs (such as interest rate curves) observable on the market (level 2 of the fair value hierarchy established in IFRS 7).

The financial instruments at December 31, 2023 are all measured at fair value and fall under Level 2.

Derivative instrument liabilities for Euro 5,582 thousand include the fair value at December 31, 2023 related to derivatives hedging interest rate movements and Euro/USD exchange rate movements, and energy price hedging derivatives, for Euro 1,052 thousand, Euro 24 thousand and Euro 4,450 thousand respectively.

The fair value and information (concerning the present year and the previous year) on the extent and nature of each category of derivative financial instruments issued by the Group are detailed below. These are sub-divided by category taking in account the characteristics of the instruments and their purpose. There are no contractual terms or conditions in derivative contracts that can influence the amount, maturities and certainties of future cash flows which are also guaranteed by the reliability of counterparties represented by leading banking institutions.

#### *Derivative financial instruments designated for accounting purposes as hedging instruments*

The derivative financial instruments summarised in the table below concern hedges of risks related to changes in electricity prices.

<i>In Euro thousands</i>					2023		2022	
Company	Counterparty	Type	Maturity date	Notional capital	Current portion	Non-current portion	Current portion	Non-current portion
UmbraGroup	Unicredit	Commodity Swaps	31/12/2027	5,316	(675)	(2,093)	(52)	(1,661)
UmbraGroup	Unicredit	Commodity Swaps	31/12/2027	4,733	(385)	(1,296)	-	-

<i>In Euro thousands</i>					2023	
Company	Counterparty	Type	Maturity date	Notional capital	Fair value	
UmbraGroup	Intesa SanPaolo	IRS	21/01/2027	6,295	(30)	
UmbraGroup	Unicredit	IRS	30/09/2029	12,321	(124)	
UmbraGroup	Intesa SanPaolo	IRS	05/07/2030	10,000	(260)	
UmbraGroup	BNL Gruppo BNP Paribas	IRS	27/07/2030	25,000	(637)	
Co.Me.Ar.	Intesa SanPaolo	IRS	30/04/2027	1,750	42	
Co.Me.Ar.	Intesa SanPaolo	IRS	06/10/2026	450	11	
Co.Me.Ar.	UniCredit	IRS	31/03/2028	3,000	(57)	
Co.Me.Ar.	UniCredit	IRS	30/09/2027	1,023	48	

#### Derivative financial instruments not designated for accounting purposes as hedging instruments

The derivative financial instruments in the following table hedge cash flows in foreign currencies and in particular the US Dollar.

<i>In Euro thousands</i>	Positive fair value		Negative fair value	
	2023	2022	2023	2022
US Dollar	279	239	24	414

#### Note 19 - Equity

The approved fully paid-up share capital of the Parent Company is Euro 12,056 thousand, comprising 333,333 shares.

UmbraGroup S.p.A. in addition holds 47,620 treasury shares, with a par value of Euro 49,790 thousand and equal to 14.29% of the share capital.

It should be noted that the acquired BSP S.r.l. holds 1,393 shares of the Parent Company, corresponding to a purchase value of Euro 1,198 thousand. In this regard, the Consolidated Share Capital at December 31, 2023 underwent a reduction of Euro 25 thousand to Euro 12,031 thousand. The acquisition of BSP S.r.l., given the 0.42% shareholding in UmbraGroup S.p.A., is a transaction categorised as a reciprocal share purchase.

As required by IAS 32, the excess value resulting from the reduction of the share capital to par value was reflected as an allocation to the Treasury Share Reserve for Euro 597 thousand and allocated to Minority Interest Equity for Euro 576 thousand.

Equity amounted to Euro 119,485 thousand at December 31, 2023, compared to Euro 112,753 thousand at December 31, 2022.

Please refer to the Statement of Changes in Equity at December 31, 2023 and at December 31, 2022 for details of changes in Equity at December 31, 2023 and December 31, 2022.

#### Reconciliation of parent company and consolidated equity and result

The reconciliation between the equity and result of the Parent Company and the corresponding consolidated figures at December 31, 2023 and December 31, 2022 follows:

<i>In Euro thousands</i>	<b>December 31, 2023</b>		<b>December 31, 2022</b>	
	<b>Equity</b>	<b>Net Result</b>	<b>Equity</b>	<b>Net Result</b>
Financial Statements of the Parent Company	86,947	13,812	79,630	9,598
Adjustment of Parent Company financial statements to IAS/IFRS standards	754	(166)	577	158
IAS adjusted Financial Statements of the Parent Company	87,701	13,646	80,207	9,756
Consolidation effects of the subsidiary companies	31,784	(3,202)	32,546	(267)
<b>Total Consolidated</b>	<b>119,485</b>	<b>10,444</b>	<b>112,753</b>	<b>9,489</b>
Minority interest equity and result	2,647	(874)	-	-
<b>Total Group</b>	<b>116,838</b>	<b>11,318</b>	<b>112,753</b>	<b>9,489</b>

### Note 20 - Employee benefits

Employee benefits amount to Euro 5,610 thousand at December 31, 2023 and to Euro 3,857 thousand at December 31, 2022.

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
Employee benefits	14,718	12,217	2,501	20%
Treasury Fund	(9,128)	(8,364)	(764)	9%
Accrued post-employment benefits	20	4	16	400%
<b>Total employee benefits</b>	<b>5,610</b>	<b>3,857</b>	<b>1,753</b>	<b>45%</b>

The movements in the item are reported below:

<i>In Euro thousands</i>	<b>2023</b>	<b>2022</b>
Present value of the obligation at the beginning of the fiscal year	3,857	4,022
Increase from Acquisitions	1,879	-
Service Cost	60	50
Interest cost	103	-
Provisions/ Advances and Settlements	254	(23)
Actuarial losses/(gains)	(543)	(192)
<b>Total employee benefits</b>	<b>5,610</b>	<b>3,857</b>

The item includes the total value of post-employment benefits accrued by the employees in service at December 31, 2023 and December 31, 2022 of the parent company UmbraGroup S.p.A. and the Italian subsidiaries Serms S.r.l., AMCO S.r.l., Co.Me.Ar. S.r.l., BSP S.r.l. and ERA S.r.l., in application of current laws and labour contracts, net of advances granted, determined in accordance with Article 2120 of the Civil Code, and the transfer to other entities as supplementary pension benefits.

In accordance with paragraphs 67 to 69 of IAS 19, the obligation was calculated using the Projected Unit Credit Method (PUCM); this is an actuarial approach based on average valuations of future charges. More specifically, the assessment was done through a generalisation of the previous PUCM method, i.e. it financially takes into account events that cause the employee's actual seniority to change, such as advances and similar to supplementary pension funds.

The technical bases used for the valuation of post-employment benefits under IAS 19 involves two categories of assumptions, demographic and financial.

For demographic technical bases, the probability of the active employee's transition to different states, such as retirement due to old age, seniority, disability, and especially resignation, are estimated, as this eventuality results in the company's settlement of the employee's accrued post-employment benefits. In addition, the knowledge of the rules for granting

post-employment benefit advances, the availability of historical data on the frequency of their use by workers and their average size is crucial information in order to correctly quantify the amounts.

Financial assumptions, on the other hand, concern:

- The annual discount rate used to determine the present value of the bond was derived, consistent with para. 83 of IAS 19, from the Iboxx Corporate AA index with duration 7-10 recognised at the valuation date. For these purposes, the yield with a comparable duration to the duration of company employees subject to valuation was chosen;
- the annual rate of increase of post-employment benefits, as stipulated in Article 2120 of the Civil Code, is 75% of inflation plus 1.5 percentage points;
- the annual rate of salary increase applied exclusively for Companies with an average of less than 50 employees during 2006 was determined on the basis of that reported by Company Managers.

The demographic technical bases used are presented below:

Death	The RG48 mortality tables of the General State Controller
Disability	INPS tables by age and gender
Retirement	100% on satisfying AGO requirements

The application of the calculation model considered, based on the assumptions described previously, allows the following valuation results to be obtained:

- the initial DBO, i.e., the expected present value of benefits payable in the future, related to past work activity, already available at the beginning of the period;
- the Curtailment/Settlement, i.e., the change in the liability due to plan changes or events involving a reduction in personnel, such as plant closures, mobility, etc.;
- the Service Cost (SC), i.e., the expected present value of benefits payable in the future related to the work performed in the present period, conceptually comparable to the accrued portion of the statutory post-employment benefits;
- the Interest Cost (IC), i.e., interest, on that set aside at the beginning of the period and on the corresponding movements, referring to the same observed period; this element is conceptually comparable to the net revaluation attributed to statutory post-employment benefits;
- the Benefits paid and Transfers in/(out) representative of all payments and any transfers in and out related to the observed period, elements that give rise to the use of the accrued liability.

The sum of the previous elements allows the identification of the value of the expected provision at the end of the observation period (Expected DBO) which, compared with the recalculated DBO at the end of the period on the basis of the actual collective resulting at that date and the new valuation assumptions, allows the identification of the actuarial gains or losses called Actuarial Gains/Losses (AGL).

Such Actuarial Gains/Losses are categorised into three types:

- from experience: due to the changes to the collective being evaluated between evaluations, in terms of new entrants, resignations, retirements, request for advances, etc., differing from what was assumed;
- from changing demographic assumptions: determined by changes in demographic assumptions between evaluations;
- from changes in financial assumptions: determined by changes in economic assumptions and mainly due to the change in the annual discount rate.

### *Note 21 - Provision for risks and charges*

Provisions for risks and charges totalled Euro 3,762 thousand at December 31, 2023 and Euro 2,453 thousand at December 31, 2022.



The changes in the account were as follows:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
Provisions for risks and charges (non-current)	3,762	2,453	1,309	53%
Provision for risks and charges (current)	-	-	-	0%
<b>Total provision for risks and charges</b>	<b>3,762</b>	<b>2,453</b>	<b>1,309</b>	<b>53%</b>

The changes in the account in the year were as follows:

<i>In Euro thousands</i>	<b>2023</b>	<b>2022</b>
Balance at beginning of the year	2,453	4,000
Increases from Acquisitions	2	
Provisions	3,560	2,226
Releases/Utilisations	(2,227)	(3,402)
Other changes	(26)	(371)
<b>Total provision for risks and charges</b>	<b>3,762</b>	<b>2,453</b>

The provision for risks and charges at December 31, 2023 is comprised as follows:

- Euro 3,406 thousand related to the valuation of 2023 production bonuses due to all employees of the parent company on the basis of an agreement signed between the Parent Company and the Trade Union Representatives;
- Euro 145 thousand related to a qualitative dispute with a parent company customer for which investigations are ongoing;
- Euro 211 thousand for product warranty coverage provisions and other minor provisions related to other Group Companies.

#### *Note 22 - Bank loans and borrowings*

Bank loans and borrowings totalled Euro 116,134 thousand at December 31, 2023 and Euro 83,631 thousand at December 31, 2022.

The breakdown of the account is presented below:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
Non-current bank borrowings	87,833	62,020	25,813	42%
Current loans and borrowings	28,301	21,611	6,690	31%
<b>Total loans and borrowings</b>	<b>116,134</b>	<b>83,631</b>	<b>32,503</b>	<b>39%</b>

Bank loans and borrowings include bank loans and advances; the following table summarises by Company amounts due to lending institutions, with the initial nominal amount, the outstanding debt and the portion due within and beyond one year, as well as beyond 5 years:

<b>Group companies</b>	<b>Credit institution</b>	<b>Assessable</b>	<b>Maturity</b>	<b>December 31, 2023</b>	<b>December 31, 2022</b>
UmbraGroup S.p.A.	Monte dei Paschi	5,000	31/12/2027	2,904	3,610
UmbraGroup S.p.A.	Intesa San Paolo	10,000	28/03/2025	2,193	3,640

UmbraGroup S.p.A.	Intesa San Paolo	10,000	25/02/2027	5,000	6,429
UmbraGroup S.p.A.	Intesa San Paolo	10,000	05/07/2030	10,000	-
UmbraGroup S.p.A.	Mediocredito (Intesa San Paolo)	10,000	29/09/2025	2,936	4,380
UmbraGroup S.p.A.	Banca Pop. Ancona (UBI)	5,000	17/11/2024	732	1,459
UmbraGroup S.p.A.	Unicredit	5,000	28/02/2023	-	250
UmbraGroup S.p.A.	Unicredit	10,000	30/11/2027	5,714	7,143
UmbraGroup S.p.A.	Unicredit	15,000	30/09/2029	12,321	14,464
UmbraGroup S.p.A.	Banco Popolare	5,000	31/12/2024	733	1,459
UmbraGroup S.p.A.	Cariparma (Credit Agricole)	5,000	31/03/2025	893	1,607
UmbraGroup S.p.A.	BNL	7,000	31/03/2024	1,281	2,296
UmbraGroup S.p.A.	Banco Popolare di Spoleto	4,000	10/12/2023	-	812
UmbraGroup S.p.A.	UBI (Tiltro)	3,000	21/01/2024	253	1,259
UmbraGroup S.p.A.	UBI (Cassa Debiti e Prestiti)	7,000	21/01/2027	6,295	7,000
UmbraGroup S.p.A.	Banco BPM	12,000	29/12/2028	10,479	12,500
UmbraGroup S.p.A.	Banco BCC	10,000	08/09/2025	5,000	7,857
UmbraGroup S.p.A.	Cassa Depositi e Prestiti	25,000	27/07/2030	25,000	-
AMCO S.r.l.	Intesa San Paolo	500	26/10/2025	135	207
PKE GmbH	STILL Financial Services	34	30/06/2027	31	-
Umbra Cuscineti Inc.	BNL	3,523	22/06/2026	1,508	2,188
Umbra Cuscineti Inc.	Bank of America	1,410	14/04/2026	70	101
UGI Holding Inc.	BNP Paribas	7,927	22/06/2026	3,394	4,922
Co.Me.Ar. S.r.l.	Monte dei Paschi	230	31/07/2026	133	-
Co.Me.Ar. S.r.l.	Monte dei Paschi	200	31/07/2026	117	-
Co.Me.Ar. S.r.l.	Monte dei Paschi	300	30/11/2024	300	-
Co.Me.Ar. S.r.l.	Intesa San Paolo	1,750	30/04/2027	877	-
Co.Me.Ar. S.r.l.	Mediocredito Centrale	800	23/12/2026	604	-
Co.Me.Ar. S.r.l.	Unicredit	39	27/09/2025	23	-
Co.Me.Ar. S.r.l.	Unicredit	3,000	20/03/2024	3,000	-
Co.Me.Ar. S.r.l.	Unicredit	1,500	30/09/2027	1,023	-
Co.Me.Ar. S.r.l.	Banco Popolare	700	14/03/2026	320	-
Co.Me.Ar. S.r.l.	Banco Popolare	1,000	06/07/2028	678	-
Co.Me.Ar. S.r.l.	Banco di Desio e della Brianza	395	10/07/2029	341	-
Co.Me.Ar. S.r.l.	Banco di Desio e della Brianza	400	10/07/2025	162	-
Co.Me.Ar. S.r.l.	FCA Bank	13	06/12/2024	13	-
Co.Me.Ar. S.r.l.	Banca CARIGE	225	30/06/2026	142	-
Co.Me.Ar. S.r.l.	Banca CARIGE	125	30/06/2026	79	-
Co.Me.Ar. S.r.l.	Banca Popolare di Cortona	300	01/02/2026	136	-
Co.Me.Ar. S.r.l.	Banca Popolare di Cortona	250	01/09/2026	143	-
Co.Me.Ar. S.r.l.	Banca Popolare dell'Emilia Romagna	250	12/10/2026	179	-
Co.Me.Ar. S.r.l.	Unione di Banche Italiane	450	06/10/2028	303	-
Co.Me.Ar. S.r.l.	BCC Umbria Credito Cooperativo	1,200	10/11/2030	1,200	-
BSP S.r.l.	Monte dei Paschi	500	31/07/2026	133	-
BSP S.r.l.	Monte dei Paschi	1,700	31/07/2026	233	-
BSP S.r.l.	Monte dei Paschi	150	30/11/2024	150	-
BSP S.r.l.	Mediocredito Centrale	1,000	23/12/2026	790	-
BSP S.r.l.	Banca Popolare di Cortona	400	01/09/2026	228	-
BSP S.r.l.	Banca Popolare di Cortona	300	01/02/2026	136	-
BSP S.r.l.	Banco Popolare	1,000	21/10/2026	286	-
BSP S.r.l.	Banco Popolare	390	16/06/2028	642	-
BSP S.r.l.	Banco Popolare	210	04/01/2024	54	-
BSP S.r.l.	Banco di Desio e della Brianza	230	10/06/2029	426	-
BSP S.r.l.	Banco di Desio e della Brianza	400	10/08/2025	171	-
BSP S.r.l.	Banca CARIGE	400	30/06/2026	246	-
BSP S.r.l.	Banca CARIGE	400	30/06/2026	133	-
BSP S.r.l.	Cassa di Risparmio di Orvieto	1,700	31/12/2028	1,700	-
ERA S.r.l.	Unicredit	285	30/09/2024	43	-
ERA S.r.l.	Unicredit	115	31/01/2025	24	-
ERA S.r.l.	BNL	400	27/10/2026	240	-
ERA S.r.l.	Intesa San Paolo	350	15/12/2026	214	-
ERA S.r.l.	Intesa San Paolo	250	15/12/2026	153	-
ERA S.r.l.	Intesa San Paolo	250	30/05/2030	233	-
ERA S.r.l.	Banco BPM	750	30/05/2030	691	-
ERA S.r.l.	Banco di Desio e della Brianza	550	10/10/2026	320	-
<b>Total loans</b>		<b>144,850</b>		<b>113,891</b>	<b>83,583</b>
AMCO S.r.l.	BNL			-	48

Co.Me.Ar. S.r.l.	Various banks	2,234	
ERA S.r.l.	Various banks	9	
<b>Total bank advances</b>		<b>2,243</b>	<b>48</b>
<b>Total loans and borrowings</b>		<b>116,134</b>	<b>83,631</b>
	<i>of which current portion</i>	28,301	21,612
	<i>of which within 5 years</i>	73,509	56,123
	<i>of which beyond 5 years</i>	14,324	5,896

A number of the loans listed above, in relation to the parent company, require compliance with financial covenants.

They are reported below in detail:

- Banca Popolare di Ancona Loan: On November 17, 2016, the parent company drew down a loan for Euro 5,000 thousand; the loan is repayable in quarterly instalments in arrears concluding on November 17, 2024 at a fixed interest rate; the residual payable at December 31, 2023 is Euro 732 thousand. The covenants on the loan and the relative value at December 31, 2023, with non-compliance of at least one of the above-indicated parameters resulting in an increase in the spread, were as follows: These covenants concern the statutory financial statements of the Parent Company.

	Covenants	31.12.2023
EBITDA / Financial charges	> =4.0	15.01
Net Financial Position / Equity	< = 1.5	0.38
Net Financial Position / EBITDA	< = 2.5	1.16

- Credit Agricole - Cariparma Loan: On January 16, 2017, the parent company drew down a loan of Euro 5,000 thousand; the loan is repayable in quarterly instalments in arrears concluding on March 31, 2025 at a fixed interest rate; the residual payable at December 31, 2023 is Euro 893 thousand. The covenants on the loan and the relative value at December 31, 2023, with non-compliance of just one of the above-indicated parameters resulting in an increase in the spread, were as follows: These covenants concern the consolidated financial statements.

	Covenants	31.12.2023
Net Financial Position / Equity	< = 1.5	0.38
Net Financial Position / EBITDA	< = 3.5	1.29

- BNP Paribas Loan: On January 31, 2017, the company drew down a loan of Euro 7,000 thousand; the loan is repayable in 28 quarterly instalments in arrears concluding on March 31, 2025 at a fixed interest rate; the residual payable at December 31, 2023 is Euro 1,281 thousand. The covenants on the loan and the relative value at December 31, 2023, whose non-compliance triggers the acceleration clause, were as follows: These covenants concern the consolidated financial statements.

	Covenants	31.12.2023
Net Financial Position / EBITDA	< = 3.0	1.29

- Mediocredito Loan: On September 29, 2017, the parent company drew down a loan of Euro 10,000 thousand; the loan is repayable in half-yearly instalments in arrears concluding on September 29, 2025 at a fixed interest rate; the residual payable at December 31, 2023 is Euro 2,936 thousand. The covenants on the loan and the relative value at December 31, 2023, with non-compliance of at least one of the above-indicated parameters resulting in an increase in the spread, were as follows: These covenants concern the consolidated financial statements.

	Covenants	31.12.2023
EBITDA / Gross Financial Charges	> 4.5	7.58
Net Financial Position / Equity	< 1.2	0.37
Net Financial Position / EBITDA	< 3	1.24

- Unicredit Loan: on September 8, 2021 the company drew down a loan for Euro 15,000 thousand; the loan, subject to a grace period until September 30, 2022, is repayable in quarterly instalments concluding on September 30, 2029 with a variable interest rate. The residual payable at December, 31 2023 is Euro 12,321 thousand. Euro 1,607 of the payable is due beyond 5 years. These covenants concern the consolidated financial statements.

	Covenants	31.12.2023
Net Financial Position / EBITDA	<= 3.0	1.29

- Banco BPM loan: on November 15, 2021, the Parent Company drew down a loan for a first tranche of Euro 500 thousand; on March 10, 2022, the second tranche of Euro 12,000 thousand was disbursed. The total loan amounts to Euro 12,500,000. The loan has a grace period until December 31, 2023 and is repayable in quarterly instalments concluding on December 29, 2028 with interest at a fixed rate. The residual payable at December, 31 2023 is Euro 10,479 thousand. These covenants concern the consolidated financial statements.

	Covenants	31.12.2023
Net Financial Position / Equity	< 1.0	0.40
Net Financial Position / EBITDA	< 3.0	1.34

- BNP Paribas Loan: the loan, drawn down by the US subsidiary Linear Motion LLC on January 22, 2019 for an amount of USD 9,000 thousand, with a grace period until June 22, 2019, is repayable in 24 quarterly instalments maturing on June 22, 2026 with interest based on the Libor at three months plus a spread; the residual payable at December 31, 2023 is USD 5,417 thousand. These covenants concern the consolidated financial statements.

	Covenants	31.12.2023
Net Financial Position / Equity	< 1.0	0.38
Net Financial Position / EBITDA	< 3.0	1.29

- Cassa Depositi e Prestiti Loan: on August 3, 2023, the Parent Company drew down a loan for Euro 25,000 thousand; the loan, with a grace period until July 27, 2024, is repayable in quarterly instalments maturing on July 27, 2030 with a variable interest rate based on the three-month Euribor rate plus a spread. The residual payable at December, 31 2023 is Euro 25,000 thousand. Euro 7,292 thousand of the payable is due beyond 5 years. This loan was hedged against the risk of interest rate fluctuations; the Company secured a maximum interest rate, including spread, of 4.62%. The covenants on the loan and the relative value at December 31, 2023, whose non-compliance with at least one of the above indicators, triggers the acceleration clause, were as follows: These covenants concern the consolidated financial statements.

	Covenants	31.12.2023
Net Financial Position / Equity	< 1.5	0.42
Net Financial Position / EBITDA	< 3.5	1.50

- Intesa San Paolo Loan: on April 30, 2020, the Subsidiary acquired in 2023 Co.Me.Ar. drew down a loan for Euro 1,750 thousand; the loan is repayable in monthly instalments concluding on April 30, 2027, with variable interest on the basis of the one-month Euribor plus a spread. The residual payable at December, 31 2023 is Euro 877 thousand. This loan was hedged against interest rate fluctuation risk. The covenants on the loan and the relative value at December 31, 2023, whose non-compliance triggers the impossibility to distribute profits in the year by the subsidiary, are reported below: These covenants concern the individual Financial Statements of the Subsidiary.

	Covenants	31.12.2023
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Net Financial Position / Equity < 1 1.33

### Note 23 – Financial payables

Financial payables totalled Euro 11,793 thousand at December 31, 2023 and Euro 5,665 thousand at December 31, 2022.

The breakdown of the account is presented below:

<i>In Euro thousands</i>	December 31, 2023	December 31, 2022	Change	Change %
Non-current financial payables	8,325	3,839	4,486	117%
Current financial payables	3,468	1,826	1,642	90%
<b>Total financial payables</b>	<b>11,793</b>	<b>5,665</b>	<b>6,128</b>	<b>108%</b>
<i>Of which arising from Acquisitions</i>	4,244	N/A		

Non-current financial payables totalled Euro 8,325 thousand at December 31, 2023 and Euro 5,665 thousand at December 31, 2022.

The changes in the account were as follows:

<i>In Euro thousands</i>	December 31, 2023	December 31, 2022	Change	Change %
Non-current payables to leasing companies	5,331	3,210	2,121	66%
Payables to other lenders	2,994	629	2,365	376%
<b>Total non-current financial payables</b>	<b>8,325</b>	<b>3,839</b>	<b>4,486</b>	<b>117%</b>
<i>Of which arising from Acquisitions</i>	2,955	N/A		

Current financial payables totalled Euro 3,468 thousand at December 31, 2023 and Euro 1,826 thousand at December 31, 2022.

The changes in the account were as follows:

<i>In Euro thousands</i>	December 31, 2023	December 31, 2022	Change	Change %
Current payables to leasing companies	2,016	1,330	686	52%
Payables to other lenders	772	363	409	113%
Other payables	680	133	547	411%
<b>Total current financial payables</b>	<b>3,468</b>	<b>1,826</b>	<b>1,642</b>	<b>90%</b>
<i>Of which arising from Acquisitions</i>	1,288	N/A		

Payables to leasing companies refer to the recognition of the residual financial payables recorded in accordance with IFRS 16, specifically see *Note 9 - Right-of-use assets*.

### Note 24 – Other liabilities

Other liabilities totalled Euro 23,895 thousand at December 31, 2023 and Euro 12,107 thousand at December 31, 2022.

The changes in the account were as follows:

<i>In Euro thousands</i>	December 31, 2023	December 31, 2022	Change	Change %
Other non-current payables	384	658	(274)	-41.6%
Other current liabilities	23,511	11,449	12,062	105.4%
<b>Total other liabilities</b>	<b>23,895</b>	<b>12,107</b>	<b>11,788</b>	<b>97.4%</b>

*Of which arising from Acquisitions*

2,019

Other non-current liabilities amounted to Euro 384 thousand at December 31, 2023 and Euro 658 thousand at December 31, 2022 and includes the payable to the Ministry of Productive Activities (former Ministry of Industry) and refers entirely to the Parent Company, and in particular the research and development projects related to an electromechanical actuator for the Agusta - Westland helicopter and the VRS A380. It concerns an interest-free loan disbursed in several tranches.

Other liabilities totalled Euro 23,511 thousand at December 31, 2023 and Euro 11,449 thousand at December 31, 2022.

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
Payables to staff	6,024	2,908	3,116	107.2%
Payables to social security institutions	3,165	2,237	928	41.5%
Other payables	11,959	4,038	7,921	196.2%
Payables to other lenders	384	1,016	(632)	-62.2%
Payables for withholding taxes	1,835	827	1,008	121.9%
VAT tax liabilities	65	149	(84)	-56.4%
Other tax payables	79	276	(197)	-71.4%
<b>Total Other current liabilities</b>	<b>23,511</b>	<b>11,449</b>	<b>12,062</b>	<b>105.4%</b>
<i>Of which arising from Acquisitions</i>	<i>2,019</i>			

#### Note 25 – Trade payables

Trade payables amount to Euro 42,838 thousand at December 31, 2023 and to Euro 29,605 thousand at December 31, 2022. The item is recorded net of trade discounts. In addition, the nominal value is adjusted on returns or rebates (billing adjustments) to the extent corresponding to the amount defined with the counterparty.

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
Trade payables	33,239	26,240	6,999	27%
Customer advances	9,599	3,365	6,234	185%
<b>Total trade payables</b>	<b>42,838</b>	<b>29,605</b>	<b>13,233</b>	<b>45%</b>
<i>Of which arising from Acquisitions</i>	<i>6,111</i>	<i>N/A</i>		

#### Note 26 - Current tax liabilities

Trade payables amount to Euro 3,633 thousand at December 31, 2023 and to Euro 967 thousand at December 31, 2022.

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>Change</b>	<b>Change %</b>
Tax payables	1,012	967	45	5%
IRES payable for tax consolidation	2,621	-	2,621	>100%
<b>Total Tax payables</b>	<b>3,633</b>	<b>967</b>	<b>2,666</b>	<b>&gt;100%</b>
<i>Of which arising from Acquisitions</i>	<i>402</i>			

The item at December 31, 2023 consists mainly of:

- IRAP payables of the Parent Company and all Italian subsidiaries for Euro 617;
- IRES payables of the subsidiary ERA S.r.l.;
- Income taxes of UCI of Euro 78 thousand.

The item at December 31, 2022 consists mainly of:

- income taxes of the parent company and the two Italian and German subsidiaries in the amount of Euro 338 thousand, an increase from December 31, 2021 of Euro 271 thousand;
- federal taxes of the U.S. subsidiaries in the amount of Euro 628 thousand, increasing Euro 436 thousand from December 31, 2021.

### Note 27 - Revenues

Revenues amounted to Euro 222,686 thousand in 2023, up Euro 33,451 thousand on 2022 (Euro 189,235 thousand).

The breakdown of the account is presented below:

<i>In Euro thousands</i>	2023	2022	Change	Change %
Aerospace Products	144,124	105,996	38,128	36%
Industrial Products	76,795	81,371	(4,576)	-6%
Other	1,767	1,868	(101)	-5%
<b>Total Revenues</b>	<b>222,686</b>	<b>189,235</b>	<b>33,450</b>	<b>18%</b>
<i>Of which arising from Acquisitions</i>	4,536	N/A		

The following table presents total revenues by region and the movement from the previous year:

<i>In Euro thousands</i>	2023	2022	Change	Change %
Italy	19,584	13,217	6,367	48%
EMEA (excluding Italy)	82,993	86,574	(3,581)	-4%
USA	101,379	79,188	22,191	28%
Other	18,730	10,256	8,474	83%
<b>Total Revenues</b>	<b>222,686</b>	<b>189,235</b>	<b>33,451</b>	<b>18%</b>
<i>Of which arising from Acquisitions</i>	4,536	N/A		

The increase in the Aerospace BU is due to both the entry of new Commercial, Defence and Advanced Air Mobility programmes, and the increase in the production rate for AIRBUS HELICOPTERS H160. The success of the Ema line is related to Umbragroup's new patents on Fault Tolerant linear and Ball Screw Based rotary actuators. Market interest in the Group's products in early 2024 is confirmed by ongoing negotiations for new opportunities.

### Note 28 - Raw Material costs

The cost of raw materials, supplies, consumables and goods amounted to Euro 63,355 thousand in 2023, increasing by a total of Euro 6,119 thousand compared to 2022 (Euro 57,236 thousand).

The changes in the account were as follows:

<i>In Euro thousands</i>	2023	2022	Change	Change %
Purchase of materials	71,459	67,500	3,959	6%
Accessory purchase costs	2,704	2,106	598	28%

Change in inventories	(10,808)	(12,370)	1,562	-13%
<b>Total raw materials costs</b>	<b>63,355</b>	<b>57,236</b>	<b>6,119</b>	<b>11%</b>
<i>Of which arising from Acquisitions</i>	<i>1,231</i>	<i>N/A</i>		

The increase in the item for FY2022 is partly attributable to the change in consolidation scope and partly to the increase in revenues and thus the increased demand for materials in the year.

#### Note 29 – Service costs

Service costs amounted to Euro 45,602 thousand in 2023, and Euro 39,079 thousand in 2022 (+Euro 6,533 thousand).

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Change %</b>
Outsourcing	17,382	12,586	4,796	38%
Maintenance	5,223	4,841	382	8%
Utilities	7,491	10,156	(2,665)	-26%
Transport	745	720	25	3%
Commercial services	936	832	104	13%
Travel & transfer	1,273	825	448	54%
Consultancy	5,496	3,785	1,711	45%
Insurance	1,354	1,251	103	8%
Other services	5,702	4,074	1,628	40%
<b>Total service costs</b>	<b>45,602</b>	<b>39,069</b>	<b>6,533</b>	<b>17%</b>
<i>Of which arising from Acquisitions</i>	<i>297</i>	<i>N/A</i>		

The increase in Service costs in FY2023 is in line with the increase in revenue, while travel expenses rose significantly.

#### Note 30 - Capitalised development costs

Capitalised development costs include only increases in fixed assets for internal work. The item amounted to Euro 171 thousand in 2023, a decrease of Euro 63 thousand compared to 2022.

#### Note 31 – Personnel expenses

Personnel expenses amounted to Euro 83,067 thousand in 2023, and Euro 69,113 thousand in 2022 (+Euro 13,954 thousand).

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Change %</b>
Salaries and wages	58,364	50,642	7,722	15%
Social security charges	12,434	10,380	2,054	20%
Post-employment benefits	2,622	1,896	726	38%
Other personnel expenses	9,647	6,195	3,452	56%
<b>Total personnel expenses</b>	<b>83,067</b>	<b>69,113</b>	<b>13,954</b>	<b>20%</b>
<i>Of which arising from Acquisitions</i>	<i>2,883</i>	<i>N/A</i>		

The increase is mainly due to the parent company's hiring of staff to support the increased sales in the year, and the increase from the national collective bargaining agreement in June 2023. The Parent Company's personnel expense also includes in other personnel expense the production bonus, MBO and LTI, which resulted in higher charges of Euro 3,407 thousand.



### Note 32 - Other income and expenses

Other income and expenses amounted to Euro 2,176 thousand in 2023, and Euro 1,895 thousand in 2022 (increasing Euro 281 thousand).

The changes in the account were as follows:

<i>In Euro thousands</i>	2023	2022	Change	Change %
Other revenues and income	3,745	3,373	372	11%
Other expenses	(1,569)	(1,478)	(91)	6%
<b>Total Other income and expenses</b>	<b>2,176</b>	<b>1,895</b>	<b>281</b>	<b>15%</b>
<i>Of which arising from Acquisitions</i>	<i>(19)</i>	<i>N/A</i>		

The increase in this item is mainly attributable to the increase in other revenues and income, which increased by a total of Euro 372 thousand in FY2023 due to the higher contributions received than in FY2022.

### Note 33 – Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs amounted to Euro 13,416 thousand in 2023, and Euro 13,882 thousand in 2022, a reduction of Euro 466 thousand.

The changes in the account were as follows:

<i>In Euro thousands</i>	2023	2022	Change	Change %
Amortisation	1,167	853	314	37%
Depreciation	9,715	10,229	(514)	-5%
Depreciation Right-of-use	2,125	2,661	(536)	-20%
Doubtful debt provision	409	139	270	194%
<b>Total amortisation, depreciation and write-downs</b>	<b>13,416</b>	<b>13,882</b>	<b>(466)</b>	<b>-3%</b>
<i>Of which arising from Acquisitions</i>	<i>1,736</i>	<i>N/A</i>		

Amortisation and depreciation has been calculated based on the duration of the useful life of the asset and on its use in production.

### Note 34 - Financial income and expenses and Currency gains and losses

Financial income and expenses report a net expense of Euro 3,673 thousand in 2023, increasing on a net expense of Euro 2,037 thousand in 2022. This increase was due to the combined effect of an increase in interest expense of Euro 2,808 thousand, and an increase in financial income from Time Deposits of Euro 771 thousand.

The changes in the account were as follows:

<i>In Euro thousands</i>	2023	2022	Change	Change %
Financial income	887	116	771	665%
Financial expenses	(4,560)	(1,752)	(2,808)	160%
<b>Total financial income and expenses</b>	<b>(3,673)</b>	<b>(1,636)</b>	<b>(2,037)</b>	<b>125%</b>
<i>Of which arising from Acquisitions</i>	<i>379</i>	<i>N/A</i>		

Currency gains and losses report a net loss of Euro 916 thousand in 2023, a decrease of Euro 1,850 thousand on 2022. This decrease is due to the higher currency losses in the present year.

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Change %</b>
Currency gains	799	3,309	(2,510)	-76%
Currency fin. instrument revaluation/write-down	489	(1,269)	1,758	-139%
Currency losses	(2,204)	(1,106)	(1,098)	99%
<b>Total currency gains and losses</b>	<b>(916)</b>	<b>934</b>	<b>(1,850)</b>	<b>-198%</b>
<i>Of which arising from Acquisitions</i>	5	N/A		

### Note 35 - Income taxes

Group income taxes amounted to Euro 4,562 thousand in 2023, an increase of Euro 2,689 thousand on 2022.

The changes in the account were as follows:

<i>In Euro thousands</i>	<b>2023</b>	<b>2022</b>	<b>Change</b>	<b>Change %</b>
IRES for the year	4,728	529	4,199	794%
IRAP for the year	1,186	1,822	(636)	-35%
Income taxes for the year	(158)	205	(363)	-177%
Deferred tax charges	(873)	121	(994)	-821%
Deferred tax income	(181)	(331)	150	-45%
Prior year taxes	(140)	(473)	333	-70%
<b>Total income taxes</b>	<b>4,562</b>	<b>1,873</b>	<b>2,689</b>	<b>144%</b>
<i>Of which arising from Acquisitions</i>	1	N/A		

The item includes income taxes for the year. As for IRES, the tax liability is recognised under Current Income Taxes, net of advance payments made, withholding taxes incurred and, in general, tax credits. The Group joined the tax consolidation promoted by Poliscom S.r.l. as the consolidating company.

### Note 36 - Significant non-recurring, atypical and/or unusual transactions

In the year ended December 31, 2023, there were no non-recurring revenue and expense items, while no atypical and/or unusual transactions were undertaken.

### Note 37 - Remuneration of the Directors, Statutory Auditors and of the Independent Audit Firm

Remuneration accrued for any reason and in any form to Group Directors totalled Euro 934 thousand.

The remuneration accrued by the Board of Statutory Auditors of the Parent Company and of the Italian Group companies in 2023 amounted to Euro 57 thousand.

The remuneration of the independent audit firm accrued for the year 2023 amounted to Euro 67 thousand.

### Note 38 - Subsequent events

On January 30, 2024, the Board of Directors of the Parent Company approved the new rolling 2024-2028 Business Plan as an update of the previous plan approved by the Board of Directors on January 30, 2023.

The strategic and value creation pillars were confirmed with a view to consolidating the processes introduced last year.

*Note 39 - Related party transactions*

The parent company undertook the following related party transactions:

- EDIL UMBRA S.r.l.

These transactions are of a commercial nature and concern the management of the former production site of UMBRAGROUP at Via Piave, Foligno. These transactions are part of ordinary operations and are regulated at market conditions, i.e. the conditions that would be applied between two independent parties, and are undertaken in the interests of the company.

The commercial transactions are summarised below (in Euro):

Company	Trade Receivables	Trade Payables	Sales	Components and treatments purchased	Other
Edil Umbra S.r.l.	-	14	-	-	48

*Note 40 - Information pursuant to Article 1, paragraph 125 of Law No. 124 of August 4, 2017*

With reference to the fulfilment of the transparency and publication of public disbursements requirements, governed by Article 1, paragraphs 125-129 of Law No. 124/2017, as also most recently amended by Law No. 160/2023, it should be noted that the Group Companies, have benefited during the year from the State aid/*de minimis* aid contained in the "National Register of State Aid" referred to in Article 52 of Law No. 234 of December 24, 2012.

For such aid, as also provided for in Article 1, paragraph 125-*quinquies*, Law No. 124/2017, registration in the system indicated, with consequent publication in the transparency section provided therein, carried out by the entities that grant or manage such aid pursuant to the relevant framework, replaces the publication obligations on the entities referred to in paragraphs 125 and 125-*bis*.

*Note 41 - Management of financial and operational risks*

Reference should be made to that outlined in the "Principal risks and uncertainties" section of the Directors' Report.

*Conclusions*

These consolidated financial statements, consisting of the balance sheet, the income statement, the cash flow statement and the Explanatory Notes, present a true and fair view of the equity and financial position and results for the year. They correspond with the parent company accounting records and the information transmitted by the companies included in the consolidation.

Chairperson of the Board of Directors

Reno Ortolani  
May 28, 2024