Bolagsverket
2023 -12- 20

20231220000114

# ÅRSREDOVISNING FÖR SUND BIRSTA AB

## FÖRVALTNINGSBERÄTTELSE

Styrelsen och verkställande direktören för Sund Birsta AB får härmed avge årsredovisning för verksamheten under räkenskapsåret 2022-07-01--2023-06-30. Bolaget är ett helägt dotterbolag till Industrielle Beteiligung S.A, med säte i Luxemburg. Koncernmoderbolaget är Danieli & C. S.p.A beläget i Buttrio (UD), Italien.

### Verksamheten

Verksamheten består huvudsakligen av utveckling, konstruktion samt försäljning av maskiner och anläggningar för stålindustrin. Nästan all omsättning avser exportförsäljning. Bolaget har sitt säte i Sundsvall, Västernorrlands län.

### Verksamhet inom forskning och utveckling

Sund Birsta AB bedriver för närvarande att antal utvecklingsprojekt varav en del är inom nya teknologiska områden. Företaget utvecklar till exempel en ny linje av 19 mm stålbandshuvuden (XS3) och en sax för att dela kontinuerligt valsade valstrådsprodukter. Under 2022/2023 har flera nya produkter såsom applikationer för märkning av robotetiketter, elektriska bindningsmaskiner och elektriska separerings- och stångräkningsmaskiner även marknadsförts. De totala utvecklingskostnaderna utgjorde 3,0% (5,1%) av nettoomsättningen för 2022/23.

### Flerårsjämförelse

| Räkenskapsår | 2022/23 | 2021/22 | 2020/21 | 2019/20 | 2018/19 |
|---|---|---|---|---|---|
| Nettoomsättning, tkr | 488.204 | 406.005 | 456.877 | 422.008 | 409.146 |
| Resultat efter finansiella poster, tkr | 101.386 | 60.255 | 62.927 | 51.055 | 52.702 |
| Balansomslutning, tkr | 488.033 | 490.021 | 487.116 | 457.389 | 417.148 |
| Nettomarginal, % | 20,7 | 14,8 | 13,8 | 12,1 | 12,9 |
| Soliditet, % | 78,8 | 76,7 | 73,2 | 72,5 | 75,1 |
| Årets kassaflöde, tkr | - 38.413 | - 19.029 | 5.271 | 29.926 | 43.920 |
| Antal anställda, st | 87 | 81 | 74 | 74 | 77 |

### Förväntad framtida utveckling

Sund Birsta AB redovisar för räkenskapsåret 2022/2023 en ökad omsättning med en fortsatt god lönsamhet. För företagskoncernen Sund Birsta, inklusive dotterbolag, har årets verksamhetsresultat till och med överträffat rekordåret 2021/2022 vilket får anses anmärkningsvärt med tanke på de utmaningar som funnits såsom kraftiga kostnadsökningar, leveransproblematik och krig i Europa med dess negativa konsekvenser.

Med utgångspunkt i en stor orderstock samt fortsatt god efterfrågan är vår förväntan att 2023/2024 blir ännu ett lönsamt år. Företagets goda marknadsposition samt teknologiska ledarskap är betydelsefulla faktorer för att Sund Birsta AB skall kunna vidmakthålla sin ställning som den ledande leverantören inom sin nisch även de närmaste åren framöver.

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## Förändring utav eget kapital. tkr

| | Aktie-kapital | Reserv-fond | Fritt eget kapital | Totalt |
|---|---|---|---|---|
| Belopp vid årets ingång | 10.000 | 2.000 | 363.494 | 375.494 |
| Utdelning | | | - 80.000 | - 80.000 |
| Årets resultat | | | 89.182 | 89.182 |
| **BELOPP VID ÅRETS UTGÅNG** | **10.000** | **2.000** | **372.676** | **384.676** |

## Vinstdisposition

Till årsstämmans förfogande står följande vinstmedel:

| | |
|---|---|
| Balanserade vinstmedel, kr | 283.493.972 |
| Årets vinst, kr | 89.181.990 |
| **Summa** | **372.675.962** |

Styrelsen och VD föreslår att vinstmedlen disponeras på följande sätt:

| | |
|---|---|
| till aktieägaren utdelas 600,00 per aktie, totalt, kr | 60.000.000 |
| i ny räkning överförs, kr | 312.675.962 |
| **Summa** | **372.675.962** |

## Styrelsens yttrande över den föreslagna utdelningen

Den föreslagna utdelningen till aktieägarna reducerar bolagets soliditet till 75 procent. Soliditeten är mot bakgrund av att bolagets verksamhet fortsatt bedrivs med lönsamhet betryggande. Likviditeten i bolaget bedöms kunna upprätthållas på en likaledes betryggande nivå.

Styrelsens uppfattning är att den föreslagna utdelningen ej hindrar bolaget, från att fullgöra sina förpliktelser på kort och lång sikt, ej heller att fullgöra erforderliga investeringar. Den föreslagna utdelningen kan därmed försvaras med hänsyn till vad som anförs i ABL 17 kap 3 § 2-3 st (försiktighetsregeln).

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# RESULTATRÄKNING
**(Belopp i tkr)**

| | Not | 2022-07-01<br>2023-06-30 | 2021-07-01<br>2022-06-30 |
|---|---|---|---|
| *Rörelsens intäkter* | | | |
| Nettoomsättning | 3 | 488.204 | 406.005 |
| Förändring av pågående arbete för annans räkning | | - 22.943 | 34.347 |
| Övriga rörelseintäkter | | 221 | 530 |
| **Summa rörelsens intäkter** | | **465.482** | **440.882** |
| | | | |
| *Rörelsens kostnader* | | | |
| Varor och förnödenheter | | - 229.872 | - 222.659 |
| Övriga externa kostnader | 4 | - 93.484 | - 82.673 |
| Personalkostnader | 5 | - 85.846 | - 78.852 |
| Avskrivningar av materiella anläggningstillgångar | 9 | - 1.003 | - 1.381 |
| **Summa rörelsens kostnader** | | **- 410.205** | **- 385.565** |
| | | | |
| **Rörelseresultat** | 2 | **55.277** | **55.317** |
| | | | |
| *Resultat från finansiella investeringar* | 6 | | |
| Utdelning från dotterbolag | | 42.418 | 5.005 |
| Ränteintäkter | | 3.712 | - |
| Räntekostnader | | - 21 | - 67 |
| | | | |
| **Resultat efter finansiella poster** | | **101.386** | **60.255** |
| | | | |
| Bokslutsdispositioner | 7 | 20 | 37.640 |
| Skatt på årets resultat | 8 | - 12.224 | - 17.609 |
| | | | |
| **ÅRETS RESULTAT** | | **89.182** | **80.286** |

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# BALANSRÄKNING
**(Belopp i tkr)**

| TILLGÅNGAR | Not | 2023-06-30 | 2022-06-30 |
|---|---|---|---|
| **Anläggningstillgångar** | | | |
| *Materiella anläggningstillgångar* | | | |
| Inventarier | 9 | 2.179 | 2.823 |
| *Summa materiella anläggningstillgångar* | | **2.179** | **2.823** |
| *Finansiella anläggningstillgångar* | | | |
| Aktier i koncernföretag | 11 | 5.305 | 5.305 |
| Övriga finansiella anläggningstillgångar | | 4.903 | 4.903 |
| *Summa finansiella anläggningstillgångar* | | **10.208** | **10.208** |
| **Omsättningstillgångar** | | | |
| *Varulager m m* | | | |
| Färdiga varor | | 103.967 | 103.206 |
| Pågående arbete för annans räkning, netto | 12 | 19.892 | 37.940 |
| *Summa varulager m m* | | **123.859** | **141.146** |
| *Kortfristiga fordringar* | | | |
| Kundfordringar | | 52.897 | 39.158 |
| Fordringar hos koncernföretag | 13 | 226.643 | 246.211 |
| Övriga fordringar | | 6.120 | 10.943 |
| Skattefordringar | | - | 559 |
| Förutbetalda kostnader och upplupna intäkter | 14 | 17.608 | 6.035 |
| *Summa kortfristiga fordringar* | | **303.268** | **302.906** |
| **Kassa och bank** | | **48.519** | **32.938** |
| SUMMA TILLGÅNGAR | | 488.033 | 490.021 |

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# BALANSRÄKNING
**(Belopp i tkr)**

| EGET KAPITAL OCH SKULDER | Not | 2023-06-30 | 2022-06-30 |
|---|---|---|---|
| **Eget kapital** | | | |
| *Bundet eget kapital* | | | |
| Aktiekapital (100.000 aktier med kvotvärde 100 kr) | | 10.000 | 10.000 |
| Reservfond | | 2.000 | 2.000 |
| *Summa bundet eget kapital* | | **12.000** | **12.000** |
| *Fritt eget kapital* | | | |
| Balanserad vinst | | 283.494 | 283.208 |
| Årets resultat | | 89.182 | 80.286 |
| *Summa fritt eget kapital* | | **372.676** | **363.494** |
| **Summa eget kapital** | | **384.676** | **375.494** |
| **Obeskattade reserver** | 7 | **200** | **220** |
| **Skulder** | | | |
| *Avsättningar* | | | |
| Avsatt till pensioner | | 4.903 | 4.903 |
| Övriga avsättningar | 15 | 400 | 500 |
| *Summa avsättningar* | | **5.303** | **5.403** |
| *Kortfristiga skulder* | | | |
| Förskott från kunder | | 2.898 | 4.666 |
| Leverantörsskulder | | 29.339 | 47.774 |
| Skulder till koncernföretag | 13 | 1.416 | 4.594 |
| Upplupna kostnader och förutbetalda intäkter | 16 | 52.796 | 50.221 |
| Skatteskulder | | 601 | - |
| Övriga skulder | | 10.804 | 1.649 |
| *Summa kortfristiga skulder* | | **97.854** | **108.904** |
| SUMMA EGET KAPITAL OCH SKULDER | | **488.033** | **490.021** |

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# KASSAFLÖDESANALYS
**(Belopp i tkr)**

| | Not | 2022-07-01 2023-06-30 | 2021-07-01 2022-06-30 |
|---|---|---|---|
| **DEN LÖPANDE VERKSAMHETEN** | | | |
| Resultat efter finansiella poster | | 101.386 | 60.255 |
| Avskrivningar | 9 | 1.003 | 1.381 |
| Justering för poster som inte ingår i kassaflödet, m.m | | - 100 | 96 |
| Betald skatt | | - 11.064 | - 18.086 |
| **Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital** | | **91.225** | **43.646** |
| *Kassaflöde från förändringar av rörelsekapital* | | | |
| Ökning (-)/minskning (+) av varulager och pågående arbete | | 17.287 | - 63.995 |
| Ökning (-)/minskning (+) av kortfristiga fordringar | | - 54.915 | 43.300 |
| Ökning (+)/minskning (-) av kortfristiga skulder | | - 11.651 | - 8.338 |
| **Kassaflöde från den löpande verksamheten** | | **41.946** | **14.613** |
| **INVESTERINGSVERKSAMHETEN** | | | |
| Förvärv av materiella anläggningstillgångar | 9 | - 359 | - 2.142 |
| **Kassaflöde från investeringsverksamheten** | | **- 359** | **- 2.142** |
| **FINANSIERINGSVERKSAMHETEN** | | | |
| Utbetald utdelning | | - 80.000 | - 31.500 |
| **Kassaflöde från finansieringsverksamheten** | | **- 80.000** | **- 31.500** |
| **ÅRETS KASSAFLÖDE** | | **- 38.413** | **- 19.029** |
| **Likvida medel (inkl. koncernkonton) vid räkenskapsårets ingång** | | 218.165 | 237.194 |
| **LIKVIDA MEDEL (inkl. koncernkonton) VID RÄKENSKAPSÅRETS UTGÅNG** | | 179.752 | 218.165 |

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## BOKSLUTSKOMMENTARER

### Redovisningsprinciper

Företagets redovisningsvaluta är: Svenska kronor (SEK). Företaget tillämpar BNFAR 2012:1 Årsredovisning (K3).

*Intäktsredovisning*

Kontrakterade pågående arbeten resultatavräknas vid leverans från bolagets sida. Bedömning sker av eventuella återstående kostnader inklusive garantikostnader, varefter motsvarande belopp reserveras som upplupna kostnader vid tidpunkten för resultatavräkning. Större och mer omfattande fastpris-projekt avräknas i takt med att de färdigställs förutsatt att de uppnått en viss färdigställandegrad och deras vinstmarginal kan beräknas med tillfredsställande säkerhet.

*Utvecklingskostnader*

Kostnader för forskning och utveckling belastar rörelseresultatet löpande.

*Materiella anläggningstillgångar*

Materiella anläggningstillgångar, bestående företrädelsevis av fordon, datorutrustning respektive kontorsinventarier, redovisas till anskaffningsvärde med avdrag för ackumulerade avskrivningar.

*Avskrivningar enligt plan*

Avskrivningar enligt plan är baserade på tillgångars anskaffningsvärden och beräknade nyttjandeperiod. Nyttjandeperioden bedöms för inventarier vara mellan 5-7 år. Skattemässiga avskrivningar beräknas i enlighet med de lagar och regler som gäller. Skattemässiga avskrivningar utöver avskrivningar enligt plan betraktas som överavskrivningar vilka utgör en obeskattad reserv.

*Varulager och pågående arbeten*

Varulagret har värderats till det lägsta av anskaffningsvärdet enligt först-in, först-ut principen och verkligt värde. Pågående arbeten har värderats till nedlagda kostnader jämte skälig andel av indirekta kostnader. Vid värdering av pågående arbeten nedskrivs förlustorder omedelbart med total befarad förlust utan hänsyn till orderns upparbetningsgrad.

*Fordringar*

Fordringar har upptagits till det belopp varmed de beräknas inflyta. Avsättning för förväntade förlustrisker avseende utestående fordringar har skett efter individuell prövning.

*Fordringar och skulder i utländsk valuta*

Fordringar och skulder i utländsk valuta har värderats till balansdagens kurs och orealiserade kursvinster och kursförluster ingår i resultatet. När terminssäkring genomförts används istället terminskursen. Skillnaden mellan terminskursen och dagskursen vid kontraktets ingående periodiseras över terminskontraktets löptid. Förskott från kunder upptas till de kurser som rådde när respektive förskott erhölls, eftersom återbetalningsskyldighet inte förutses inträffa.

*Kassaflödesanalys*

Kassaflödesanalysen upprättas enligt s k indirekt metod. Det redovisade kassaflödet omfattar endast transaktioner som medför in- och utbetalningar.

*Leasingavtal*

Samtliga leasingavtal, oavsett om de är finansiella eller operationella, redovisas som vanlig operationell leasing, d v s leasingavgifter kostnadsförs löpande

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*Pensioner*

Alla pensionsutfästelser har övertagits av försäkringsbolag.

*Skatter*

Skattelagstiftningen i Sverige medger avsättning till särskilda reserver och fonder. Härigenom kan företagen inom vissa gränser disponera och kvarhålla redovisade vinster i rörelsen utan att de omedelbart beskattas. De obeskattade reserverna blir föremål för beskattning först då de upplöses. För den händelse att verksamheten skulle gå med förlust kan dock de obeskattade reserverna tas i anspråk för att täcka förlusten utan att någon beskattning blir aktuell.

*Fordringar, skulder och avsättningar*

Om inget annat anges ovan värderas kortfristiga fordringar till det lägsta av dess anskaffningsvärde och det belopp varmed de beräknas bli reglerade. Långfristiga fordringar och långfristiga skulder värderas efter det första värderingstillfället till upplupet anskaffningsvärde. Övriga skulder och avsättningar värderas till de belopp varmed de beräknas bli reglerade. Övriga tillgångar redovisas till anskaffningsvärde om inget annat anges ovan.

*Händelser efter balansdagens slut*

Vi har beaktat hur effekterna av covid-19 utbrottet påverkar bolagets framtida utveckling och risker som kan påverka den finansiella rapporteringen framåt. Vi bedömer i dagsläget att denna pandemi självklart påverkar bolaget negativt men på ett relativt sett begränsat sätt.

*Nyckeltalsdefinitioner*

**Soliditet**: Eget kapital och obeskattade reserver (med avdrag för uppskjuten skatt) i förhållande till balansomslutningen.
**Nettomarginal**: Resultat efter finansiella poster i förhållande till nettoomsättning.

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## NOTER – SAMTLIGA BELOPP I TKR, OM EJ ANNAT ANGES

| Not. 1 Ställda säkerheter | 2023-06-30 | 2022-06-30 |
|---|---|---|
| För skuld till kreditinstitut | 52.000 | 52.000 |

### Not 2. Inköp och försäljning mellan koncernföretag

Av årets totala inköp och försäljning mätt i kronor avser 5 (5) procent av inköpen och 22 (23) procent av försäljningen andra företag inom hela den företagsgrupp som bolaget tillhör.

### Not 3. Nettoomsättning i % per geografisk marknad

| | 2022/23 | 2021/22 | 2020/21 |
|---|---|---|---|
| EU | 58% | 50% | 21% |
| Nordamerika | 18% | 8% | 18% |
| Asien | 19% | 17% | 34% |
| Övriga marknadsområden | 5% | 25% | 27% |
| **Summa** | **100%** | **100%** | **100%** |

### Not 4. Övriga externa kostnader

Till Deloitte AB har ersättning bokförts om 215 (225), varav 215 (225) avser ersättningar avseende revisionsuppdrag varmed avses granskning av årsredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning, övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

### Not 5. Personal

| MEDELANTALET ANSTÄLLDA | 2022/23 Antal Anställda | 2022/23 Varav Kvinnor | 2021/22 Antal Anställda | 2021/22 Varav Kvinnor |
|---|---|---|---|---|
| TOTALT | 87 | 11 | 81 | 9 |

| LÖNER OCH ANDRA ERSÄTTNINGAR | 2022/2023 Styrelse och VD | 2022/23 Övriga anställda | 2021/22 Styrelse och VD | 2021/22 Övriga anställda |
|---|---|---|---|---|
| TOTALT | 1.936 | 53.832 | 1.810 | 48.399 |

| LÖNER OCH ANDRA ERSÄTTNINGAR | 2022/23 Löner och andra ersättningar | 2022/23 Sociala kostnader | 2022/23 Varav pensions-kostnader | 2021/22 Löner och andra ersättningar | 2021/22 Sociala kostnader | 2021/22 Varav pensions-kostnader |
|---|---|---|---|---|---|---|
| TOTALT | 55.768 | 26.680 | 7.411 | 50.209 | 25.691 | 8.039 |

Av bolagets pensionskostnader 491 (573) VD. VD's anställningsavtal gäller med en ömsesidig uppsägningstid om 6 månader.

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| Styrelseledamöter och ledande befattningshavare | 2023-06-30<br>Antal | 2023-06-30<br>Varav män i % | 2022-06-30<br>Antal | 2022-06-30<br>Varav män i % |
|---|---|---|---|---|
| Styrelseledamöter | 5 | 100% | 5 | 100% |
| VD och andra ledande befattningshavare | 8 | 100% | 8 | 100% |

## Not 6. Resultat från finansiella investeringar

Erhållen utdelning om totalt 42.418 (5.005) avser Sund Birsta Inc. 11.255 (5.005) samt från Sund Birsta (Beijing) Metallurgical Equipment Co., Ltd 31.163 (0). Av ränteintäkterna 3.712 (0) härrör sig 2.703 (0) till ersättning från koncernföretag Av räntekostnaderna 21 (67) härrör sig 0 (0) till ersättning till koncernföretag.

## Not 7. Bokslutsdispositioner och obeskattade reserver

| | 2022/23 | 2021/22 |
|---|---|---|
| **Bokslutsdispositioner** | | |
| Förändring periodiseringsfond | - | 37.700 |
| Skillnad mellan bokförd avskrivning och avskrivning enligt plan | 20 | 60 |
| **Summa** | **20** | **37.640** |
| **Obeskattade reserver** | | |
| Ackumulerade överavskrivningar | 200 | 220 |
| **Summa** | **200** | **220** |

## Not 8. Avstämning årets skattekostnad

| | 2022/23 | 2021/22 |
|---|---|---|
| Redovisat resultat före skatt | 101.406 | 97.895 |
| Skatt beräknad med skattesats 20,6% | - 20.890 | - 20.166 |
| Skatteeffekt av ej avdragsgilla kostnader | - 74 | - 61 |
| Skatteeffekt av ej skattepliktiga intäkter | 8.740 | 1.031 |
| Skatteeffekt av ej bokförda kostnader | - | 2.060 |
| Skatteeffekt av schablonintäkt periodiseringsfond | - | - 39 |
| Skatteeffekt av upplösning periodiseringsfond | - | - 466 |
| Skatteeffekt av skattereduktion avseende inventarieinköp | - | 32 |
| **Årets redovisade skattekostnad** | **- 12.224** | **- 17.609** |

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**Ej redovisad uppskjuten skatt**

Ej redovisad uppskjuten skatt, dvs skillnaden mellan å ena sidan den inkomstskatt som faktiskt har redovisats i årets och tidigare års resultaträkningar (kostnadsförd skatt) och å andra sidan den inkomstskatt som bolaget slutligen kommer att belastas med i anledning av räkenskapsårets och tidigare räkenskapsårs verksamhet (full skatt), uppgår till följande belopp:

| | 2022/23 | 2021/22 |
|---|---|---|
| **Uppskjutna skatteskulder** | | |
| Avseende obeskattade reserver | 41 | 45 |

## Not 9. Materiella anläggningstillgångar

| Inventarier | 2022/23 | 2021/22 |
|---|---|---|
| Ingående anskaffningsvärden | 9.372 | 12.128 |
| Inköp | 359 | 2.142 |
| Försäljningar/utrangeringar | - | - 4.898 |
| **Utgående ackumulerade anskaffningsvärden** | **9.731** | **9.372** |
| Ingående avskrivningar | - 6.549 | - 10.066 |
| Årets avskrivningar | - 1.003 | - 1.381 |
| Försäljningar/utrangeringar | - | 4.898 |
| **Utgående ackumulerade avskrivningar** | **- 7.552** | **- 6.549** |
| **UTGÅENDE PLANENLIGT RESTVÄRDE** | **2.179** | **2.823** |

## Not. 10 Leasingavtal - leasetagare

Kostnadsförda leasingavgifter avseende operationella leasingavtal samt lokalhyror under periodens uppgår 6.223 (3.975). Framtida minimileaseavgifter avseende ej uppsägningsbara operationella leasingavtal inklusive lokalhyror uppgår till:

| | |
|---|---|
| Att betala inom 1 år | 6.237 (4.725) |
| Att betala inom 1-5 år | 5.302 (5.716) |
| Att betala senare än 5 år | - |

Företaget har ingått operationella leasingavtal avseende kontorsutrustning samt lokalhyror.

## Not 11. Aktier i koncernföretag

| | Org. nr | Säte | Eget kapital | Antal - andelar | Kapital Andel (Rösträtts Andel) % | Bokfört värde |
|---|---|---|---|---|---|---|
| Direkt ägda: | | | | | | |
| Sund Strap AB | 556231-7791 | Sundsvall | 116 | 500 | 100(100) | 50 |
| Sund Birsta (Beijing) Metallurgical Equipment Co.,Ltd | - | Beijing, Kina | 77.581 | 100 | 100(100) | 5.175 |
| Sund Birsta Inc. | - | Jacksonville, USA | 108.185 | 100 | 100(100) | 80 |
| **Summa** | | | **185.882** | | | **5.305** |

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I koncernen ingår förutom Sund Birsta AB det helägda och vilande dotterbolaget Sund Strap AB samt de helägda bolagen Sund Birsta (Beijing) Metallurgical Equipment Co.,Ltd och Sund Birsta Inc. Sund Strap AB:s balansräkning innehåller endast en fordran på moderbolaget om 116 kkr. Detta belopp motsvarar även det egna kapitalet i dotterbolaget. Sund Birsta AB upprättar ej koncernredovisning, i enlighet med årsredovisningslagen, 7 kap 2 §. Koncernredovisning upprättas av Danieli & C. S.p.A beläget i Buttrio (UD), Italien.

**Not 12. Pågående arbete för annans räkning**

| | 2023-06-30 | 2022-06-30 |
|---|---|---|
| Nedlagda kostnader | 52.456 | 75.399 |
| Fakturerade delbelopp | - 32.564 | - 37.459 |
| **Summa** | **19.892** | **37.940** |

**Not 13. *Fordringar/skulder hos koncernföretag***

| | 2023-06-30 | 2022-06-30 |
|---|---|---|
| Koncernkonton | 131.233 | 185.227 |
| Övriga fordringar och skulder | 93.994 | 56.390 |
| **Summa** | **225.227** | **241.617** |

**Not 14. Förutbetalda kostnader och upplupna intäkter**

| | 2023-06-30 | 2022-06-30 |
|---|---|---|
| Återstående fakturering för resultatavräknade projekt | 14.584 | 3.467 |
| Övriga förutbetalda kostnader och upplupna intäkter | 3.024 | 2.568 |
| **Summa** | **17.608** | **6.035** |

**Not 15. Övriga avsättningar**

| **Garantiåtaganden** | **2022/23** | **2021/22** |
|---|---|---|
| Ingående balans vid räkenskapsårets början | 500 | 404 |
| Tillkommande avsättningar | 713 | 1.143 |
| Belopp som tagits i anspråk | - 813 | - 1.047 |
| Återföring av outnyttjade belopp | - | - |
| **Utgående balans vid räkenskapsårets slut** | **400** | **500** |

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## Not 16. Upplupna kostnader och förutbetalda intäkter

| | 2023-06-30 | 2022-06-30 |
|---|---|---|
| Tillkommande kostnader i resultatavräknade projekt | 14.610 | 13.656 |
| Upplupna löner inklusive semesterlöneskuld | 15.485 | 14.923 |
| Upplupna försäljningsprovisioner | 8.104 | 8.444 |
| Övriga upplupna kostnader och förutbetalda intäkter | 14.597 | 13.198 |
| **Summa** | **52.796** | **50.221** |

## Not 17. Förslag till disposition av företagets vinst

Styrelsen och VD föreslår att vinstmedlen disponeras på följande sätt:

| | |
|---|---|
| till aktieägaren utdelas 600,00 per aktie, totalt, kr | 60.000.000 |
| i ny räkning överförs, kr | 312.675.962 |
| **Summa** | **372.675.962** |

Sundsvall, 2023-11-07.

Rolando Paolone
Styrelseordförande

Fabian Öhlund
Verkställande direktör

Fabrizio Mulinaris

Arne Olsson

Niclas Nyberg
Arbetstagarrepresentant

Vår revisionsberättelse har avgivits den 15 november 2023.
Deloitte AB

Anders Rinzén
Auktoriserad revisor

Undertecknad styrelseledamot i Sund Birsta AB intygar att resultaträkningen och balansräkningen i årsredovisningen har fastställts på årsstämman den 11 december 2023. Årsstämman beslutade att godkänna styrelsen förslag till hur vinsten skall disponeras.
Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.
Sundsvall 2023-12-18

Fabian Öhlund

20231220000127

Deloitte.

# REVISIONSBERÄTTELSE

**Till bolagsstämman i SUND BIRSTA AB**
**organisationsnummer 556219-4679**

## Rapport om årsredovisningen

### *Uttalanden*

Vi har utfört en revision av årsredovisningen för SUND BIRSTA AB för räkenskapsåret 2022-07-01 - 2023-06-30.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden *rättvisande bild av SUND BIRSTA ABs finansiella ställning per den* 30 juni 2023 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

### *Grund för uttalanden*

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till SUND BIRSTA AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

### *Styrelsens och verkställande direktörens ansvar*

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

### *Revisorns ansvar*

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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# Rapport om andra krav enligt lagar och andra författningar

## *Uttalanden*

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för SUND BIRSTA AB för räkenskapsåret 2022-07-01 - 2023-06-30 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

## *Grund för uttalanden*

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till SUND BIRSTA AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

## *Styrelsens och verkställande direktörens ansvar*

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt. Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

## *Revisorns ansvar*

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att *med en rimlig grad av säkerhet kunna bedöma om någon* styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- *på något annat sätt handlat i strid med aktiebolagslagen*, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

*Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för* att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat styrelsens motiverade yttrande samt ett urval av underlagen för detta för att kunna bedöma om förslaget är förenligt med aktiebolagslagen.

Umeå den 15/11 2023

Deloitte AB

Anders Rinzén
Auktoriserad revisor

20231220000129

Bolagsverket
2023 -12- 20

# DANIELI & C. OFFICINE MECCANICHE S.p.A.

Annual report for the period July 01, 2022 to June 30, 2023

Denna kopias överenstämmelse med originalet intygas härmed.
Sundsvall 2023-12-19

Anders Helkgren, 060/130405

**Annual report for the period July 01, 2022 to June 30, 2023**

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## Boards and officers

Boards and officers as at September 26, 2023 were as follows:

| | | |
|---|---|---|
| **Board of Directors (*)** | Gianpietro Benedetti (1) (3) (7) | Chair |
| | Camilla Benedetti (2) (7) | Deputy Chair |
| | Alessandro Brussi (2) (3) (7) | Deputy Chair |
| | Giacomo Mareschi Danieli (2) (3) (7) | Chief Executive Officer |
| | Rolando Paolone (2) (3) (7) | Chief Executive Officer |
| | Carla de Colle (5) (7) | Director |
| | Antonello Mordeglia (5) (7) | Director |
| | Cecilia Metra (4) (7) | Director |
| | Giulio Gallazzi (4) (7) | Director |
| **Board of Statutory Auditors** | Davide Barbieri | Chair |
| | Gaetano Terrin | Standing Auditor |
| | Vincenza Bellettini | Standing Auditor |
| | Alessandro Ardiani | Alternate Auditor |
| | Alessandro Gambi | Alternate Auditor |
| | Emanuela Rollino | Alternate Auditor |
| **Common representative of the savings shareholders** | Edgardo Fattor | |
| **Independent Auditors** | Deloitte & Touche S.p.A. (6) | |

(1) All powers of the Board of Directors except those that by law cannot be delegated, granted by Board of Directors' resolution of October 28, 2021
(2) Powers granted by Board of Directors' resolution of October 28, 2021
(3) Member of the Executive Committee
(4) Independent directors in accordance with Article 148, Paragraph 3 of Italian Legislative Decree 58/1998 (Consolidated Law on Finance).
(5) Director not vested with operating powers
(6) Appointed by the annual Shareholders' Meeting on October 26, 2018
(7) Appointed by the annual Shareholders' Meeting on October 28, 2021

(*) Chiara Mio resigned as director on April 30, 2023

## Mission statement

The Danieli group produces high-quality special steel and builds and installs machines and plants worldwide for the ferrous and non-ferrous metals industry and the production of energy using innovative technological solutions with low environmental impact. The company's reliability and competitiveness are based on research, know-how, and experience. In fact, Danieli not only supplies high-tech plants but also conceptually innovative, efficient ones with zero emissions, performing highly complex, specialised services of undisputed quality. Research, investment in advanced technologies, and the development of new types of sustainable plants is therefore considered a basic prerequisite for maintaining and strengthening the Group's leadership position in the global market.

## Strategic approach

Danieli started operations in 1914 when Timo and Mario Danieli founded Acciaierie Angelini, one of the first production units to use electric arc melting furnaces.
From the outset, Danieli began to develop and produce equipment for the iron and steel industry, such as forges and auxiliary plant for rolling mills, which later gave rise to the motto "We know the Art of Steel".
Continuous efforts to produce innovative, environmentally sustainable plants and an unwavering commitment to quality and on-time delivery have driven the Danieli Group to expand its operations offering an ever more complete range of equipment with multiple production facilities throughout the world, in order to efficiently integrate itself into the international market, effectively applying the concept "We don't shop around for Noble Components" and striving for customer satisfaction as its main objective.

Danieli's mottoes are:

- *"Innovaction to be a step ahead in CapEx and OpEx"*, which aims to enhance the new organisational model adopted by the Group by encouraging multicultural, intellectual growth and developing solutions for the decarbonisation of production, in order to meet current market needs more effectively.

- *"Danieli, the innovative and reliable partner in the steel industry to be front runners".* The Danieli Group will continue to consolidate and expand its activities to assure better competitiveness in terms of innovation, technology, quality, costs, productivity and customer service.
  Danieli is not just known for its plant engineering capabilities, but also for its manufacturing skills: in Europe, with high-value, high-tech products, and in Asia with the design and production of consolidated, proven products with European quality levels.

- "*Absolute Steel Quality*", which summarises the constant commitment of the subsidiary Acciaierie Bertoli Safau S.p.A. to produce steel with a level of finish and customer service always in line with the most demanding expectations and for the most innovative and rigorous industrial applications. Acciaierie Bertoli Safau S.p.A. is internationally recognised as one of the most modern steelworks in the world for the technical properties and quality of its plants that guarantee not only certified products but also maximum production efficiency with extremely low emissions to guarantee full protection of the ecosystem in which it operates.

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## > Mission

Danieli is a *full cycle provider* from raw materials to finished products in the metals industry.

---

We are *multicultural sparkling team* with deep knowledge of our business.

---

Our professional life is dedicated to understanding and satisfying the customer's needs through our *experience*, *continuous team-up* and *flexibility*.

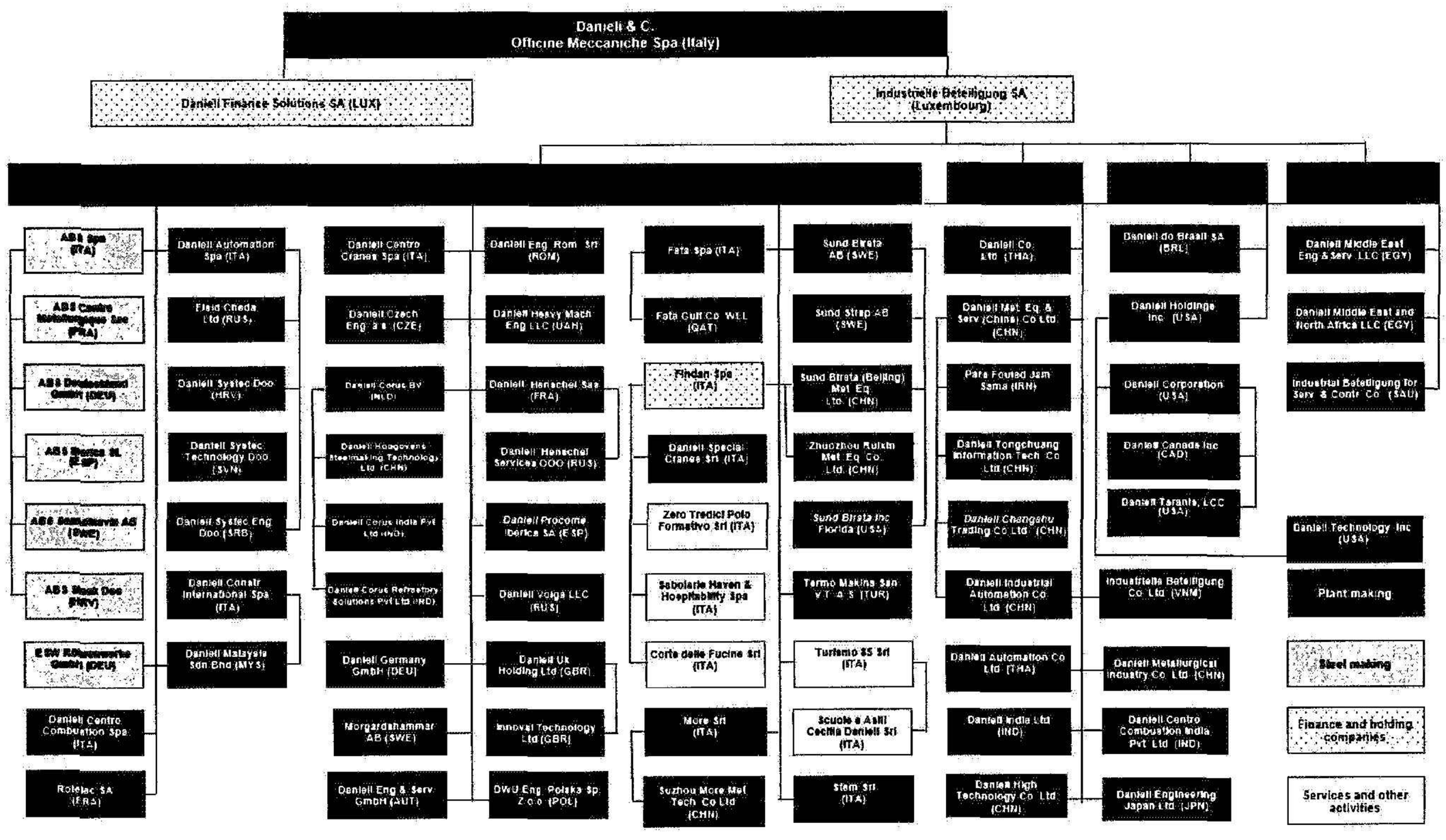
---

We turn *ideas into end-to-end solutions* of technological excellence to create added value for our customers and stakeholders.

---

We empower people, our main asset, with *courage* and *creativity*.

## Danieli Group structure
(*)




(*) the diagram includes only line-by-line consolidated companies as at June 30, 2023

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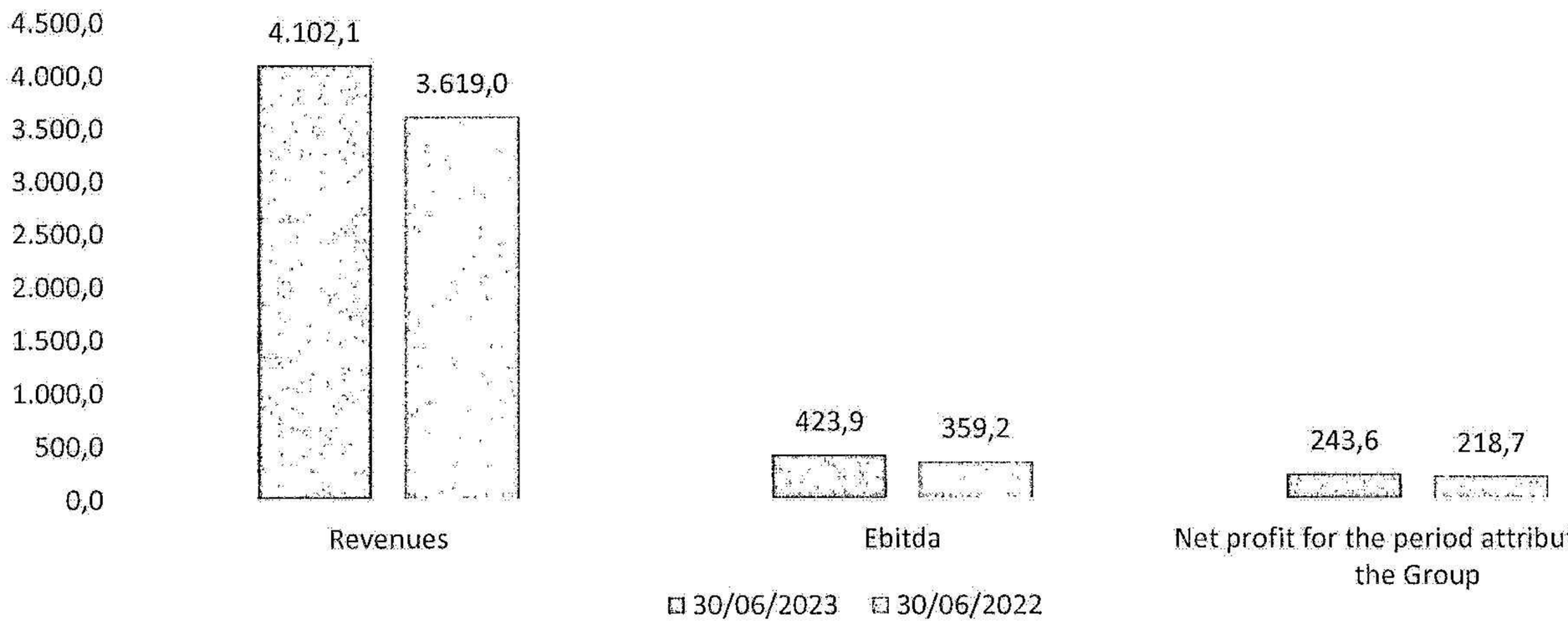
## Financial highlights of the Danieli Group

| (in millions of euro) | 30/06/2023 | 30/06/2022 | Change |
|---|---|---|---|
| Operating revenues | 4,102.1 | 3,619.0 | 13% |
| Gross Operating Margin (EBITDA) (*) | 423.9 | 359.2 | 18% |
| Operating result | 265.1 | 209.6 | 26% |
| Net income from continuing operations | 241.3 | 227.6 | 6% |
| Net profit for the year attributable to the Group | 243.6 | 218.7 | 11% |

| | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Net Invested Capital (**) | 910.1 | 1,119.2 |
| Investments in tangible and intangible fixed assets | 159.7 | 114.0 |
| Total shareholders' equity (**) | 2,407.7 | 2,244.5 |
| Positive net financial position | 1,602.8 | 1,206.6 |
| Ebitda/Revenues | 10,3% | 9,9% |
| Net profit for the period/revenues | 5,9% | 6,0% |
| Number of employees at year-end | 9,732 | 9,095 |
| Group order book | 6,215 | 5,052 |
| (of which Steel Making) | 369 | 430 |

(*) The Gross Operating Margin (EBITDA) represents the operating profit as in the consolidated income statement, before depreciation, amortisation and write-downs of fixed asset and net write-downs of receivables.
(**) The items at June 30, 2022 have been restated as a result of the restatement described in Note 5) Deferred tax assets and liabilities and in Note 13) Shareholders' equity, to the consolidated financial statements. The restatement exclusively involved the item "Deferred tax assets" with offsetting item in "Other reserves and earnings carried forward".



**Key share data**

| (in millions of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| No. of shares making up the share capital | 81,304,566 | 81,304,566 |
| of which: | | |
| ordinary shares | 40,879,533 | 40,879,533 |
| savings shares n.c. | 40,425,033 | 40,425,033 |
| Average no. of ordinary shares outstanding | 37,546,341 | 37,623,930 |
| Average no. of savings shares outstanding | 36,471,170 | 36,471,170 |
| Basic profit per share (in euro): | | |
| ordinary shares | 3.2815 | 2.9416 |
| savings shares n.c. | 3.3022 | 2.9623 |
| Net assets per share (euro) | 32.5289 | 30.0019 |
| Price at end of period - ordinary share (euro) | 21.9500 | 19.5000 |
| Price at end of period - savings share (euro) | 16.8200 | 13.4200 |
| Maximum telematic price of ordinary shares for the period (euro) | 25.9500 | 29.7500 |
| Maximum telematic price of savings shares for the period (euro) | 19.2600 | 19.0000 |
| Minimum telematic price of ordinary shares for the period (euro) | 15.9400 | 17.5400 |
| Minimum telematic price of savings shares for the period (euro) | 11.1600 | 12.2400 |

| | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Stock market capitalisation of ordinary shares (thousands of euro) | 897,306 | 797,151 |
| Stock market capitalisation of savings shares (thousands of euro) | 679,949 | 542,504 |
| **Total** | **1,577,255** | **1,339,655** |

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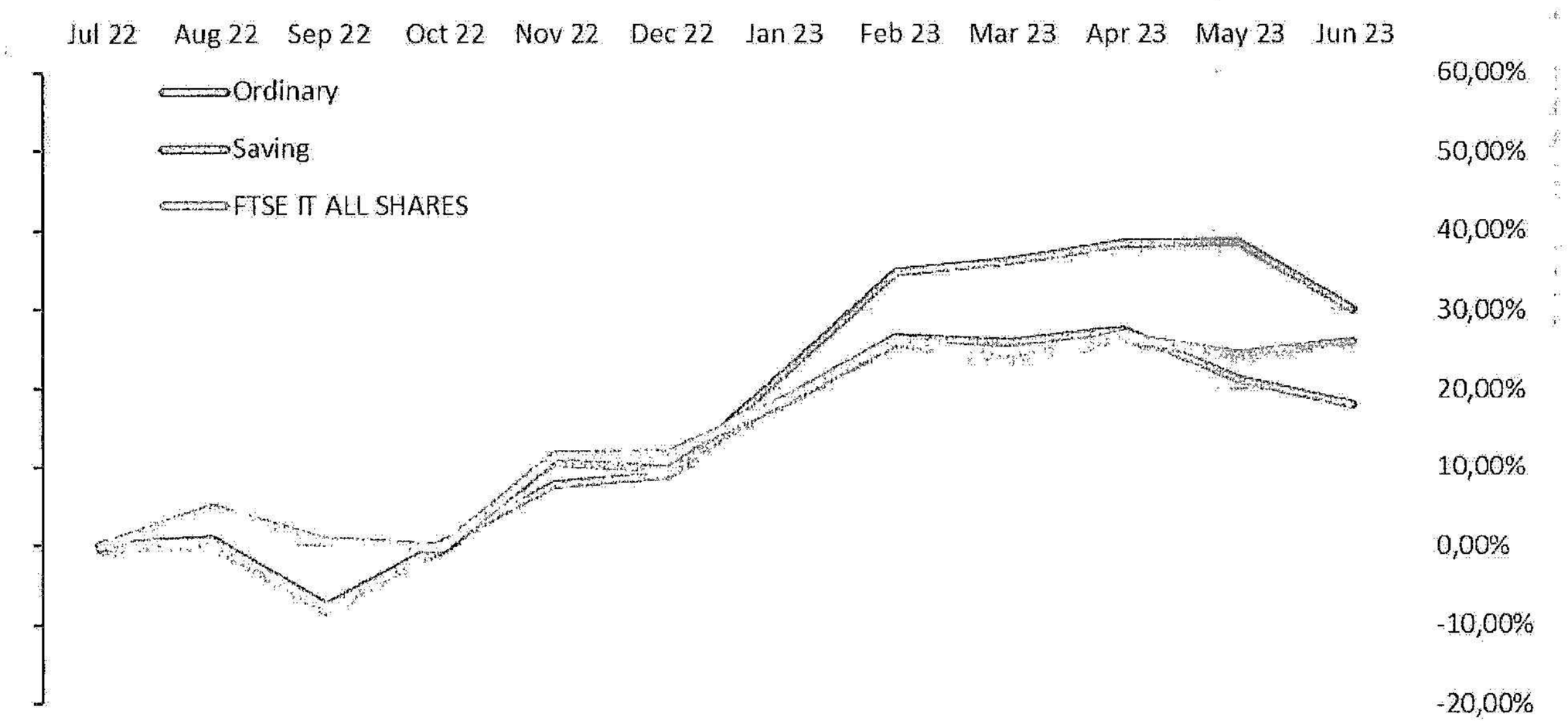
Danieli ordinary shares and savings shares v. FTSE IT All-Shares for the period from July 2022 to June 2023




| The Group's Personnel | 30/06/2023 | | 30/06/2022 | |
|---|---|---|---|---|
| | Plant making | Steel making | Plant making | Steel making |
| in Danieli & C. Officine Meccaniche S.p.A. | 2,358 | | 2,297 | |
| in Italian subsidiaries | 924 | 1,334 | 853 | 1,291 |
| in foreign subsidiaries | 4,909 | 207 | 4,452 | 202 |
| **Total** | **8,191** | **1,541** | **7,602** | **1,493** |
| **Group Total** | **9,732** | | **9,095** | |

The latest economic estimates of the International Monetary Fund (IMF) show an overall growth forecast for 2023 at around 3.0%, positive but down compared to 2022, which was 3.5%, a value driven by the general increase in costs and the decreased availability of energy resources caused by the Russian/Ukrainian conflict and consequent cooling off of trade in the international geopolitical system.
The growth forecasts for 2024 are projected to remain stable at 3.0%, where growth will however develop in two different blocks: the advanced economies, stable at 1.4%-1.5%, and the emerging economies, rising to 3.9%-4.0%, as internal consumption starts back up with green development plans to decarbonise the main industrial activities. The world economy should still show a positive trend for 2023, with the USA at 1.8% and the EU at 0.9%, while emerging markets will increase by 4.0%, with China growing to 5.2%. The European markets have largely overcome the difficulties due to the energy crisis triggered by the conflict between Russia and Ukraine, even recovering from the slowdown linked to slowed production in the Chinese supply chain blocked by COVID-19 lockdowns. In 2023, the average growth rate forecast for advanced economies will, however, be slowed down by the gradual rise in interest rates instituted by the main central banks to counter high inflation in the EU and the United States due to sharp hikes in energy bills and the related increase in industrial costs in the euro zone and to the lack of balance between supply and demand in the USA. Growth will be more limited in the emerging markets, driven by the implementation of economic plans scheduled to make the activities of the industrial fabric more sustainable and improve wealthcare services for the community. For the second half of 2023 and throughout 2024, growth periods are still forecast but with increasing difficulties unless government policies are actually implemented for a green transition of industry and transportation by reducing the use of fossil fuels and promoting efficient recycling practices for natural resources.
In the EU, the growth forecasts for 2023/2024 remain stable, though a positive boost is expected from the use of the Next Generation EU funds received by the National Recovery and Resilience Plans (NRRPs) of each state, while the USA is pushing for a green turning point with the Inflation Reduction Act (IRA) government programme by supporting businesses that innovate and invest in sustainability and renewable energies.
The EU, the USA and China are fine-tuning their economic programmes even more to achieve, by 2050, the sustainable development goals indicated by the UN Global Compact and promoted at the recent COP27 climate conference.
The transition towards a decarbonised economy will require the development of many multilateral actions with strong investment plans incentivised by the governments of the world's main economies and financed by the main supranational financial organisations.

**The steel market**

Worldwide steel production reached nearly 900 million tonnes in the first half of 2023 (as indicated by the World Steel Association), down by 2.5% compared to the same period of 2022, which reached approximately a total of 1,900 million tonnes in the 12 months of the calendar year.
Forecasts for the entire 2023 calendar year project an overall decrease of 3-4%, where only India and the Middle East show growth in production while the rest of the Asian countries will show decreases along with advanced and emerging countries at around 5%.
The plant utilisation average coefficient compared to the maximum theoretical level remained stable between 80-85% with the closure in China of the most polluting plants and the launch in India of plants with more modern and sustainable technologies.
The steel market will still be supported in the second half of 2023 with profitable prices, though possible distortions or slowdowns are forecast especially in Europe due to the effects of the energy crisis triggered by the Russian/Ukrainian conflict, which should decrease in 2024 thanks to alternative gas supplies being implemented by the USA and North Africa and with a reduction in the costs of production factors thanks to the corrective and offsetting interventions put in place by European market authorities.
China maintained its leading role in the steel industry in the first half of 2023, covering around 55% of world production in the period and the country began its transition from primary metallurgy (starting from iron ore) to secondary metallurgy (recycling metal scrap) while progressively increasing electric arc furnace (EAF) steel production and thus reducing direct $CO_2$ (Scope 1) emissions. The new target confirmed at the COP27 in Sharm El Sheikh of zero emissions by 2050 will lead in the coming years to a significant change in the technologies used to produce liquid steel with huge investments expected to reduce the environmental impact of production.
Even in Europe, greenhouse gas (GHG) emissions have become strategic for steel producers, especially in terms of investments, sustainable production and costs for offsetting, which will benefit more and more the electric

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furnace producers with the least impact in terms of emissions compared to traditional production using a blast furnace.
All steel producers are increasingly committed to operating their plants in a sustainable manner in order to entirely decarbonise production within the next 20-30 years:

- by limiting GHG emissions and making production towards the community and the environment socially sustainable;
- by reducing energy consumption per tonne with increasingly more flexible, efficient and highly verticalised plants
- by using "*continuous production*" solutions that minimise the use of coal in the production process by replacing it with gas and/or hydrogen.

Product quality with a high-quality finish together with an accurate customer service still remain the most important factors to obtain more remunerative prices from the market and greater continuity in the deliveries to serve *customers who tend to reduce minimum stock volumes of warehouses and require more and more "on time"* deliveries of customised and high-quality products.

**The market for steel making plants**

The maintenance of a constantly high steel consumption in the world and the strategic interest in keeping quality steel production independent and increasing its production with renewed development prospects in many geographical areas, maintain our customers' keen interest in investing in new plants, in addition to technologically upgrading and developing those already existing to increase flexibility and quality while increasing the use of renewable energy and lowering $CO_2$ emissions by decarbonising production with a sustainable use of available resources.
In particular, demand is maintaining appreciable growth in the USA and EU countries for new generation, low-emission, integrated plants and production with high quality and finishes used in mechanical engineering, car making and infrastructure, whereas in the BRIC and North African countries large-scale plants are required with technologies that make it possible to use local available resources with a decarbonisation of production with higher operating efficiency in support of construction and civil works.
The production of low $CO_2$ green steel is more and more central to all investments in the sector, which will require ample availability of electricity from renewable sources while replacing coal first with gas and then hydrogen at competitive economic conditions to allow for a significant reduction in emissions in the production process of liquid steel.
Primary steel production makes up around 7-8% of global $CO_2$ production from fossil fuels (the steel sector is second only to energy generation), and its decarbonisation in line with the COP27 agreements requires a gradual transformation with an initial improvement in the efficiency of blast furnaces before gradually decommissioning and replacing them with new direct reduced iron (DRI) technologies, first with natural gas and then hydrogen, in order to achieve the NET ZERO EMISSION TARGET.
The anti-dumping policies previously activated by major steel producing countries and the planned customs barriers (CBAM) being activated to discourage the use of steel produced with high $CO_2$ emissions have stimulated demand for new plants, which will lead to many investments in innovative plants already during 2023 and in the following years, also supported by government support promoted across the board by the main States to limit the rise in the average global temperature.
The goal to limit average global temperature growth to no higher than 1.5°C will therefore lead to heavy investments in the steel sector to use new innovative plants that significantly limit the use of coal in the production process.
Danieli has developed and holds a leading expert position related to these new technological solutions to lower emissions and is committed to achieving the sustainable development goals (SDGs) promoted by the UN Global Compact. We achieved certification for our environmental strategies from the Science-Based Targets initiative (SBTi), with validation of our targets in the RACE TO ZERO, and from the Carbon Disclosure Project (CDP), achieving Leadership A- in Climate Action and Supply Chain Engagement in 2023 thanks to our widespread commitment to developing and proposing innovative and environmentally friendly solutions for our customers.
In order to remain competitive in this market, Danieli invested heavily in innovative technologies that enable green steel production, reaffirming first and foremost the centrality of the customer:

- improving the productivity of the plants and with it the added value per capita;
- reducing GHG emissions per tonne produced by applying innovative low environmental impact technological solutions and consolidated testimonials;

- making the principles of the 4.0 revolution operational in the steel industry by developing the DIGIMET project to ensure total control of production variables at all stages from liquid steel to the final, finished and packaged product and;
- speeding up and streamlining production processes with reduced times and costs and optimising production efficiency with integration of several thermomechanical processing phases with endless solutions for both long and flat products.

The research and technological development carried out by Danieli over the last ten years have led to an expansion in the range of products offered within the Metal sector (steel, aluminium and other metals), reducing significantly the cost required for the initial investment per individual project (CapEx) and even optimising operational expenditure (OpEx), by integrating multiple stages of processing in the production process itself, widening the target audience of potential investors in the sector thanks to increased economic feasibility of investments, both in countries with mature economies and in those still at the development phase.
Maintenance by the Group of a significant order book that now includes many innovative plants for green steel production confirms the propensity of our customers to invest in new plants, thanks to the competitiveness and technological solutions proposed by Danieli currently qualified and well-referenced across the entire metal making industry in order to reach the NET ZERO targets to safeguard the planet.

**Danieli Group operations**

The Danieli Group designs, builds and sells plants for the iron and steel industry, offering a complete range of machines from primary process management to the manufacture of finished goods (essentially from ore to finished product). It also produces and sells special steels for the long products market through its subsidiaries Acciaierie Bertoli Safau S.p.A. and ABS Sisak d.o.o that use secondary metallurgy (electric arc furnaces) for the production of liquid steel.

- ***Construction and sale of plants for the steel industry***

Eight design centres:

| | |
|---|---|
| Danieli Corus BV | The Netherlands |
| DWU Engineering Polska Z.o.o. | Poland |
| Innoval Technology Ltd. | United Kingdom |
| Danieli Engineering Rom S.r.l. | Romania |
| Danieli Procome Iberica SA | Spain |
| Danieli Heavy Machinery Engineering LLC | Ukraine |
| Danieli Engineering Japan Ltd. | Japan |
| Industrielle Beteiligung Co. Ltd. | Vietnam |

Eighteen production units and design centres:

| | |
|---|---|
| Danieli & C. S.p.A. | Italy |
| Fata S.p.A. | Italy |
| Danieli Automation S.p.A. | Italy |
| Danieli Centro Combustion S.p.A. | Italy |
| More S.p.A. | Italy |
| Danieli Engineering & Services GmbH | Austria |
| Rotelec SA | France |
| Danieli Germany GmbH | Germany |
| Danieli Taranis inc | USA |
| Danieli UK Holding Ltd. | UK |
| Danieli Czech Engineering AS | Czech Republic |
| Danieli Volga LLC | Russia |

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| | | |
|---|---|---|
| Morgardshammar AB | | Sweden |
| Sund Birsta AB | | Sweden, People's Republic of China |
| Termo Makina San VT AS | | Turkey |
| Danieli India Ltd. | | India |
| Danieli Met. Equipment & Service (China) Co. Ltd. | | People's Rep. of China |
| Danieli Co. Ltd. | | Thailand |

*The product lines are as follows*:

| | | |
|---|---|---|
| Danieli Plant Engineering | Turnkey plants and systems engineering | Italy |
| Danieli Automation | Process control systems | Italy, USA |
| DanGreen | Hybrid technology solutions for Green Steel production | Italy, Netherlands |
| Danieli Centro Metallics | Mineral treatment and direct reduction plants | Italy |
| Danieli Corus IJmuiden | Integrated steel mills | The Netherlands |
| Danieli Centro Recycling | Scrap shredder plants | Italy, UK, France, Germany, USA |
| Danieli Centro Met | Electric steelworks and continuous casting of long products | Italy, Austria |
| Danieli Davy Distington | Continuous casting for thins and conventional slabs | UK, Italy |
| Danieli Wean United | Rolling mills for flat products and strip processing lines | Italy, USA, Germany, |
| Danieli Kohler | Air blades for hot galvanisation plants | USA, Italy |
| Danieli Fata Hunter | Casting, rolling and painting plants for aluminium strip | UK, USA, Germany, Italy |
| Danieli Fata EPC | Turnkey building plants | Italy, USA, India, People's Republic of China UAE |
| Danieli Fröhling | Special plants for strip rolling and finishing | Germany |
| Danieli Morgårdshammar | Rolling mills for long products | Italy, Sweden |
| Danieli Centro Tube | Plants for seamless tubes | Italy |
| Danieli Centro Maskin | Conditioning, drawing and finishing plants | Italy, Sweden |
| Danieli Rotelec | Electromagnetic agitators and induction reheating systems | France, Italy |
| Danieli Breda | Extrusion and forging plants | Italy |
| Danieli Centro Combustion | Reheating systems | Italy |
| Danieli Olivotto Ferrè | Heat treatment furnaces | Italy |
| Danieli Hydraulics | Industrial hydraulic and lubrication equipment | Italy, Thailand |
| Danieli Centro Cranes | Bridge crane for heavy duty | Italy |
| Danieli Environment | Ecological and recovery systems | Italy |
| Danieli Construction | Construction of turnkey plants, assembly, systems engineering | Italy, Thailand |
| Danieli Service | Customer support service and original spare parts | Italy, Austria, People's Rep. of China, India, Russia, USA, Brazil, Thailand |
| Danieli Telerobot Italy | Advance robotics | Italy |

- ***Production and sale of special steel***

These operations are carried out by the subsidiaries Acciaierie Bertoli Safau S.p.A. and ABS Sisak d.o.o., which are in a position of leadership in Europe in the special structural steels sector, with production to order of high quality products for the most demanding applications in the form of ingots up to 160 tonnes, blooms, billets, forged and rolled products with a high level of verticalisation, with diameters from 15 to 800 mm, in addition to the high-quality products of the new wire rod mill and special steels successfully commissioned in record time during the previous year, as well as special steel spheres for crushing minerals and aggregates (the only global producer that manages the quality of the finished product in both the melting and milling phases).
The structural steels family includes high carbon steels, case-hardened, hardened and tempered, and surface hardened steels verticalised into many types of product, which have applications in all engineering components. Their field of use is very extensive: motor vehicles and engines in general, tractors and earthmoving machines, machine tools, the railway industry and the energy and petrochemical industries.

## DANIELI GROUP STRUCTURE

### Danieli & C. Officine Meccaniche S.p.A. (hereinafter also referred to as the "Company" or "Parent company")

The value of production developed during the financial year by the Parent Company amounted to 1,187.3 million euro (872.6 million euro in 2021/2022) with EBITDA of 58.8 million euro (11.5 million euro in 2021/2022) which grew considerably both in absolute terms and even more so in percentage terms.
The value of production for the period includes 31.9 million euro (in 2021-22, it was 18.0 million euro) for the progress of works launched during the year vis-a-vis Acciaierie Bertoli Safau S.p.A. (hereinafter also ABS) for a new bar finishing plant, several cranes and a scrap shear. These systems are part of a wider plan of investments initiated during the year which calls for total CapEx of around 700 million euro, financed by the European Investment Bank (EIB) and Cassa Depositi e Prestiti (CdP), including the provision by the Parent Company to the subsidiary of a new green-field DIGIMELTER and the replacement of the current electric furnaces (with two new innovative digital furnaces) and their casting machines to increase the production volumes of the ABS Group up to around 2 million tonnes, destined for the Italian and European markets, while shrinking the company's carbon footprint thanks to the new technologies implemented.
In this financial year, the Company still achieved a significant turnover volume, with a positive operating margin in relation to the orders developed, albeit negatively impacted by the increase in transport costs and some delays in launching innovative projects. The Parent Company also increased the provisions made to the contingency reserve for the risks of recoverability on problematic contracts with Russian customers (including some subject to EU sanctions), in this regard maintaining a prudent approach in view of the complexity of the current geopolitical situation.
In the period ended June 30, 2023 the Company also agreed with the Ezz Group, a long-standing and important Egyptian customer, to write off several financial receivables, recognised in previous financial years for around 28.4 million euro and which had already been subject to discounting so that their net value stood at 17.4 million euro as at June 30, 2022, at the same time defining the terms of payment on other receivables as part of a payment schedule agreed against the ongoing restructuring project of the Ezz Group and heavy investments planned for new plants, with reference to which negotiations are under way with the counterparty.
Research and development activities continued with the use of important corporate resources, above all to expand and complete the range of products offered, developing high-tech solutions and environmental management and energy recovery systems to be used mainly in cutting-edge facilities.
The Company continued with its investment plan during the financial year to improve the productivity and efficiency of the Buttrio plants by replacing various operating equipment with next-generation modern work centres.
Financial management for the period still shows a positive result, with an improvement in the Company's net financial position, thanks to the effective ordinary management of the cash flow related to job orders in progress, without significant penalties in the financial year, albeit considering the additional charges for discounting financial receivables for which a deferred collection is expected beyond 12 months and the effects of the waiver of the aforesaid receivable from the Ezz Group.
The accounting alignment of cash and the management of items expressed in foreign currencies (essentially US dollars) generated an overall positive exchange rate effect during the year despite a depreciation in the dollar, which as at June 30, 2023 exchanged at 1.0866 against 1.0387 as at June 30, 2022, for the most part isolated by exchange rate hedging implemented in the period.

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Order acquisition for the year is in line with the budget and already assures good production planning for next year, with operating income expected to further improve also for the 2023/2024 financial year.

The Parent Company Danieli & C. Officine Meccaniche S.p.A. directly owns the following companies:

- INDUSTRIELLE BETEILIGUNG SA, the holding company for the Group's manufacturing firms;
- DANIELI FINANCE SOLUTIONS SA, which invests important liquidity available to the Group in the international financial markets.

Below is a description of the operations and results of the main companies of the Group around the world and of the Italian-based steel making and plant making businesses. Results are based on the companies' own financial statements, suitably reclassified and adjusted to bring them into line with the international accounting standards followed by the Group.

**Steel making**

**ABS Group**

The ABS Group is formed of six companies operating in the steel sector:
- Acciaierie Bertoli Safau (ABS) S.p.A.
- ABS Centre Métallurgique (ACM) SAS
- ABS Deutschland GmbH
- ABS Sisak d.o.o.
- ABS ESW Röhrenwerke GmbH (no longer in operation)
- Rott – Ferr Srl (new acquisition)

**ABS Group companies in Italy**

**Acciaierie Bertoli Safau (ABS) S.p.A.**

ABS ended the 2022-23 financial year with production value of 1,477.9 million euro (1,642.6 million euro in 2021-22), operating income of 106 million euro, and net profit of 101.7 million euro.
The financial year in question began under the strong pressure of the increase in energy raw materials, which had the dual effect of keeping the prices of commodities high and of creating uncertainties around the resilience of the European economic system, with prospects of entering into a long phase of recession. In this difficult environment, nearly all production chains reacted by attempting to limit purchases to lower the risk of a situation with material in stock at excessively high prices.
In the first half of 2023, energy prices returned to values closer to those experienced by Europe in recent years (with effects also mitigated by the contribution of tax credits on energy bills guaranteed by the Italian government beginning late 2022) and thanks to real demand that remained stable. This made it possible to overcome this moment and grow the order book in the third quarter of the financial year, growth that then slowed slightly with the arrival of summer.
The rise in interest rates and the recovery of inflation in Europe, alongside the distortions in international trade in relation to the Russian/Ukrainian conflict, run the risk of making the balance between steel supply and demand in Europe even more fragile. The growing competition in the global steel industry pays more and more attention to the extent of the safeguarding and protective measures necessary for the sustainability of the European steel sector.
To address continuous fluctuations in demand, ABS reconfirmed its focus on customer satisfaction, by developing high-quality solutions, combining the technology of its plants with in-depth know-how of steel production and transformation processes.
Together with product development, customer service also became a priority area of development for ABS; the personalised alignment between demand and internal supply times guarantees the certainty of the material and minimised inventories, with a positive impact on the fixed costs of managing the material.

During the financial year, the ABS Service Centre in Brandico (BS) was opened for the retail sale of steel intended to meet the needs of small and medium-sized companies.
In the 2022-23 financial year, the main investments by ABS were attributable to:
- creation of the new coil-to-bar peeling line for Qualisteel, which represents a new opportunity for verticalisation of the Luna line bars and meeting the needs of a new market
- installation of the first tranche of the photovoltaic plant, for around 5.5 MW, part of the total 16 MW to be developed on roofs and covered areas identified within the perimeter of the Cargnacco site (Udine);
- purchase and preparation of land to the south of the Cargnacco site as an extension intended for circular economy development activities
- completion of the new Mercurio production line, the new plant for producing grinding spheres, the first finished product of the range offered by ABS;
- new distribution transformer in 220kV power substation to manage the risk of business continuity;
- replacement of the Mafat lathe on the Marte line conditioning area with a higher performing model without residual risks;
- creation of the new storage warehouse for refractory materials to reduce transport from/to the Pavia di Udine warehouse;
- revamping of the Crefin 4 forging furnace for higher energy efficiency and lower methane consumption.

ABS firmly believes that a company can only truly be defined as sustainable when it is able to guarantee its operations over the long term and, to date, this condition cannot be met without considering the ecosystem in which it operates or without integrating ESG (environmental, social and governance) issues into its core business strategy.
Therefore, as part of its investment plan, ABS created a strategic plan called Vision Digital Green, to be rolled out over a time frame of five years and worth around 700 million euro. Through a structured list of projects, its goal is to guarantee the economic, environmental and social sustainability of the Company on a long-term basis. Specifically, the investments are intended to increase production and market shares in order to achieve the objective of over 2 Mton/year of shipments and the installation of next-generation technologies to improve efficiency and gradually shrink the carbon footprint of the organisation.
The plan calls for investments made on the basis of business development actions built around strategic pillars which intercept the main emerging trends on the market:
- resilient supply chain
- decarbonisation and circular economy
- streamlined and more efficient production
- innovative, expanded and specialised offer
- focus on human capital

The aforesaid context includes:
- the acquisition of a company based in Friuli, finalised in July 2023, operating in scrap collection (Rott – Ferr Srl), with the incorporation of this process into ABS and expanding the value chain upstream and, alongside the development of the area to the south of the Cargnacco site, its circularity;
- the installation of photovoltaic panels for the production of renewable energy, as described previously;
- the renewal and improved efficiency of the combustion systems of the heating and heat treatment furnaces, projects which led to the reduction of methane consumption by around 3.3 $MSm^3$ in FY2022-23, which corresponds to a 5% reduction in the plant's methane consumption;
- the implementation of new internal rail connections that, downstream of a process also shared with the FVG Region, COSEF and RFI, will lead to an absolute prevalence (>70%) of rail transport over road, with doubtless benefits in terms of reduced Scope 3 GHG emissions.

**ABS Group companies in Europe**

**ABS Centre Métallurgique (ACM) SAS (France)**

ABS Centre Metallurgique (ACM) is celebrating eleven years of operation.
Located in Metz, France, the heart of European steel, for the Danieli Group it is a centre of excellence for research and study of the product and processes for steel production, covering the entire operating chain, from processing in the steelworks to the finished product developed according to specific requirements. The main objective of the research developed this year was to find technological solutions aimed at lightening the parts produced by customers while also guaranteeing high mechanical performance, all thanks to the development of new innovative

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steel ranges and with the specific aim of lowering the product's $CO_2$ emissions and improving the behaviour of steel in contact with hydrogen.
As regards the process, consistent with the motto "Do the job right the first time", specific efforts were taken to develop new digital support for the European ENGINE project to understand the flow of liquid metal in the tundish and during melting.
In addition to conducting research, ACM confirms and expands its accreditation according to the international standard ISO 17025 (General requirements for the competence of testing and calibration laboratories).
The activity conducted by the company makes it possible to obtain a tax credit from the French authorities for research and development in each year of operation.

**ABS Deutschland GmbH (Germany) – ABS Scandinavia AB (Sweden) – ABS Iberica SL (Spain)**

The three companies operate in their respective national markets for the development of commercial activities and sales of special steels. During the 2022-23 financial year, they consolidated their presence in their countries, increasingly developing an on-demand service with local warehouses managed by customers that allow shorter delivery times and greater flexibility in supply, with a better service for the customer.

**ABS Sisak d.o.o. (Croatia)**

In the financial year ended as at June 30, 2023 ABS Sisak d.o.o. (ABS Sisak) directed its production mainly to power the Quality Wire Rod Mill of ABS SpA at the Group's Italian plant. ABS Sisak products have been continuously improved on the basis of the needs and requirements of the Quality Wire Rod Mill, while at the same time the share of product for the external market has gradually increased.
In terms of production volume, the company did not meet the target planned in 2022-23 due to the continuation of works to install the new Digital Melter and the forced shutdowns due to a breakdown of the main electrical transformer. Furthermore, the production process was organised into 15 weekly shifts, instead of the planned 20.
For the above reasons, ABS Sisak only sold 179 thousand tonnes of steel in 2022-23, 6.6 % less than the previous year, and revenues were around 6% lower. As a result of the increased operating efficacy, ABS Sisak did, however, achieve a positive gross operating margin for the first time since the acquisition of the Sisak site in 2012. Compared to the previous year, the operating result improved by 1.6 million euro. However, the net result for the financial year ended as at June 30, 2023 still showed a loss for 3.5 million euro.
Significant investments were carried out by ABS Sisak during the year with a view to improving production efficiency, in particular, the next-generation digital melter, the installation of a new higher capacity vat, the upgrading of the Q-One to increase productivity, a new distribution system for ferroalloys and improvements to the continuous casting machine with an increase in daily castings nearly up to the maximum capacity of over 20 castings per day. In addition, by optimising the melting process on the new furnace, the total melting/casting (tap-to-tap) time was reduced from 100 to 80 minutes, including shutdowns, and this trend stabilised.
Since the rest of the system still has bottlenecks in respect of the possibilities of the new furnace, the new investment plan was defined to achieve maximum capacity of the system as a whole.
Therefore, further significant investments were necessary to improve productivity and thus the results of ABS Sisak in the short and medium/long term.
In the 2022-23 financial year, ABS Sisak launched the sustainable development project as the practical implementation of its commitment to sustainable business operations, similar to how it has been applied at ABS Italy and the DANIELI Group.
The project involves creating a team to introduce the development of sustainability at ABS Sisak in collaboration with colleagues from ABS Italy, training and structural organisational changes in terms of creating and structuring the department for sustainable development.
The implementation of the activities called for by the sustainability development project into ABS SISAK processes will continue intensively throughout the 2023-24 financial year.

**ABS ESW Röhrenwerke (Germany)**

In late 2019, the shareholders' meeting of the German subsidiary resolved to discontinue production. Though this did not lead to the formal liquidation of the company, the decision to abandon the business of special tubes involved the gradual and structured discontinuation of the company's operation and the sale of the main company assets. As a result of this situation, since then, the assets and liabilities have been measured in the financial statement of

ESW Röhrenwerke GmbH at the expected market value from the perspective of liquidation and this has led in recent years to write-downs against the original book values.
On June 14, 2022, on the basis of a purchase and sale agreement concluded with a local company, the portion to the north of the company site was sold without the need to carry out additional write-downs. The condition precedent to which the contract was subject occurred in May 2023 when the related sale price was also collected. As regards the southern area of the site, however, environmental decontamination is continuing in accordance with the agreements with local authorities.
Net profit for 2022-23 amounted to 2.3 million euro and was mainly generated by the capital gains generated by the sale of the northern land minus the environmental costs incurred and allocated to the complete restoration of the area.

**Plant making**

**Group companies – Italy**

**Danieli Automation S.p.A.**

In the 2022-23 financial year, the company made revenues of 218.7 million euro (in 2021-22 revenues were 151.1 million euro) and a profit of 7.7 million euro (8.9 million euro as at June 30, 2022).
The financial year ended as at June 30, 2023 was characterised by the ongoing strong demand on the international steel market that began in 2021, which supported customer investments mainly in the USA and in Europe.
The USA, Europe and the Far East were the main markets for the 2022-23 financial year, with low volumes in China and promising signs of growth in India.
The global semiconductor crisis, which affected all main suppliers of electronic components for automation systems in recent years, is now returning to normal (with more availability and more reliable delivery times) but continues to impact operations, with higher costs and longer delivery times with effects only partially mitigated by using stock in inventory.
The growing trend to build green plants goes hand in hand with the Q-ONE technology developed by Danieli Automation to power the electric arc furnaces efficiently. This trend has proven to be a driving force towards the business's significant growth in electric power systems, with a positive outlook also for the coming years.
While there is a demand for new plants, there is also continued demand to upgrade and update existing plants , targeting added sustainability with the use of electricity instead of fossil fuels while striving to optimise energy consumption and operational efficiency. This allows for the digital solutions of Danieli Automation, which are highly innovative yet with industrially tested performance, to create ample space for the company's sales opportunities.
In addition to consolidating these products, Danieli Automation is continuing to develop new artificial intelligence and power electronics systems, with proprietary patents that give it a competitive advantage.
Considering the global steelmaking trend and Danieli Automation's order book, satisfactory results are also expected in the next year, with the consolidation of important references in the supply of automation and control systems. The order book as at June 30, 2023 amounted to 373 million euro (376 million euro as at June 30, 2022), making it possible to forecast good production and a positive result for 2023-24 as well.

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**Danieli Centro Combustion S.p.A.**

The 2022/2023 financial year closed with a value of production of 69.4 million euro (59.8 million euro in 2021/2022), and a positive net profit of 2.5 million euro (1.1 million euro as at June 30, 2022).
During the year, the company acquired many new job orders, the most significant of which are:

- Nucor Yamato (USA): 163 tonnes/h walking beam furnace for carbon steel (mill for sections), prefabricated, natural gas or hydrogen (100%)
- Optimus (USA): 140 tonnes/h walking beam furnace for carbon and alloy steel (mill for bars and wire rods), prefabricated, natural gas or with up to 25% hydrogen
- Unitex (Bangladesh): 150 t/h walking beam furnace for carbon steel (round bar for reinforced concrete and sections), prefabricated, natural gas, light diesel oil and heavy fuel oil
- Annahutte (Germany): 80 t/h walking beam furnace for carbon steel and low alloy steel (mill for bars), including handling, natural gas only or with up to 60% hydrogen, air enriched with up to 25% of oxygen
- Asil Celik (Turkey): 7.5 t/h continuous sole furnace with rollers for hardening of carbon and alloy steels, patented

Additionally, the final acceptances of the following plants were obtained during the year:

- ABS Luna revamping
- Alcomet Aluminum Coil Annealing Plant
- Atakas BAF for strip coil phase 3
- JSW Toranagallu HDGL
- Diler BAF for wire coil phase 2
- Arvedi Cremona HDGL 2 revamping
- Tata HDGL 3 Annealing Furnace upgrade
- Yildiz Demir Celik BAF for strip coil phase 2

Danieli Centro Combustion continued its research work at the University of Engineering in Savona. In particular, phase 1 of the research on digitising the burners was completed (with development of IoT sensors and modules). The research on flameless and digital flameless regenerative burners for heating and batch furnaces continued (the most efficient energy saving solution), as well as on self-recuperative burners with radiating tubes for strip lines, already operational at the Arvedi Cremona and Servola plant. The offline mathematics model for the heating furnaces went fully into operation and is now subject to additional extensions. Alongside the Danieli Research Centre, a process was initiated to transfer the know-how of the electrification technologies of the thermal process, with the aim of analysing case studies of this solution for heating and treatment furnaces. Lastly, having overcome all the formal aspects for the authorisations, the green light was given to create, within the Savona University Campus, infrastructure for distributing hydrogen and synthesis gas to the test plants, a process intended to pursue greater environmental sustainability, with the end goal of giving industrial plants the potential for zero $CO_2$ emissions.
The order book as at June 30, 2023, of 109 million euro forms the basis for a further development of profitability in the 2023-24 tax year and beyond.

**Danieli Construction International S.p.A.**

This company specialises in site management for plant installation in the metals sector carrying out all work required to build the civil works, technological foundation, assemble the machine and equipment and start up systems, and it operates on a worldwide basis with an independent operating structure for managing also large construction sites in particular.
Production in the financial year in question of 14.3 million euro is higher than in the previous period (6.4 million euro for 2021-22), whereas the operating income for the 2022-23 financial year shows a profit of 0.3 million (profit of 0.2 million euro last year).
During the 2022-23 financial year, the company carried out its services at two major sites in Germany and Uzbekistan, and completed activities for the new sports park at the *Corte delle Fucine* multifunctional reception hub built by the Group in Buttrio (Italy).
Danieli Construction International is an important strategic asset of the Group, making it possible to offer customers in the metal sector the plant assembled and started up, completing the supply chain from initial design to industrial commissioning of the plant, completely carried out by the Danieli Group. This is particularly advantageous for customers who can significantly reduce the risks related to the construction of a new plant or to performing complex revamping.

**Fata S.p.A.**

The 12-month period ending June 30, 2023 is still influenced by delays (and related expenses) at some sites caused by the shock of the pandemic but was characterised by a significant strengthening of the order book thanks to the acquisition of new orders for 391 million euro. Fata is an industrial company that operates in the engineering, procurement and construction (EPC) sector in several divisions related to various types of industrial plants.
Despite the complex economic context that characterised the year, with higher raw materials costs and interest rates, the company continued its site activities and the order book as at June 30, 2023 amounted to around 600 million euro compared to 303 million euro as at June 30, 2022.
It is also waiting for several initiatives to be finalised in the renewable energy sector in South Africa, which should further add to the order book.
The main acquisition during the period involves Terna's Tyrrhenian Link project, which involves creating a high-voltage direct current (HVDC) connection between Campania, Sicily and Sardinia, constructed using a bipolar method with bidirectional electrodes. Fata, as part of a temporary association of companies (TAC) with Siemens Energy, was awarded the contract to build the 4 converter stations located at the ends of the connection.
The financial year closed with revenues of 124.3 million euro. The net result, due to the allocation to hedge several risks associated with the completion of jobs in progress, was negative for 12 million euro.
Today, Fata is completing major plants in Italy and overseas to ensure that the network has energy availability from renewables without using coal, including:

EP Produzione, Combined Cycle Power Plant for 880 MW for the site in Ostiglia, Italy, a contract linked to the capacity market and acquired as part of a temporary association of companies (TAC) with Siemens Energy Global GmbH;

. A2A, Combined Cycle Power Plant for 870 MW for the site in Monfalcone, Italy, another contract linked to the capacity market and again acquired as part of a TAC with Siemens;

. Metaenergiaproduzione S.r.l., construction of an electricity generation plant equipped with motors for the site in Termoli, Italy.

The operating activities also saw the continuation of the works at the sites in Zagreb, Croatia (construction of an electricity generation and district heating plant for HEP) and Trapani, Italy (construction of an electricity generation plant from solar concentrate). With reference to the Bilancia contract (construction of an electricity generation plant from concentrated solar power), acquired in September 2021, planning continued, the equipment acquisitions were nearly completed and the construction site set-up was launched.

**More S.r.l.**

The company, which sells technology packages for electric furnaces used at steelworks, reported a value of production of 29.0 million euro (2021/2022: 25.1 million euro), with net profit of 4.7 million euro (2021/2022: 4.3 million euro) and an order book of approximately 20 million euro as at June 30, 2023.
The company successfully strengthened its position on the market and acquired numerous large orders to supply technology packages for Tenaris, Nucor (USA), Celsa (Spain), Acerinox (Spain), Big River Steel (USA) and Scaw Metal (South Africa).
The Chinese subsidiary Suzhou MORE Metallurgy Technology Co. Ltd., based in Changshu, continued its consolidation on the market by acquiring various direct job orders and supplying technology packages for the multiple EAFs supplied by the parent company on the Chinese market.
The US subsidiary MORE North America Corporation, based in Kennesaw, Georgia, increased the presence and competitiveness of our products and services on the local market by acquiring major contracts with US customers in terms of project size and technological and innovative content.
Research and development continued with the aim of developing new sustainable solutions for the green transition of steel with collaboration from various Italian universities and research centres.
MORE's reputation, order book, consolidated testimonies and commitment to research and development confirm its leadership role with positive results also predicted for the 2023-24 financial year.

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**Group companies - Europe**

**Danieli UK Holding Ltd. (United Kingdom)**

The company reported a turnover of 45.5 million British pounds for 2022-23, equal to 52.3 million euro, thus maintaining sustained turnover in the post-COVID-19 and post-Brexit period.
During the financial year, the company continued to do well, acquiring new orders in the metal recycling sector, obtaining job orders in new markets for the shredding mills and a series of job orders for heavy-duty inclined shears. This financial year, the company posted higher sales in Asia and Africa, which saw continuous demand for machines for metal recycling in these regions, thus diversifying the sales book while reducing reliance on a few select customers. "Plug and shred" technology is now preferred by the market, as shown by the number of orders received for these products during the year. In recent years the company has been exploring the Australian market, which had previously seen significant business development and is now well and truly consolidated.
Following the slowdown in activities in recent years due to global instability caused by COVID-19 and the Ukrainian/Russian conflict, the economic environment has recovered and is now largely normalised. For this reason, the company experienced higher turnover in line with forecasts and the assigned macro-objectives. Thanks to the continuous recovery of global supply chains, the company also saw a stabilisation in the prices of raw materials, which, however, remain higher than previous years due to inflationary pressures and continue to be closely monitored by management.
The order book and the orders received by the company remain stable, resulting in stable profit levels for the financial year, in line with the Group's average. Management is encouraged by the trend at the start of the current year, with the first indicators also showing good financial performance in 2023-24.

**Innoval Technology Ltd. (United Kingdom)**

The company recorded a turnover of 2.1 million pounds in 2022-23, the equivalent of 2.4 million euro.
The positive aspect of this year's performance was the consistent revenue in the first and second half of the financial year. The stability of revenues indicates that the company is better equipped to make a profit year after year.
The company continues to support the growth of the aluminium sector in a wide range of applications, in particular for developing structures for car battery cases and aluminium sheets for use in lithium ion batteries. There has also been renewed interest in the environmental benefits of recycled aluminium in beverage packaging, and Innoval Technology has recorded significant growth in this area with the provision of consulting services to assess new production plants. This includes the life cycle analysis of various products and the quantification of the environmental impact of the new production plants.
The support of the Innoval Technology experts for the sale of new equipment and the support for commissioning has ensured that our customers have access to the most advanced technological progress. Companies with older equipment continue to benefit from this experience to improve quality and productivity.
The aluminium industry continues to benefit from the experience of Innoval Technology through a series of training activities centred around the processes and products delivered in person and using online platforms.

**Danieli Engineering & Services GmbH (Austria)**

This company, based in Völkermarkt, Austria, is specialised in the management and sale of components, spare parts and after-sales services for steelworks and rolling mills and its volume of revenues for the period was 94.3 million euro (2021/2022: 115.1 million euro) and a net profit of 14.8 million euro mainly in line with the result of the previous year.
The company invested around 3.1 million euro in new fixed assets, such as the horizontal and vertical automatic warehouse to upgrade logistics capabilities, and intangible assets for the new ERP software, which went into operation on July 1, 2022 and was used successfully throughout 2022-23.
Alongside these investments, the company dedicated many operating hours during the year to implementing new processes and procedures to maximise the potential of the new automatic warehouses and the new ERP, intended to become the new ERP used at Group level. Development partly affected daily operations with a strategic

redesign of operations and a consequent impact on the financial results in terms of revenues and margins compared to previous years. Nevertheless, company management expects a return to the performance of previous years, and possibly improve on it, as early as the next financial year (2023-24).

**Danieli Heavy Machinery Engineering LLC (Ukraine)**

Based in Dnepropetrovsk, Ukraine, this company has its own design centre that enables it to develop basic and detailed engineering for both steel and aluminium rolling mills.
As a result of the conflict, since late February 2022, on-site activities were interrupted because the safety of the activities at the offices could not be guaranteed. However, remote work continued where compatible with the requirements and limitations imposed by the local authorities following the military obligations in place.
The Danieli Group first took action by offering safe accommodation in Italy to the company's employees and their family members, while part of the activities then resumed locally and remotely, albeit to a lesser extent, in the hopes that the conflict will be resolved as soon as possible so that full on-site operations can return.
During the year, activities continued to strengthen the local technical organisation to expand its engineering and design capabilities and diversify available skills, thanks also to the cooperation with the Metalworking Academy and the Academy of Architecture and Civil Engineering in Dnipro by employing the best students for the technical offices and supervision at Danieli sites around the world.
Revenues for the year were UAH 49.9 million, equal to 1.3 million euro (UAH 58.7 million, equal to 1.9 million euro as at June 30, 2022) with a profit for the period of UAH 38.8 million, equal to 1.0 million euro (profit of UAH 6.9 million, equal to 0.2 million euro as at June 30, 2022).

**Danieli Czech Engineering AS (Czech Republic)**

The company, located in Prague, has an independent project management and expediting structure and it is specialised in EP (Engineering Procurement), using, among others, a group of loyal local suppliers for the supply of machinery and equipment of steelworks and rolling mills for quality steel bars.
In the year just ended, the company received the last collections from CELSA Nordic (Norway) and completed the start-up of the Spooler Line with customer Yehuda (Israel).
The company showed operating revenues of CZK 43.7 million equal to 1.8 million euro (2021/2022: CZK 153.0 million equal to 6.1 million euro) and a substantially break-even result in line with 2021-22.

**Danieli Germany GmbH (Germany)**

Danieli Germany GmbH operates in Germany with almost one hundred employees at two premises:
- the head office in Duisburg and
- the largest subsidiary in Meinerzhagen, where the Danieli Fröhling product line is developing new technologies for cold rolling mills and cutting and finishing lines.

Following the restructuring and remodelling of the Danieli Fröhling product line, the synergies achieved led to improved relations with the customers while raising the quality standards.
Danieli Germany GmbH recorded revenues of 108.8 million euro with a profit of 2.6 million euro (48.0 million euro in revenues and 1.2 million euro in profit as at June 30, 2022).
The steel industry is under global pressure to lower carbon emissions and move to more sustainable practices. In Europe, we can see an increase in investments in cleaner technologies, such as direct reduction plants, electric arc furnaces powered by renewable energy sources, and increased use of recycled metal scrap in steel production. This has led to favourable prospects for Danieli Germany, which was awarded an important green project: a DRP Energiron (a direct reduction plant) at Salzgitter Flachstahl GmbH. The unit forms the largest part of the plant in the first phase of the SALCOS® – Salzgitter Low CO2 Steelmaking transformation programme and has the annual production capacity of two million tonnes of direct reduction iron (DRI). The project marks another milestone in the path towards low-$CO_2$ steel production at the Salzgitter facility. This new plant will be the most innovative plant in Europe and will function with zero direct $CO_2$ emissions.
Danieli Germany was also awarded the contract for a new walking beam furnace for billets by the Max Aicher Group in Ainring, Germany. The new furnace is designed to be able to heat 80 tonnes of billets per hour with precision at a specific temperature. The unit should be able to heat the billets in a highly uniform manner. The heating furnace will also be more affordable and ecological. Thanks to Danieli Centro Combustion's HXDRI MAB burners, suitable for hydrogen use, the energy consumption and the nitrogen oxide emissions will be reduced.

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The collaboration with the German Export Credit Agency Euler Hermes in Germany continued and will make it possible to consolidate the financial packages to support additional projects under discussion, for which Danieli Germany has hired more staff to manage the supply chain and the projects.
Danieli Germany's structure will remain flexible and will adapt to the necessary requirements in relation to the development of such projects, including the use of its own machine shop in Meinerzhagen. The internal merger of the two lines of Danieli Fröhling products with the line of Danieli Fata products into the new line of Danieli Fata Fröhling products was rewarded by the German company Zapp Precision Metals GmbH, which ordered a new "Made in Germany" cold rolling mill. Additionally, Danieli Fata Fröhling was appointed by Thyssenkrupp Steel Europe to supply a new inspection line for electric steel as part of the tkSE2030 project in Bochum, Germany.
Considering the projects mentioned above, Danieli Germany's order book amounts to a total value of about 335 million euro as at June 30, 2023. The outlook for the coming year is positive as the world market, and especially Europe, is expected to recover.

**Danieli Procome Iberica SA (Spain)**

Based in Sondica, Spain, this company operates in the sector of machines for the management, handling and charging of additives for electric furnaces (EAF, LF, VD/VOD) and closed the year with production value of 3.1 million euro (2021/2022: 2.4 million euro) and a net profit of 0.5 million euro (2021/2022: 0.1 million euro).
During the year, the company carried out important technological development activities on its products in collaboration with the Danieli Centro MET product line to improve the performance, accessibility, maintainability and cleaning of the Meltshop equipment dedicated to carrying out storage, dosage and input operations, required for the production of liquid steel.
Danieli Procome will continue to operate as a technological centre for the development of additive products to ensure customer satisfaction throughout the Iberian peninsula with the forecast of a positive result in the 2023-24 financial year, too.

**Morgårdshammar AB (Sweden)**

The company's value of production was SEK 50 million, equal to 4.5 million euro (2021/2022: SEK 84.9 million, equal to 8.2 million euro) and showed a profit of 6.0 SEK million, equal to 0.5 million euro (2021/2022: loss of 2.9 SEK million, equal to 0.3 million euro).
The company stabilised its costs structure and generated profit as predicted. In the previous financial year, several unexpected costs arose linked to old restructuring projects, but thanks to a positive exchange rate, the final annual result remained positive.
It is believed that the financial results will also be similar in the upcoming financial year since we do not expect any significant change in the configuration or the management costs. Only one old project remains open for a plant upgrade and, once closed, all financial uncertainties for the company will be eliminated.

**Sund Birsta AB (Sweden)**

The company's value of production amounted to SEK 501.1 million, equal to 45.3 million euro (2021/2022: 473.1 SEK million, or 45.9 million euro) and a net profit of SEK 85.5 million, equal to 7.7 million euro (2021/2022: SEK 54.3 million, or 5.3 million euro).
During the year, the company achieved another very positive result despite the negative effects of many projects on the Russian market which were suspended due to the ongoing sanctions.
The company also successfully:
- released many of the new products previously developed onto the market. For example, robotic applications for label marking, electric binders and machinery for the electric separation and counting of bars.
- continued to develop new technologies, such as a new line of 19 mm (XS3) steel strap heads and a shear for the division of products into continuous rolled wire rod.

Sund Birsta AB recorded an order book worth 27.0 million euro as at June 30, 2023 (June 30, 2022: 27 million euro), allowing for a positive start to the 2023-24 fiscal year.

**Rotelec SA (France)**

The financial year reported revenues of 17.9 million euro as at June 30, 2023 (2021/2022: 14.7 million euro), a net profit of 3.2 million euro (2021/2022: 2.9 million euro), thanks to the new products developed in recent years and the ongoing renewal process.
Rotelec remains the technological leader on the global market for electromagnetic agitators and this year mainly supplied agitators and/or electromagnetic brakes for casting machines of slabs and induction heaters for hot rolled bars, in particular thanks to the successful DANIELI DUE concept.
This year, the company introduced a new induction heating application for galvanising lines and a new combined agitation and induction heating system for large-scale semi-continuous vertical casting, making the most of the synergies within the Group, in particular with the Danieli Research Centre and Danieli Automation. The forecasts for the coming year are positive.

**Danieli Corus Group (Holland)**

Danieli Corus Group, based in IJmuiden in the Netherlands, consists of Danieli Corus BV and its subsidiaries in China and India.
By operating in the primary metallurgy industry, Danieli Corus offers the best solutions available for blast furnaces and oxygen converters for steel while creating the least possible $CO_2$ emissions associated with this technology.
The financial year ended on June 30, 2023, with a consolidated turnover of 139.3 million euro and an operating profit of 11.4 million euro (after a turnover of 102.1 million euro and a profit of 9.8 million euro in the 2021-22 financial year).
The main aim for the new financial year is to implement one of the largest projects in the company's history, namely the two blast furnaces in Hazira, India. Based on the experience gained from the mini blast furnace project in India, the decision was made to adopt an integrated approach with a mixed project team of engineers and designers from the Dutch and Indian offices. These two new furnaces are similar in size to those of a previous project in India, thus reducing the overall risk of the project and resulting in less executive risk for the construction phase.
For the 2023/2024 financial year it is expected that the world steel market and demand for plants will remain strong, especially in Asia, albeit affected by the global political developments due to the ongoing conflict in Ukraine and the commercial tensions between China and the United States. Therefore, an estimated growth in revenue is predicted, supported by the current order book and by a series of opportunities that will likely arise in the new financial year.

**Danieli Finance Solutions SA (former Danieli International SA) (Luxembourg)**

During the period, Danieli Finance Solutions SA regularly carried out its activity of managing and investing the Group's liquidity and management activities were carried out in full autonomy in terms of operations and presence in Luxembourg, ensuring a result in line with the best market benchmarks during the financial year.
The company is recorded as a "Professional of the Financial Sector" (PSF) and as such is subject to the supervision of the Luxembourg Financial Supervision Commission (CSSF) pursuant to Article 13 of the Law of 5 April 1993 on the Luxembourg financial sector. The company's governance calls for a clear separation of roles and responsibilities between the Back Office and Front Office and a financial and operational risk control committee (CRIC) which carries out an analysis and control activity on the work of the two operational managers, including by the directors without powers.
During the period, liquidity management continued according to the principle of absolute prudence in investments and in continuity with the activities carried out in previous years, mainly with investments in industrial, banking and insurance bonds as well as guaranteeing the natural support to intra-group finance.
Cash and cash equivalents and deposits with primary banking counterparties are significant. The low risk tolerance compressed returns, which nevertheless improved compared to the previous year. The high degree of quality and liquidity of the investment activities is pointed out. The counterparties allowed by the defined investment policy are in fact qualified by an "Investments Grade" rating and the average duration of the investments as at June 30, 2023, was just over 3 years.
The average net profitability of the portfolio managed by Danieli Finance Solutions SA increased on the previous year thanks to positive short-term interest rates on deposits in euro and also with good profitability in the liquidity component expressed in US dollars following the increases in the rates by the two main central banks (ECB and FED). As at June 30, 2023, the positive performance related to liquidity management amounted to income of 22.8 million euro (negative for 1.3 million euro as at June 30, 2022) and the positive component related to exchange

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rate differences of approximately 11 million euro thanks to exchange rate hedging implemented by the company, which reduced the effect of the USD depreciation against the euro (positive for 18.2 million euro as at June 30, 2022).

**Group companies – Russia / Turkey**

**Danieli Volga LLC (Russia)**

Danieli Volga (whose factory is located in the Niznhiy Novgorod region) operates mainly in the Russian market with a completely autonomous production plant to serve the other strategic markets in the former CSI territory.
During the year, the company operated at a significantly reduced capacity, in full compliance with the restrictions imposed by the EU.
Moreover, Danieli Volga consolidated its specialisation in plant engineering and environmental and building certification services in accordance with local regulations, thus expanding its range of services to complete its traditional technological supplies to the Russian Federation/CSI market.
As at June 30, 2023 the company reported a turnover of 1,775.8 million rouble, equal to 24.5 million euro (2021/2022: 2,296.6 million rouble equal to 27.2 million euro) and a profit of 0.3 million rouble equal to 0.01 million euro (2021/2022: profit equal to 102.0 million rouble equal to 1.2 million euro).
In light of the critical geopolitical situation, the operating difficulties and the risks associated with ongoing disputes with Russian customers, which could reverberate across the company, it was considered appropriate to carry out a prudential write-down of the tangible assets of Danieli Volga for 16.5 million euro, given the risks of recoverability of the net carrying value.

**Termo Makina San.V.T. AS (Turkey)**

The company, based in Duzce (Turkey), operates with its own operating structure in a central location with respect to all major Turkish steel producers.
In 2022/2023, the company completed a significant management restructuring, completing all existing projects to redirect its activities to support maintenance services and services for Danieli customers in Turkey.
As at June 30, 2023, Termo Makina showed a profit at the end of the period, albeit having suffered financial expenses and exchange rate differences linked to the strong devaluation of the Turkish lira.
The company, now with new capital and a new operating structure, will be able to operate in the next financial year with still positive results.

**Group Companies – America**

**Danieli Holdings Inc. (United States)**

The Daniel Group operates in North America with Danieli Holdings Inc., which coordinates the work of several local affiliates.
In particular, the United States subgroup is comprised of Danieli Holdings Inc. (holding company), Danieli Corporation, Danieli Canada Inc. (Canada) and Danieli Taranis LLC, now wholly owned following the acquisition of the remaining 50% during the financial year, and shows a consolidated value of production of 413.7 million dollars (excluding Danieli Taranis), equal to 393.5 million euro (351.9 million dollars in 2021-22, equal to 311.6 million euro) and a loss of 15.6 million dollars, equal to 14.8 million euro (profit of 9.0 million dollars in 2021-22, equal to 8.1 million euro).
The merger of Danieli Technology Inc. into Danieli Holdings Inc. was concluded during the financial year.
Sund Birsta Inc. is in the USA, directly controlled by the Swedish company of the Sund Birsta AB Group. More North America Corporation, controlled by More S.r.l., is also in the USA.
The Group's operating companies the United States are:

**Danieli Corporation**

The company continues to operate as the main operating company in the American continent, covering the entire range of products offered by the Group on the local market and providing assistance to customers for revamping and post-sale maintenance services for metal plants, machinery and spare parts.

Company activities are divided into the following product lines:
- DWU USA – developing sale, design, supply and project management activities for flat product plants;
- DMH USA, DCM USA – with the sale, design, supply and project management of plant and machinery for long product rolling mills, steelworks, casting machines and special handling systems;
- DANIELI SERVICE – with the provision of equipment, services and spare parts for all product lines to the North American market;
- DANIELI FATA HUNTER – with the sale, design and supply of casting machines, rolling and aluminium painting plants;
- DANIELI CRANES and DANIELI ENVIRONMENT – with the sale of special lifting systems and auxiliary systems for steelworks;
- DANIELI CENTRO RECYCLING – with the sale of scrap shredders, shears, packers and complete scrap processing lines as well as a complete line of consumable parts for scrap shredding equipment;
- DANIELI CENTRO COMBUSTION – with sales of reheating and process furnaces for both flat and long products;
- DANIELI SERVICE – with the provision of equipment, services and spare parts for all product lines to the North American market.

During the financial year, the company continued the consolidation of its two service centres in Ashland (Kentucky), Portage (Illinois), and Mesa (Arizona), as part of its long-term strategy to increase the level of service provided to US customers.
In the 2022/2023 financial year, significant contracts were acquired with important US customers, both relevant in terms of the size of the projects and their high technological and innovative content.
The US steel market remains strong following the anti-dumping measures still confirmed by the Biden administration. As a result, with the economy rebounding strongly after the negative impact of the COVID-19 pandemic, demand for steel has risen to rebuild distributor inventories. The price remains stable, with values higher than pre-pandemic levels.
North American steelworks have posted very positive results quarter after quarter and are expected to continue to post good profits in the coming year in anticipation of a still strong market supported by the infrastructure recovery promoted by the expansionary measures of the US administration. Major investments in the steel plant sector are planned for next year, and Danieli Corporation is well positioned technically to secure a significant share.

**Taranis LLC**

Danieli Taranis LLC is based near Birmingham in Alabama, USA. The company operates in coordination with Danieli Automation SpA and directly manages the supply of electrical and automation equipment to Danieli customers in the United States of America and Canada.
Since its foundation, the company has increased its annual turnover from 14 million dollars to over 45 million dollars. In the 2022-23 tax year, the company reported a profit of 4.6 million dollars and ended the year with a volume of orders worth 67 million dollars. These results, plus the robust regional metal market, are expected to enable continuous and profitable growth in 2023/2024.
In addition to providing after-sales support to Danieli's customers, the company also provides a wide range of services to US metal producers, including electrical and automation system upgrades, high-performance gauges and specialist engineering services.
As mentioned, in the year ended as at June 30, 2023, the Danieli Group completed the acquisition of Taranis LLC initiated in 2016, acquiring the 50% previously held by minority shareholders. Starting with this financial year, therefore, the company is consolidated on a line-by-line basis.

**Sund Birsta Inc. (USA)**

The company operates from Jacksonville, Florida, guaranteeing service to customers in North America for support, spare parts sales and technological updating of the machines in this area.

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The company's revenues reached approximately USD 12.4 million, equal to 11.8 million euro (USD 9.6 million in 2022, equal to 8.5 million euro) with a positive result in line with the previous year.
To address the strong increase in revenue, the company has made a commitment to increase the available staff and will continue to focus on the matter together with hiring during the next financial year.
The company has also invested in equipment to increase productivity and safety in the workplace.

**Group Companies – South-east Asia**

**Danieli Co. Ltd. (Thailand)**

In the 2022-23 financial year, the company reported a result of 19.8 million euro (20.8 million euro in 2021-22) with a turnover of 227.9 million euro (230.6 million euro in 2021-22).
The excellent margins for the year were the result of a period characterised by a high workload for all product types, including EAF equipment, rolling mills for long and flat products, cranes, hydraulic equipment and scrap shredders, resulting from the strong demand on the international steel market starting early 2022.
In this sense, investments for new steel plants in the United States and Europe led the company to focus on important and strategic projects in these areas, such as Algoma, Thyssenkrupp, Nucor and CMC.
At the same time, positive contributions were also made by the job orders in South East Asia for projects mainly located in Vietnam, namely VAS Nghi Son's new billet plant, crane and WTP, the new bar mills at Hoa Phat and Vietnam Italy Steel, despite the area having been affected by slow growth in the steel sector due to the difficult situation in the construction and infrastructure sector.
Engineering and consulting service volumes remained constant compared to previous years as a result of the workload requirements at world level.
In this respect, the consolidation of the partnership with external technical firms promoted better management of the engineering workload and an improvement of internal skills.
Certain targeted investments, such as the expansion of the manufacturing workshop, a new CNC machine (for cutting and water jet bevel cutting for bimetals and Hardox), two new CNC millers (for a wide range of products) and an automatic phosphating system for collector blocks, were completed during the year to ensure better evolution of the company.
The constant commitment to community development continued during the 2022-23 financial year and the Company established a tutoring programme to act as a partner for local vocational colleges.
This programme focused on providing practical, in-depth sector guidance for students who intend to pursue technical training in fields of interest to the company.
Through regular workshops and practical training sessions, the aim is to develop the next generation of qualified professionals, by promoting a stronger workforce and contributing to the growth of the local community.

**Danieli Automation Co. Ltd. (Thailand)**

Danieli Automation Co., Ltd. (DACO), based in Rayong, Thailand, operates completely independently, with its own structure, offering the local market a superior service for the repair and maintenance of electric motors. Today, DACO is known for its excellent professionalism by all the major industries in Thailand: from steel manufacturers to the sector of rubber and plastic polymers.
This year, the company made notable progress, introducing various strategic products, from the construction of coils for the transversal flow system in collaboration with Danieli Rotelec to the production of special coils for the Q-One system in collaboration with Danieli Automation.
The company ended the financial year as at June 30, 2023 with significantly higher turnover equal to 158.7 million baht, equivalent to 4.3 million euro (74.2 million baht, equal to 2 million euro in the 2021-22 financial year), with an EBITDA at a substantial break-even with 2021-22 due to higher costs.
The company's order book as at June 30, 2023 should generate a sufficient sales volume to expect a positive result for the next financial year.

**Group Companies – China**

Danieli in China is a well-established business serving the local and international market, comprised of three independent companies, located strategically in the Beijing and Shanghai areas. Specifically:

**Danieli Metallurgical Equipment & Service (China) Co. Ltd. (People's Republic of China)**

The company, with operating headquarters in Changshu – Jiangsu, has become the Danieli Group's foremost production centre in China with a surface area of over 90,000 sq. m for production and assembly activities using nearly 60 operating machines including boring machines, work centres and vertical lathes for high-precision machining.
Revenues were CNY 3,597.7 million, equivalent to 493.9 million euro (2022: CNY 2,275.9 million, equal to 312.8 million euro) and a net profit of CNY 289.6 million, equal to 39.8 million euro (2022: CNY 101.4 million, equal to 13.9 million euro).
Local production offers a wide range of products, including EAFs, continuous castings, long and flat rolling mills, supply lines, extrusion presses, scrap recycling machines, where most of the high value components are manufactured in-house to ensure high quality standards.
This year, the company achieved a significant result in the plant sector and a historical record in terms of turnover for services on the Chinese market. Important projects were acquired, such as the EAF orders from Baosteel Shanghai for the SBQ and from Baosteel Zhanjiang for the production of real Green Steel with a mixed load of hot DRI and scrap.
Danieli also stood out as a leader in continuous casting machines for large-scale round bars, demand for which mainly comes from the renewable energy sector.
The order book as at June 30, 2023 remains solid and is expected to generate a healthy volume of sales with a positive net profit also for next year.

**Danieli Industrial Automation (Suzhou) Co., Ltd.**

The company, with offices in Changshu, Jiangsu and Tianjin, was founded to follow the activity of Danieli Automation and increase the presence on the local market.
It manages a specialised workshop in Tianjin that assembles Danieli Automation products, guaranteeing quality, reliability and competitiveness.
The financial year was the first year of full operation, with revenues that reached CNY 234.88 million, equal to 32.2 million euro, and a net profit of CNY 30.82 million, equal to 4.2 million euro.

**Sund Birsta Metallaurgical Equipment Co. Ltd. (People's Republic of China)**

Sund Birsta Metallurgical Equipment Co. Ltd. is based in Beijing and operates in complete autonomy directly following the Chinese market with the production of binding machines and compactors for high-quality, low-cost steel coils.
The company's revenues were 50.4 million yuan, equal to 6.9 million euro (88.2 million yuan in 2022, equal to 12.1 million euro) albeit with a negative performance of the financial results compared to previous years due to local competition and the overall financial situation of the local steel sector.

The company aims to improve the situation by:
- Adjusting prices on replacement parts to increase competitiveness.
- Finalising the creation of a service centre.
- Diversifying the range of products sold through the company.

Danieli Hoogovens Steel Making Technology Ltd., based in Shanghai, directly controlled by the Dutch company of the Danieli Corus BV AB Group, and Suzhou MORE Metallurgy Technology Co. Ltd., controlled by More S.r.l., as mentioned above, are also in China.

**Danieli India Ltd. (India)**

The operating activities of the company were concentrated in the main facility in Sri City, in the south of India, while the technical offices are located in Chennai and Kolkata (formerly Calcutta). The company is active in the design and construction of plants for the steel industry, offering a complete range of products for the smelting of metals and casting machines on the hot and cold finishing lines, alongside auxiliary systems, based on customer requirements.
The Indian steel market is the company's main market, though it continues to have a significant presence also in other Asian countries.

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A consistent portion of the revenues refers to the spare parts sector and after-sales services, which are constantly increasing in terms of volumes and turnover.
In the 2022-23 financial year, the company achieved total revenues of INR 8,155.3 million, equal to 95.4 million euro compared to INR 6,480.9 million in the 2021/2022 financial year, equal to 76.3 million euro, thanks to the expansion of the steel industry in the area.
The company achieved a net profit during the year of INR 387.1 million (equal to 4.5 million euro) compared to a profit of INR 653.9 million in the previous financial year (equal to 7.7 million euro), made possible by an efficient cost control, better use of the Sri City factory and the consequent improvement in the margins.
The company also continues to support education in the local community by supporting the construction of local schools.

**Danieli Centro Combustion India Pvt. Ltd. (India)**

The company operates in India with full autonomy, providing local customers with reheating furnaces for long products, heat treatments, process lines for strip and bell furnaces, locally manufacturing all components required for the products offered.
The company ended the year with revenues of INR 1,165.3 million, i.e. 13.6 million euro (2021/2022: INR 344.7 million, i.e. 4.1 million euro) with a net profit of INR 125.6 million, equal to 1.5 million euro (2021/2022: a profit of INR 44.5 million, i.e. 0.5 million euro).
The order book as at June 30, 2023, will generate a sufficient volume of sales for 2023-24 and a positive result also for next year.

**Danieli Engineering Japan Ltd. (Japan)**

The company, which is based in Yokohama, Japan, achieved revenues for JPY 1,255.9 million (equal to 8.7 million euro) (JPY 393.6 million equal to 3.0 million euro as at June 30, 2022). It has operated for 12 years in the Japanese market, ensuring primary project management with local customers, sales support, and engineering development for the Group's product lines.
The company continues its consolidation in Japan with an interesting growth targeting high-tech products and is expected to acquire a good number of orders in 2023-24.
The company's business remains focused on the sale of Mi.Da rolling mills for long products and the development of the Q-ONE product for digital control of arc furnaces in Japan.
In addition to this product, Danieli Engineering Japan is negotiating many other opportunities for MI.DA technology and technology in rolling mills and casting systems.

**Industrielle Beteiligung Company Ltd. (Vietnam)**

The company is based in HoChiMin City, with a service centre located in Hai Phong, Vietnam.
The result at the end of June 2023 recorded revenues equal to VND 250,579.2 million, equivalent to 10.1 million euro (2021/2022: VND 192,306.6 million, equal to 7.5 million euro), an increase on the previous financial year, mainly thanks to the increased workload of the technical office in the second half of the year.
Net profit came to VND 14,871.1 million, equal to 0.6 million euro (2021/2022: VND 8,986.2 million, or the equivalent of 0.4 million euro), which also was affected by the appreciation of the local currency against the euro, while revenues were mainly generated in euro, despite the company continuing to maintain a good performance of job orders and better cost management.
The company successfully managed the drop in the workload in the first half of the year caused by the decrease in investments in the steel sector in South East Asia. In the second half of the year (despite market uncertainty and growing inflation), steel demand rose, mainly driven by construction, which is recovering from the delays still linked to the pandemic.
Despite the start of the new financial year being defined by the lower rate of inflation and low demand in the local steel sector, the business forecast for 2023-24 remains positive, with a consistent volume of orders for the technical office and for the Service Centre on the local market.
The company structure will be remodelled and upgraded with the objective to make the group even more cohesive and to confirm the primary and strategic role of Danieli Vietnam as a technological partner for customers in the region. Furthermore, its close relationship and collaboration with universities will continue in order to ensure a

highly efficient organisation and to create and provide high-quality and innovative solutions, in line with the Group's vision and customer requirements.

**Analysis of/commentary on the economic and financial position of the Danieli Group**

At June 30, 2023, the main economic, equity and financial data were as follows:
- revenues: 4,102.1 million euro, an increase of 13% compared to the value of 3,619.0 million euro as at June 30, 2022;
- net profit for the period attributable to the Group: 243.6 million euro with an increase of 11% compared to the value of 218.7 million euro as at June 30, 2022;
- total shareholders' equity: 2,407.7 million euro with an increase of 162.4 million euro compared to the value of 2,245.3 million euro as at June 30, 2022;
- positive net financial position: 1,602.8 million euro up by 396.2 million euro compared to 1,206.6 million euro as at June 30, 2022, including the financial lease liabilities of 34.4 million euro as at June 30, 2023, following the application of the international accounting standard IFRS 16.

The Group order book is well-diversified by geographical area and by product type and as at June 30, 2023, amounted to approximately 6,200 million euro (of which 369 million euro in the special steel making segment) with a substantial improvement compared to 5,052 million euro as at June 30, 2022 (of which 430 million euro for special steels). Specifically, the order book as at June 30, 2023 does not include any orders from Russian or Ukrainian customers. For more details, see the section on the Russian/Ukrainian conflict.
Moreover, some major contracts already signed with foreign customers are not included in the order book: they will come into force only upon completion of the engineering or with the finalisation of the related loan procedures.
The rationalisation process of management in the Plant Making sector continued strongly with a special attention to competitiveness in terms of innovation, technology, quality, efficiency and customer service, with:
- the research and production of innovative products with noble components mainly developed in Europe;
- the acquisition of companies operating in niche technology sectors to complete the spectrum of proprietary technologies offered by the Danieli Group;
- the design and production of plants with consolidated technologies is carried out in the Asian factories, at a lower cost but with the same European quality, covering both the Western steel making market and the Asian one, which to date accounts for more than half of global steel production.

This process led to investments in the Plant Making segment of approximately 15-20 million euro per year for new operating machinery and updating of administrative and management software, in addition to those for research and innovation, which are still high, mainly due to the development of new green technologies to produce steel without $CO_2$ and with low GHG emissions.

In the Steel Making sector, a new important investment plan is being launched, involving the construction of an innovative Digimelter at ABS in Cargnacco and the replacement of the current electric furnaces with new digital furnaces, after having successfully launched the new Quality Wire Rod Mill and the new sphere mill that allowed ABS to expand its range of high-quality products thanks to the use of innovative thermomechanical processes.
These plants are part of ABS's Vision 2.3 programme, which, as mentioned, envisages around 700 million euro of investment in the medium to long term with the aim of bringing production volumes to approximately two million tonnes, with the distinction of being the only steelworks for the production of quality steels, with a product range from 5.5 mm to 500 mm in diameter at a single site, with all the savings on OpEx and logistics that this entails.
The objective is always to raise the technological competitiveness of ABS by increasing production quality and efficiency, reducing the cost of processing and improving the increasingly personalised customer service, rationalising and completing the product range to be able to directly export more than 50% of production with the acquisition of operating companies upstream and downstream in steel production that make it possible to verticalise the supply and distribution chains, to complete the steel making activities.

The sale of the site where the German pipe manufacturer ESW Röhrenwerke GmbH was located continued during the period. Its operations were interrupted in late 2019, with the aim of completing its disposal by the end of 2023. The sale of land was concluded during the period, allowing for recognition of overall capital gains of 2.5 million euro, classified in the income statement for the year under "Profit/(loss) from discontinued operations" pursuant to international accounting standard IFRS 5.

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The ABS Sisak plant in Croatia worked even more efficiently, using the new Digital Melter installed during the period, which also improved the operating performance of the plants thanks to the increased capacity of the electric furnace and the new Q-MELT digital management software completed in the 2022 summer shutdown to considerably increase billet production in coordination and synergy with the activities of the new rolling plant for quality wire rod started up by ABS SpA in Italy. Nonetheless, the downtime that was necessary for this installation and due to the breakdown of the electrical transformer in early 2023 negatively affected production volumes and led to a negative net loss. However, the positive progress made in production efficiency and requirements of the ABS wire rod plant, which remained stable, lead us to believe that in the short term, and especially in the medium term, there will be a stark improvement in the results.

**Russian/Ukrainian conflict**

The Russian military intervention in Ukraine and consequent sanctions imposed by the USA and the EU on Russia generated a significant increase in the costs of energy factors during 2022 and 2023, which led to an induced increase in inflation and interest rates in Europe with unsustainable prices for gas and energy used by ABS Steel Making. The company was only able to maintain a positive result thanks to the contributions established by the Italian government in favour of energy-intensive parties (with tax credits active for the year 2022/2023 and valid until December 31, 2023; these prices, if persistent over time and without the renewal of the contributions, could impact negatively on the second half of 2023.
In the Plant Making segment there are currently no active projects of significant value in Ukraine, whereas all ongoing projects as at June 30, 2023 with Russian customers are in fact suspended following strong slowdowns or termination resulting from force majeure. The order book no longer includes any value for projects still open due to their poor prospects for future development (as at June 30, 2023, the removed projects were worth around 92 million euro, while as at June 30, 2022 they were worth around 160 million euro, equal to 3% of the book at that date).
Albeit with relevant uncertainties around the current geopolitical and economic environment, it is believed that the Group is not significantly exposed to risks arising from its activities in the Russian and Ukrainian market and the jobs in progress in such market does not present a relevant exposure to outstanding debts. The Group's operations in those countries has experienced strong slowdowns and was forced to conclude the projects launched prior to the conflict, subject to receipt of all the necessary authorisations and in compliance with the sanctions in force. The orders for projects acquired that never came into force in the aforesaid markets amount to around 500 million euro and, as mentioned, are entirely excluded from the order book, and the related advances already collected are shown as cut from the Group's net financial position as at June 30, 2023.
The activities carried out by our design centre situated in Ukraine are currently suspended in person, but they continue remotely. However, even before the military conflict with Russia, personnel were mainly working remotely due to safety measures implemented as a result of the COVID-19 pandemic.
The activities at our plant in Russia, focused on spare parts, continued during the year but to a very reduced extent and only with a few non-sanctioned customers, while the company records sharp drops in volumes and a loss for the year. Danieli began the process of selling this production unit to third parties. The total assets of this company amount to around 50 million euro, relating to the value of the buildings, warehouses, machine tools and inventories present at this industrial site, in addition to receivables. As mentioned previously, in light of the risks of recoverability arising from the current geopolitical situation, the tangible assets were entirely written down for 16.5 million euro. The remainder of the subsidiary's assets, strictly related to net working capital, is considered recoverable in ordinary operations.
In addition to what has already been recognised in the financial statements in terms of write-downs, hedging risk and discounting as at June 30, 2023 on the values present in the register and related to industrial assets and other activities on specific projects in Russia (for a total of around 50 million euro), no further items have been identified as a risk to the recoverability of the Group's assets exposed to the Russian and Ukrainian market and/or customers.
Danieli condemns all ongoing conflict, especially the one between Russia and Ukraine and its serious consequences in Europe due to destruction, loss of human life and economic losses, which we are hopeful will cease as soon as possible with a fair and just conclusion.
Management continuously and closely examines the various impacts of this situation on the Group as well as the system of sanctions activated by the EU, which continues to evolve, and it is believed that potential negative impact will be more linked to fewer future commercial opportunities with the cooling off of the Russian market rather than the extraordinary expenses on existing projects, which are already adequately hedged and secure.

## Highlights of the consolidated income statement as at June 30, 2023 and outlook

| (in millions of euro) | 30/06/2023 | 30/06/2022 | Change |
|---|---|---|---|
| **Revenues (*)** | **4,102.1** | **3,619.0** | **13%** |
| **Gross Operating Margin (EBITDA) (**)** | **423.9** | **359.2** | 18% |
| % of revenues | 10,3% | 9,9% | |
| Depreciation and net write-downs of fixed assets and receivables | (158.9) | (149.6) | |
| **Operating result** | **265.0** | **209.6** | **26%** |
| % of revenues | 6,5% | 5,8% | |
| Financial income and charges | 33.7 | 84.6 | |
| Income/(expenses) from equity investments in associates measured at equity | (2) | 2 | |
| **Profit before tax** | **297.1** | **295.9** | 0% |
| Income taxes | (55.9) | (68.1) | |
| **Net income from continuing operations** | **241.2** | **227.8** | 6% |
| Profit/(loss) from discontinued operations | 2.4 | (8.6) | |
| **Net profit for the year** | **243.6** | **219.2** | 11% |
| % of revenues | 5,9% | 6,1% | |
| (Profit loss attributable to minority interests) | 0.0 | (0.4) | |
| **Net profit for the year attributable to the Group** | **243.6** | **218.7** | 11% |
| % of revenues | 5,9% | 6,0% | |

(*) The Gross Operating Margin (EBITDA) represents the operating profit as in the consolidated income statement, before depreciation, amortisation and write-downs of fixed asset and receivables.
The Gross Operating Margin (EBITDA) is used by the issuer to monitor and evaluate the performance of the Danieli Group, although it is not defined as an accounting measurement within IFRS. Consequently, the criteria for determining this value may not be consistent with the one used by other entities, and therefore not be altogether comparable.

The level of revenues of the Group rose by 13% compared to the previous year with higher turnover in the Plant Making sector and lower turnover in the Steel Making sector, which shows lower production volumes and average selling prices compared to 2021/2022, maintaining nonetheless a partial yet satisfactory saturation of the plants thanks in part to the performance of ABS Sisak that supplied billets to the new QWR wire rod mill at ABS S.p.A. n Pozzuolo del Friuli, which rolled a high-quality premium product, especially for the European market.
Group EBITDA as at June 30, 2023, was 423.9 million euro, an increase of approximately 18% on the previous year, and margins were substantial compared to the turnover, to cover the very high research and development costs incurred in the period.

Revenues for the Plant Making segment are consistent with the forecasts at the beginning of the year and are the result of compliance with the construction programmes contractually agreed with the customers, with an EBITDA of 253.0 million euro, better than the result for the 2021/2022 period, nevertheless recording provisions made in the period against disputes related to the start-up of some innovative plants and the suspension of several projects in Russia and Ukraine.
Revenues for the Steel Making sector, while in line with the budget from the start of the year, show higher profits (EBITDA of 170.9 million euro) thanks to the positive contribution of the new rolling mills, now fully operational. These profits could only be maintained in the next year through the normalisation of the energy costs that have been gradually decreasing since the start of 2023, with limited fluctuations following less dependence on Russian gas and with maximum prices per MWh, which are still high but far from the peaks reached in summer 2022.
The production sold during the financial year by the Steel Making segment (ABS Group) reached approximately 1.2 million tonnes (10% less than last year), with the aim of increasing these volumes in the next financial year by bringing the activities of ABS Sisak in Croatia and the new wire rod and sphere mills at ABS SpA to maximum capacity.

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ABS S.p.A. provides high-quality products and delivery times in line with the best global producers, and its objective is to be the leading operator in Italy in the special steel sector and among the top three in Europe.
Therefore, the 2022-23 financial year showed an increased consolidated operating profitability (EBIT) compared to the previous year even with some penalties for one-off negative factors linked to prudential write-downs associated with the Group's exit from the Russian market.
The performances of both the Plant Making (engineering and plant construction) and Steel Making segments (special steel production) and keeping the order book at good levels also mean positive results for next year, consolidating the trend achieved in 2022/2023.
In particular, in the Plant Making segment, a better operating result is expected in 2023-24 with higher volumes and better margins, on the basis of the figures included in the order book with an equal distribution throughout the main product lines (steelworks, long products and flat products), and homogeneously in all geographical areas affected by our projects, and an improved contribution to the Group's operating profitability from the Parent Company Danieli & C Officine Meccaniche S.p.A.
In the Steel Making sector, an increase in production volume is expected in 2023/2024, with higher efficiency in the production processes now that three lines of product verticalisation are available: bars, wire rods and spheres and improved operations of ABS Sisak, though the energy variable could impact negatively on production volumes and margins.
Thanks to investments made in both operating segments, the Danieli Group can offer its customers innovative and more environmentally-friendly products and an increasingly better service in terms of quality, price and delivery timeliness, operating with an organisation that aims to optimise company processes in order to reduce waste, striving for maximum customer satisfaction.
Lastly, liquidity management continued during the year in accordance with the usual low-risk and easy to realise investment principles, with higher average remuneration both on investments in euro and on those denominated in foreign currencies (essentially in USD).
Net financial income came to a positive 49.6 million euro (before exchange rate alignment) and includes the discounting charges calculated on financial receivables with the expectation of a payment deferred beyond the short term, while exchange rate management was negative for 16 million euro due to the depreciation of the US dollar against the euro. Cash management was handled efficiently in the period, maintaining a high solvency profile, with a highly positive net cash position. Additionally, the expectation for a substantial resilience in the interest rates during the next year led to predictions of a good financial result again for 2023-24.
Income taxes for the period amounted to 55.9 million euro (68.1 million euro in the previous year), essentially deriving from the application of ordinary taxation to the results of consolidated companies, partly reduced by the fact that the tax credit received by ABS S.p.A. in support of its expensive energy bills, which ended at the start of the second half of 2023, was exempt from Italian taxation.
Net profit for the period attributable came to 243.6 million euro, an increase of 11% compared to 218.7 million euro for the year ended as at June 30, 2022.

## Summary of results by business segment

The results discussed above are broken down below by business segment in the following table:

**Revenues**

| (in millions of euro) | 30/06/2023 | 30/06/2022 | Change |
|---|---|---|---|
| **Plant making (*)** | 2,597.6 | 1,940.8 | 34% |
| **Steel making** | 1,504.5 | 1,678.2 | -10% |
| **Total** | 4,102.1 | 3,619.0 | 13% |

**Gross Operating Margin (EBITDA)**

| (in millions of euro) | 30/06/2023 | 30/06/2022 | Change |
|---|---|---|---|
| **Plant making** | 253.0 | 166.4 | 52% |
| **Steel making** | 170.9 | 192.8 | -11% |
| **Total** | 423.9 | 359.2 | 18% |

**Operating result**

| (in millions of euro) | 30/06/2023 | 30/06/2022 | Change |
|---|---|---|---|
| **Plant making** | 160.9 | 93.0 | 73% |
| **Steel making** | 104.1 | 116.6 | -11% |
| **Total** | 265.0 | 209.6 | 26% |

**Net profit for the year attributable to the Group**

| (in millions of euro) | 30/06/2023 | 30/06/2022 | Change |
|---|---|---|---|
| **Plant making** | 143.6 | 129.3 | 11% |
| **Steel making** | 100.0 | 89.4 | 12% |
| **Total** | 243.6 | 218.7 | 11% |

## Revenues by geographical area

The allocation of Group consolidated revenues by geographical area is as follows:

| (in millions of euro) | 30/06/2023 | % | 30/06/2022 | % | Change |
|---|---|---|---|---|---|
| **Europe** | 2,437.3 | 59% | 2,462.0 | 68% | -1.0% |
| **Middle East** | 286.0 | 7% | 232.2 | 6% | 23.1% |
| **Americas** | 813.2 | 20% | 467.0 | 13% | 74.2% |
| **South East Asia** | 565.6 | 14% | 457.9 | 13% | 23.5% |
| **Total** | **4,102.1** | **100%** | **3,619.0** | **100%** | **13.3%** |

With regard to the Plant Making segment, the geographical distribution of revenues for the period reflects the target area of sales related to shipments made and includes the progress of equipment construction operations at our factories and the assembly and start-up activities carried out at our customers' sites on a worldwide basis.
On the other hand, the revenues of the Steel Making segment are concentrated in Italy and Europe and are included in the Europe geographical area, where they account for 37% of the total value of this area as at June 30, 2023, and for 46% of the total value of this area as at June 30, 2022.

## Highlights of the reclassified consolidated balance sheet as at June 30, 2023

| (in millions of euro) | 30/06/2023 | 30/06/2022 (*) |
|---|---|---|
| Net financial assets | 22.9 | 27.4 |
| Net tangible and intangible assets | 1,018.1 | 1,013.8 |
| Right of use | 33.2 | 39.4 |
| **Net fixed assets** | **1,074.2** | **1,080.6** |
| Working Capital (*) | (164.1) | 38.5 |
| **Net Invested Capital** | **910.1** | **1,119.1** |
| Group shareholders' equity (*) | 2,404.7 | 2,242.0 |
| Shareholders' equity of non-controlling interests | 3.0 | 3.3 |
| **Total shareholders' equity (*)** | **2,407.7** | **2,245.3** |

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| | | |
|---|---|---|
| **Provisions for risks and employee benefits** | **105.2** | **80.4** |
| Current financial assets | (2,319.0) | (2,173.6) |
| Non-current financial assets | (0.3) | (0.2) |
| Current financial liabilities | 461.8 | 813.9 |
| Non-current financial liabilities | 254.7 | 153.3 |
| **Positive net financial position** | **(1,602.8)** | **(1,206.6)** |
| **Total sources of funding** | **910.1** | **1,119.1** |

(*) The items at June 30, 2022 have been restated as a result of the restatement described in notes 5) Deferred tax assets and liabilities and 13) Shareholders' equity, to the consolidated financial statements. The restatement exclusively involved the item "Deferred tax assets" with offsetting item in "Other reserves and earnings carried forward".

Net Invested Capital decreased slightly compared to the previous year and Working Capital decreased. The cash flow generated and financial management of the period guaranteed adequate coverage of the investments made in both operating segments.
This situation, with expectations of continuing positive economic and cash flows in the next few years, will allow the Group to quickly repay its debt to banks, which decreased during the period despite having supported new significant investments in particular in the Steel Making segment.

## Analysis of the consolidated net financial position as at June 30, 2023

| (in millions of euro) | 30/06/2023 | 30/06/2022 | Change |
|---|---|---|---|
| **Non-current financial assets** | | | |
| Other financial receivables | 0.3 | 0.2 | 0.1 |
| **Total** | **0.3** | **0.2** | **0.1** |
| **Current financial assets** | | | |
| Securities and other financial receivables | 569.4 | 657.5 | (88.1) |
| Cash and cash equivalents | 1,749.6 | 1,516.1 | 233.5 |
| **Total** | **2,319.0** | **2,173.6** | **145.4** |
| **Non-current financial liabilities** | | | |
| Non-current bank loans | 228.4 | 123.5 | 104.9 |
| Non-current financial liabilities IFRS 16 | 26.3 | 29.8 | (3.5) |
| **Total** | **254.7** | **153.3** | **101.4** |
| **Current financial liabilities** | | | |
| Bank debts and other financial liabilities | 453.7 | 803.0 | (349.3) |
| Current financial liabilities IFRS 16 | 8.1 | 10.9 | (2.8) |
| **Total** | **461.8** | **813.9** | **(352.1)** |
| **Current net financial position** | **1,857.2** | **1,359.7** | **497.5** |
| **Non-current net financial position** | **(254.4)** | **(153.1)** | **(101.3)** |
| **Positive net financial position** | **1,602.8** | **1,206.6** | **396.2** |

The net financial position remained strong, increasing by 396.2 million euro compared to the value as at June 30, 2022.
The net financial position was calculated by including, within "Bank debts and other financial liabilities", customer advance payments on job orders not yet in production, amounting to 401.6 million euro as at June 30, 2023 (400.6 million euro as at June 30, 2022). These amounts are still included as Contracts Liabilities and customer advance payments in the consolidated balance sheet. As at June 30, 2023, on a similar basis to the previous financial year, liabilities recognised during the previous year were also included, relating to deferred components of the price for an acquisition made in previous financial years for 11.6 million euro.

Note that the net financial position does not include the tax credits acquired by Danieli & C. Officine Meccaniche S.p.A. during 2023 for around 70 million euro, which will be used during the next four years to offset tax expenses and contributions due in Italy in equal measure.
Customer advances on job orders in production, net of advances paid to suppliers, amounting to 1,049.6 million euro as at June 30, 2023, and 843.9 million euro as at June 30, 2022, are included in working capital as they are used to finance job orders in progress. The related amounts are always included as Contracts Liabilities and customer advance payments in the consolidated balance sheet.
The diagram shown above includes all the components envisaged for the calculation of the net financial position as indicated in CONSOB communication no. 5-21 of April 29, 2021, which refers to ESMA guideline 32-382-1138.
The item trade payables and other non-current liabilities envisaged by the aforesaid guideline, which is a significant component of implicit or explicit financing, is included in the column "Bank debts and other financial liabilities" as outlined in this section above.
For commentary on reverse factor operations, refer to note 18 in the explanatory notes to the consolidated financial statements.
The net financial position therefore remained highly positive as at June 30 reaching the amount of 1,602.8 million euro. This amount is still important, affected partly by advances collected on current contracts and partly by a careful financial management of production on job orders, enabling the Group to repay debt to banks following the increase in rates (reducing it significantly) and to finance the important investments in research and development in the Plant Making segment as well as those for the new Digital Melter started up in the financial year in the Steel Making segment at the Croatian plant of ABS Sisak.
By maintaining this level of cash, the Group can meet without financial stresses the new technological challenges of building plants with high innovative content, by independently covering all extraordinary expenses that may arise from technical difficulties during their start-up.

## Key consolidated financial ratios

| Profitability ratios | Description | 30/06/2023 | 30/06/2022 |
|---|---|---|---|
| **ROE (***)** | Net profit for the year attributable to the Group / Group shareholders' equity | 10.1% | 9.8% |
| **ROI (***)** | Operating result / Net Invested Capital | 29.1% | 18.7% |
| | Gross Operating Margin (EBITDA) / Total shareholders' equity | 17.6% | 16% (***) |
| | Gross Operating Margin (EBITDA) / Financial charges (*) | 16.03 | 6.74 |
| | Gross Operating Margin (EBITDA) / Revenues | 10.3% | 9.9% |
| | Gross financial debt (**) / Gross Operating Margin (EBITDA) | 0.66 | 1.46 |
| **ROS** | Operating result / Revenues | 6.5% | 5.8% |
| **Financial charges on revenues** | Financial charges / Operating revenues | 0.6% | 1.5% |

| Capital indices | Description | 30/06/2023 | 30/06/2022 |
|---|---|---|---|
| **Indebtedness ratio (***)** | Gross financial debt / Total shareholders' equity | 29.8% | 43.1% |

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| | | | |
|---|---|---|---|
| **Financial independence (***)** | Total shareholders' equity / Total assets | 36.8% | 36.3% |
| **Primary structure margin (***)** | Total shareholders' equity / Non-Current Assets | 181.8% | 169.9% |
| **Secondary structure margin (***)** | Total shareholders' equity+Non-current liabilities / Non-Current Assets | 211.0% | 190.0% |
| **Availability Index** | Current Assets / Current Liabilities | 139.3% | 132.4% |
| **Liquidity ratio** | Current Assets-Inventories / Current Liabilities | 95.5% | 92.8% |

(*) net of interests on discounting operations
(**) excluding advances on job orders not yet in production and indebtedness in accordance with IFRS 16
(***) The indicators referring to the period ended as at June 30, 2022 have been recalculated as a result of the restatement during the financial year and described in note 5) Deferred tax assets and liabilities to the consolidated financial statements.

| **Result Indicators** | **30/06/2023** | **30/06/2022** |
|---|---|---|
| **Revenues per employee (thousands of euros)** | **421.5** | **397.9** |

Note that the figures used to calculate the performance ratios shown above do not always constitute standard measurements in the context of the Group's accounting policies.
Consequently, the criteria for determining this value may not be consistent with the one used by other entities, and therefore not be altogether comparable.

## Statement of changes in net financial position

The statement of changes in net financial position confirms the Group's ability to generate significant positive cash flows from operations, which were only partially absorbed during the financial year by the disbursements on investments made, with a decrease in working capital by 216.2 million euro (an increase of 34.0 million euro in the previous year). The cash flow generated from operating activities amounted to 641.9 million euro (267.6 million in the previous period) and allowed the financial coverage of net operating investments of 192.7 million euro (69.7 million euro as at June 30, 2022). Hence, a final net cash increase, after financing operating investments, of 449.2 million euro (197.9 million euro as at June 30, 2022).
The total positive change in the net financial position, up by 395.6 million euro, includes the outlay for the payment of dividends in November 2022, amounting to 21.4 million euro, as well as the accounting effects arising from the trend in exchange rates.

| (in millions of euro) | **30/06/2023** | **30/06/2022** |
|---|---|---|
| **Initial positive net financial position** | **1,206.6** | **1,002.0** |
| Profit before tax | 299.5 | 287.2 |
| **Adjustment for the determination of cash flows from operations** | | |
| Depreciation and other non-monetary items | 185.5 | 152.7 |
| Losses/(gains) on disposal of fixed assets | 0.2 | (2.3) |
| Net financial income/(expenses) for the year | (33.7) | (84.6) |
| **Gross operating cash flow** | **451.5** | **353.0** |
| Net change in working capital | 216.2 | (34.0) |
| Interest and income tax collected (paid) | (25.8) | (51.4) |
| **Cash flow generated/absorbed by operating activities** | **641.9** | **267.6** |
| Investments in tangible and intangible fixed assets | (159.6) | (113.9) |
| IFRS 16 Application - Right of Use | (9.0) | (12.9) |
| Equity investments | 0.0 | (1.6) |
| Financial gains/(losses) realised on exchange rates | (21.4) | 86.7 |
| Divestments of tangible and intangible fixed assets | 2.4 | 9.8 |
| Changes in fair value of financial instruments in equity | (5.1) | (37.8) |

| | | |
|---|---|---|
| **Cash flow generated/absorbed by investing activities** | **(192.7)** | **(69.7)** |
| **Free cash flow** | **449.2** | **197.9** |
| **Other changes in net financial position** | | |
| dividends paid to the shareholders of the parent company | (21.4) | (13.4) |
| Change in balance sheet items due to exchange rate translation | (32.2) | 20.0 |
| **Total** | **(53.6)** | **6.6** |
| **Total positive change in the net financial position for the period** | **395.6** | **204.5** |
| **Final positive net financial position** | **1,602.2** | **1,206.5** |

**Investments and research activities**

The main investments in tangible and intangible fixed assets in the period, totalling 159.6 million euro, were as follows:

- 80.4 million euro in the Steel Making segment are mainly related to the purchase of new land, completion of the new liquid steel treatment furnace, the new sphere mill and the one for wire rods (QWR) that will guarantee greater flexibility, diversification and efficiency in steel production, by expanding the range of products offered with improvements to their quality, together with a careful environmental management of all phases of production;
- 79.2 million euro in the Plant Making segment for new automatic machine tools installed in Italy and in production facilities abroad, with the aim of improving efficiency and increasing the manufacturing capacity of our plants.

During the period, the Group moved ahead with research programmes initiated in previous years, with a view to providing customers with new-technology plants capable of superior quality output and lower investment (CapEx) and production costs (OpEx). This process involved expenditure of approximately 30 million euro for direct and indirect research activities (almost entirely supported by the Plant Making segment and equal to approximately 1.5% of the relevant turnover), with the management of a volume of innovative projects of approximately 200 million euro (approximately 8% of the turnover of the Plant Making segment).

## Analysis of/commentary on the economic and financial position of the Parent Company Danieli & C. Officine Meccaniche S.p.A.

### Highlights of the income statement as at June 30, 2023

| (in millions of euro) | 30/06/2023 | 30/06/2022 | Change |
|---|---|---|---|
| **Revenues** | **1,187.3** | **872.6** | 36% |
| Gross Operating Margin (EBITDA) (*) | **58.8** | **11.5** | 411% |
| % of revenues | 5.0% | 1.3% | |
| Depreciation and net write-downs of fixed assets and receivables | (19.7) | (28.6) | |
| **Operating result** | **39.1** | **(17.1)** | 329% |
| % of revenues | 3.3% | -2.0% | |
| Financial income and charges | 18.6 | 59.0 | |
| **Profit before tax** | **57.7** | **41.8** | 38% |
| Income taxes | (16.5) | (12.0) | |
| **Net profit for the year** | **41.2** | **29.8** | 38% |
| % of revenues | 3.5% | 3.4% | |

(*) The Gross Operating Margin (EBITDA) represents the operating profit as in the income statement, before depreciation, amortisation and net write-downs of fixed assets and receivables.
The Gross Operating Margin (EBITDA) is used by the issuer to monitor and evaluate the performance of the Danieli Company and Group, although it is not defined as an accounting measurement within IFRS. Consequently, the criteria for determining this value may not be consistent with the one used by other entities, and therefore not be altogether comparable.

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Revenues for the year were 36% higher than in the previous year, with a positive gross operating margin, an improvement on last year.
The financial year shows positive operating income, an improvement on the previous year, albeit having incurred higher costs for transportation and absorbed the lack of progress of several important orders with Russian and Ukrainian customers stopped by EU sanctions, whereas there was regular development of other projects with no unexpected additional costs. The net financial income was positive and includes 38.2 million for dividends collected from the Luxembourg sub-holding Industrielle Beteiligung SA, having also suffered from negative exchange rate management in the period due to passive exchange rate alignment of receivables, payables and other financial assets expressed in US dollars to the year-end exchange rate.
Cash continued to be managed prudently to allow the financial coverage of investments while maintaining reasonable subcontractor payment times, with a significant improvement in the year-end net financial position.
The financial year closed with a profit of 41.2 million euro, compared to the profit of 29.8 million euro as at June 30, 2022, net of the tax burden related to the composition of the relative tax base.

**Highlights of the reclassified balance sheet as at June 30, 2023**

| (in millions of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Net financial assets | 1,170.8 | 1,170.8 |
| Net tangible and intangible assets | 80.9 | 76.5 |
| Right of use | 7.9 | 8.8 |
| **Net fixed assets** | **1,259.6** | **1,256.1** |
| Working Capital | (441.2) | (285.0) |
| **Net Invested Capital** | **818.4** | **971.1** |
| **Total shareholders' equity** | **847.2** | **829.0** |
| Non-current financial assets | 75.0 | |
| Provisions for risks and employee benefits | 55.2 | 39.6 |
| Current financial assets | (606.6) | (564.1) |
| Non-current financial liabilities | 160.0 | 66.8 |
| Bank debts and other financial liabilities | 362.7 | 599.8 |
| Net financial position (*) | (84.0) | 102.5 |
| **Total sources of funding** | **818.4** | **971.1** |

The Net Invested Capital decreased compared to the previous year reflecting the change in working capital deriving from the collection and absorption of advance payments from customers on job orders in progress and the substantial stability of the other components of working capital (trade receivables, inventories and trade payables).
The net financial position as at June 30, 2023, positive for 84.0 million euro, was determined including financial receivables and payables from/to Group companies.

## Analysis of the net financial position as at June 30, 2023

| (in millions of euro) | 30/06/2023 | 30/06/2022 | Change |
|---|---|---|---|
| **Current financial assets** | | | |
| Securities and other financial receivables | 28.0 | 10.5 | 17.5 |
| Cash and cash equivalents | 578.6 | 553.6 | 25.0 |
| **Total** | **606.6** | **564.1** | **42.5** |
| **Non-current financial liabilities** | | | |
| Non-current bank loans | 153.0 | 59.0 | 94.0 |
| Non-current financial liabilities IFRS 16 | 7.0 | 7.8 | (0.8) |
| **Total** | **160.0** | **66.8** | **93.2** |
| **Current financial liabilities** | | | |
| Bank debts and other financial liabilities | 361.3 | 598.3 | (237.0) |
| Current financial liabilities IFRS 16 | 1.4 | 1.5 | (0.1) |
| **Total** | **362.7** | **599.8** | **(237.1)** |
| **Current net financial position** | **243.9** | **(35.7)** | **279.6** |
| **Non-current net financial position** | **(160.0)** | **(66.8)** | **(93.2)** |
| **Net financial position (*)** | **83.9** | **(102.5)** | **186.4** |

(*) The net financial position would amount to approximately 158 million euro considering the value of the non-current loan for 75 million euro disbursed in favour of the subsidiary ABS SpA.

The net financial position includes, as "Bank debts and other financial liabilities", customer advance payments on job orders not yet in production amounting to 42,369 thousand euro (96,288 thousand euro as at June 30, 2022). These amounts are included in the balance sheet as other current liabilities in the item Contracts Liabilities and customer advance payments.
Customer advances on job orders in production (including those from Group companies), amounting to 691.7 million euro as at June 30, 2023, and to 457.5 million euro as at June 30, 2022, respectively, are included in working capital as they are used to finance jobs in progress. These amounts are still included as Contracts Liabilities and customer advance payments in the balance sheet.
The net financial position as at June 30, 2023 was positive for 84.0 million euro, with an increase of 186.4 million euro compared to the previous year; the position is expected further to improve next year, thanks to the flow of collections expected during the 2023-24 financial year.
During the year, the net cash flow arising from operating activities allowed the Parent Company to finance investments and repay a significant portion of its debt. In 2023, the Parent Company also took out a major loan with the European Investment Bank for a multi-year development plan that will mainly involve the Steel Making sector. At the end of the period, the Company received the disbursement of 153 million euro, recognised in the net financial position among non-current bank loans, which has already been partly transferred to the subsidiary ABS to support its investments.
Note that maintaining an adequate gross level of cash enables the company to suitably meet the technological challenges associated with the supply and start-up of innovative plants, with the ability to independently meet all extraordinary expenses associated with any technical difficulties.
Note that the net financial position of the Parent Company stated in accordance with ESMA guideline 32-382-1138 does not include non-current financial receivables for 75 million euro from the subsidiary ABS SpA. Part of the loan disbursed to the Company by the European Investment Bank was allocated to the subsidiary ABS SpA through this intra-group financing since it was intended for the financing of its significant CAPEX, as described in the previous sections.

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## Key financial ratios

| Profitability ratios | Description | 30/06/2023 | 30/06/2022 |
|---|---|---|---|
| **ROE** | Net profit for the year / Total shareholders' equity | 4.9% | 3.6% |
| **ROI** | Operating result / Net Invested Capital | 4.8% | -1.8% |
| | Gross Operating Margin (EBITDA) / Total shareholders' equity | 6.9% | 1.4% |
| | Gross Operating Margin (EBITDA) / Financial charges (*) | 3.01 | 0.50 |
| | Gross Operating Margin (EBITDA) / Revenues | 5.0% | 1.3% |
| | Gross financial debt (**) / Gross Operating Margin (EBITDA) | 8.03 | 48.78 |
| **ROS** | Operating result / Revenues | 3.3% | -2.0% |
| **Financial charges on revenues** | Financial charges / Operating revenues | 1.64% | 2.64% |

| Capital indices | Description | 30/06/2023 | 30/06/2022 |
|---|---|---|---|
| **Indebtedness ratio** | Gross financial debt / Total shareholders' equity | 61.7% | 80.4% |
| **Financial independence** | Total shareholders' equity / Total assets | 27.7% | 29.6% |
| **Primary structure margin** | Total shareholders' equity / Non-Current Assets | 56.9% | 59.7% |
| **Secondary structure margin** | Total shareholders' equity+Non-current liabilities / Non-Current Assets | 71.5% | 67.8% |
| **Availability Index** | Current Assets / Current Liabilities | 78.8% | 75.9% |
| **Liquidity ratio** | Current Assets-Inventories / Current Liabilities | 56.9% | 58.4% |

(*) net of interests on discounting operations
(**) excluding advances on job orders not yet in production and indebtedness in accordance with IFRS 16

| Result Indicators | 30/06/2023 | 30/06/2022 |
|---|---|---|
| **Revenues per employee (thousands of euros)** | 503.5 | 379.9 |

Note that the figures used to calculate the performance ratios shown above do not always constitute standard measurements in the context of the company's accounting policies. Consequently, the criteria for determining these indicators may not be consistent with the one used by other entities, and therefore not be altogether comparable.

**Management of business risks**

The Danieli Group carries out a continuous monitoring of business risks for all corporate functions by carefully managing them, in accordance with risk management methodology and principles, in order to identify, reduce and eliminate risks and thereby safeguard shareholders' rights.
Considering the different operations between the Plant Making and Steel Making sectors and the specific risk profiles of the individual production processes, the Board of Directors defines the nature and level of risk compatible with the Group's short and medium/long-term strategic objectives.
The centrally identified guidelines are valid for both business segments of the Danieli Group (Plant Making and Steel Making) and are followed with a view to standardising and coordinating Group policies.
The main industrial risks monitored by the Danieli Group are the following:

- risks related to the general state of the economy;
- risks related to COVID-19;
- risks related to market conditions;
- risks related to commodity prices (energy and raw materials), the cancellation of job orders and relations with suppliers;
- risks related to climate change and the environmental policy adopted;
- risks related to human resources, to Occupational Health and Safety;
- risks related to cybersecurity;
- risks related to compliance, management and taxation.

For information on financial risks, see the section "Management of financial risks" in the "Explanatory notes" to the consolidated financial statements.

| ***MAIN RISKS*** | | ***MITIGATING ACTIONS*** |
|---|---|---|
| Risks related to the general state of the economy | In the financial year ended as at June 30, 2023 the financial markets were characterised by a strong recovery in interest rates with depreciation of the US dollar against the euro of approximately 3% compared to June 30, 2022. Real economic performance on a global basis was affected by inflation, mainly caused by the increase in the cost of gas. In the first half of 2023, the cost of energy factors decreased with estimated easing in the interest rates starting from the end of the year. The monetary policies implemented by the central banks of the main industrialised countries nevertheless allowed States to guarantee, again in 2022/2023, support for industries previously affected by COVID-19 and now focusing on renewed innovation and decarbonisation programmes for production activities at a global level. The bank credit market looks to be evolving, especially in the USA, with possible positive developments throughout 2023-24. This said, the effects of the ongoing Russian/Ukrainian conflict on this macroeconomic context are not easy to foresee. | The earnings and finances of the Danieli Group continue to remain solid, balanced and diversified by segments and product lines, albeit still affected by the various macroeconomic situations of the markets it serves around the world. This solidity represents an element of mitigation of the risk related to the current macroeconomic context that allows the Group to face with reasonable serenity the challenges that this context entails.<br>However, the envisaged favourable evolution of the macroeconomic environment in 2023/2024 could positively affect the strategies and outlook of the Danieli Group, in particular for the Steel Making segment, which is more sensitive to short-term changes. The Plant Making segment, on the other hand, which operates in job orders extending over several years, is able to plan production over the long term and thereby reduce the short-term impact of market volatility.<br>The economic slowdown related to the pandemic effects of COVID-19 gradually disappeared during 2022, with us now seeing for 2023 an economic boost generated by the green sustainable development plans launched by the EU, China and the USA to support production with a lower environmental impact, generating positive effects for all economic sectors, including steel-related ones over a time horizon of at least two years.<br>As regards the Russian/Ukrainian conflict, refer to the dedicated section. |
| Risks related to market conditions | This risk consists of the possibility that there may be no demand from the market for Danieli products, either for technological reasons or because of financial problems. | The Danieli Group's constant focus on the research and development of new solutions to propose to customers to promote environmentally sustainable production and to operate with ever better production efficiency is one of our major strengths. Group Management continuously monitors these aspects so as to safeguard our leadership position.<br>Manufacturing operations in the Danieli Group are certified to ISO 140001 and ISO 9001 and also involve a continuous process of identifying, managing and mitigating the price risk that might have an economic impact on the Group's activities:<br>• in the Plant Making segment, purchases of the components used in the facilities qualified as strategic due to their |

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| | | nature and/or because of long delivery times are constantly monitored by ordering them once the job orders are effective to fix prices immediately, avoiding unexpected market fluctuations;<br>• in the Steel Making segment, procurement of scrap, ferroalloys and energy is carefully planned to correlate purchases and production with orders received from customers in order to reduce any price imbalances between purchases and sales. |
| Risks associated with commodity prices, the cancellation of job orders and relations with suppliers | The Danieli Group results can be significantly affected by fluctuations in commodity prices, in particular in the steel making segment, but also in the plant making segment, insofar as they affect the cost of completing job orders. | Management at Group level carries out an ongoing process of identifying, managing and mitigating price, compliance, commercial and reputational risks related to shortcomings in the pre-qualification or performance of suppliers to avoid scenarios where suppliers are found to be technically and qualitatively inadequate.<br>In the Steel Making segment, purchases of all production components subject to possible unexpected fluctuations (energy, electrodes, etc.) are carefully managed and selling prices include a variable component related to scrap and ferroalloy price trend, which substantially limits commodity price risk.<br>However, the sudden and severe increase in gas prices in 2022 and the related cost of energy led to tensions on the market and difficulties in the formation of prices, showing a clear need for coordinated intervention from the European supervisory authorities to define price caps. Demand is nevertheless still good and, albeit with some delays, the higher energy costs are expected to be passed on to selling prices, thus easing pressure on the sales margins. Indeed, this did take place during the year.<br>In the Plant Making segment, the management of each project is always structured to align the "expenditure curve" with the "receipts curve", at least to limit financial imbalances in the event a job order is cancelled; in addition, for unusual projects in terms of type or geographical area, suitable insurance or financial coverage is taken out to ensure the continuity of the project at all times.<br>The Danieli Group is active in several markets around the world. Operating mainly to job order, for each individual contract it sets up a policy for the management of subcontract price volatility, negotiating orders with deliveries exceeding six to eight months as soon as job orders are effective and, in any case, being able to count on a significant manufacturing capacity of its own located throughout the world, guaranteed by its factories in Italy, Thailand, India, Russia, Austria and China. |
| Risks related to climate change and the environmental policy adopted | Countries and companies around the world are being called upon to consciously assess and manage the risks related to climate change. The company's activities are also subject to many national and international environmental protection laws and regulations. | The risk arising from climate change is twofold:<br>• a physical risk, namely that the company assets could be affected by natural events (flooding, drought, rising sea levels, fire) generated by the side effects of rising temperatures and<br>• a transition risk, related to the economic effects and technological evolution required to transition from the current situation to the new target situation (with consequent impact on the company's reputation, finance, production and market change, etc.).<br>Danieli is taking action to adjust its communication to the most recent European legislation that requires it to identify and make available to the public in a transparent manner the actual or potential, positive or negative impacts from a social and environmental perspective, and which may arise from the pursuit of the company's strategic targets.<br>Furthermore, Danieli established a new corporate institute in December 2022: the Risk and Sustainability Committee. With independent figures specialised in sustainability and financial investments, this limited advisory committee is tasked with ensuring greater monitoring of the risks associated with climate change.<br>In addition, note that in 2019, Danieli had presented its decarbonisation targets and achieved independent science-based validation with a target to reduce emissions in line with a trajectory Well Below 2°C. In 2022, Danieli joined the programme promoted by the Science-Based Targets initiative (SBTi) for the second time, once again receiving validation of its short-term targets aligned with the new trajectory of 1.5°C and its long-term ones according to the new Net Zero Standard, ranking among some of the very first companies to achieve these goals. |

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| | | In early 2022, Danieli was recognised for the second consecutive year as a Supplier Engagement Leader (rating A) by the Carbon Disclosure Project (CDP) for its commitment to emission reduction initiatives to offset climate change and move towards a *decarbonised economy and sustainable steel production that* ethically involves the entire related supply chain in the process.<br>In late 2022 Danieli once again entered the Leadership band for Climate Change (rating A-) for the second consecutive time thanks to its environmental policies, effective communication of emissions measurements and management strategy for risks and opportunities associated with the effects of climate change, in a context in which many other companies have been downgraded by the CDP following requests for even more *ambitious and detailed reporting.*<br>Danieli has been a signatory of the UN Global Compact (UNGC) since 2020, confirming its commitment and shared need to promote and achieve the 17 sustainable development goals (SDGs) promoted by the United Nations.<br>In late 2022, Danieli renewed its subscription to the initiative by sending its Communication on Progress (COP) for 2022. Danieli published its progress in terms of the UN's ESG targets, commonly referred to as Sustainable Development Goals (SDGs).<br>In November 2022, COP27 was held in Sharm El-Sheikh in Egypt, where, compared to previous meetings, the context widened and the climate emergency became one of the global priorities at international level. Greater cooperation between states is required in order to limit the temperature increase to 1.5°C by 2030, by reducing emissions by at least 43% compared to figures from 2019. Therefore, in light of the upcoming COP28 in Dubai, the participant countries were requested to invest more resources to revolutionise the entire economic structure, since current decarbonisation commitments are not sufficient and would lead to a reduction in emissions by 2030 of only 0.3% compared to 2019, falling completely short of the target of a 1.5°C increase in the average global temperature.<br>To mitigate this risk, the Group is working to reduce greenhouse gas (GHG) emissions by supporting the use of renewable energy and developing new technologies to reduce consumption in both the Steel Making and Plant Making segments, where research into new technological solutions is vital in order to be competitive in the market. But, at the same time, the aim is also to adapt to climate change in order to be able to anticipate its negative effects using appropriate measures and to prevent or minimise the damage that may result.<br>Note that for the Steel Making segment, in particular, the adopted environmental policy complies with and often goes beyond the required standards. Steel Making sector of Danieli produces steel in a sustainable way and works to maintain a constant improvement in the environmental performance of its processes and products while maintaining an important focus on the social aspects of management. The ABS steelworks has received a favourable opinion for the issue of the AIA integrated authorisation, and continues the production of Ecogravel (the EC certified material that — in terms of circular economy — is an excellent substitute for quarry materials used for roadbeds and civil works), confirming the validity of this initiative. Also in the Plant Making segment, developments in environmental policy is seen as an opportunity rather than a risk: it is precisely with the development of more stringent regulations and requirements that concepts such as SustSteel and GreenSteel are being applied, with which the company is exploring new markets by promoting its internally developed technologies and innovative plants using direct reduction technology (DRI) and digital electric furnaces (Digital Melter).<br>Danieli is a world leader in offering plants that produce steel *without using coal and with very low $CO_2$ emissions. The impact* is that the ecological transition — now necessary across the globe — represents a market opportunity for Danieli for supplying plants that, thanks in part to new patented technologies, have a low carbon footprint. In 2020, the new Dan Green department |

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| | | was established at the Danieli research centre. It aims to find increasingly more innovative solutions with an extremely low environmental impact. Since 2021, the specialists have collaborated with the other Danieli product lines in the verification and calculation of the Danieli plant emissions and achieve annual Scope 3 certification from an official external assurance body, now for the third fiscal year in a row. This helped to offer certified know-how to customers, who can monitor their environmental aspect reliably, and to disseminate concepts of carbon footprint throughout the Group in terms of LCA (Life Cycle Analysis). |
| Risks related to human resources, to Occupational Health and Safety | The Group identified the risk of failing to make the most of human capital and poor management of processes aimed at protecting occupational health and safety. | As part of the human resource department, the Group worked to manage normal turnover (with an improvement in education level and a decrease in average employee age), but also to adapt personnel to market requirements related to the rationalisation of the activities in Italy and in other operating units in Europe and in South-east Asia, keeping production shifts in line with the current demand for plants. Work also continued on training and motivating executive managers to ensure efficiency and continuity of operations, in the context of a difficult market caused by general reduction in consumption. At ABS especially but at all other Group companies as well, measures have been taken to reduce injury risks by implementing adequate policies for the management and preventive maintenance of plants with a view to pursuing safety levels in line with the best industrial practices, and by using the insurance market to make sure our units are well protected even in the event construction is halted, against third-party liability and/or as part of the responsibility of directors towards shareholders/creditors. Health and safety compliance at production units and construction sites are the main operational areas where the company developed procedures and processes for the systematic mitigation of related risks. |
| Risks related to cybersecurity | The Group has mapped the cybersecurity risks related to the management of computer processes used in operating and management activities. | The topic of IT risk was explored with the help of the external consulting company Accenture, appointed by the Group to implement the programme intended to improve cybersecurity following a specific assessment, identifying the areas of intervention and defining a roadmap with a time frame of 36 months and the use of around 45 full-time employees dedicated to the prevention of hardware risks within the Group. The intervention times defined in the roadmap developed with the help of Accenture are in line with the risk index for the critical issues detected. Maximum attention is paid to the subject and the cyber risk oversight function operates with great flexibility, with access to a significant annual budget in light of its continuous evolution. The Group uses many tools (software and hardware) to mitigate the risks and outsources several activities to third parties specialised in the research, prompt identification and verification of anomalous behaviours. Periodic reports are prepared and submitted to the CEO. In the upcoming months/years, the Group will implement an even more refined Network Access Control (NAC) system to prevent access to the Group's network using external devices. |
| Risks related to compliance, management and taxation | The Group is subject to the risk of fraud or illegal activities. | As part of corporate governance, the Group adopted protocols, procedures and operating practices to prevent the risk of corruption and anti-money laundering by defining the guidelines of behaviour and the control measures of active and passive processes potentially involved (in the sales process and in procurement) in accordance with international best practices.<br>In the context of tax risks, note that the Parent Company closed – with integrated and compliant tax returns – all findings disputed to date (only small positions of a negligent value remain open).<br>As at June 30, a tax dispute is still pending between the Algerian administration and the parent company, duly covered by the provisions for risks allocated by the Company. The tax audit carried out at ABS, the outcome of which is not yet available, is not believed to lead to significant outlays for the company.<br>The tax dispute pending appeal between the Parent Company Danieli & C. Officine Meccaniche S.p.A. and the Trieste Revenue |

| | | |
|---|---|---|
| | | Agency relating to the alleged non-existence of some costs incurred in foreign sites was also closed by conciliation. The company had already obtained a ruling entirely in its favour issued in 2019 by the Provincial Tax Commission of Trieste, which had declared that the company was operating correctly.<br>On the same findings, on February 26, 2021, the Court of Appeal of Trieste had already ruled on the aquittal – which became definitive in late 2021 – of the Chair, the Manager in Charge and other former managers of the Group in relation to the offence of using invoices for operations deemed "non-existent" and of that of the failure to present the statement by the Luxembourg subsidiaries allegedly set up to evade taxes on the basis that "the fact does not exist". |

**Atypical and unusual transactions**

There were no significant atypical or unusual transactions during the year.

**Treasury shares**

As at June 30, 2023, the company held 3,333,192 ordinary shares and 3,953,863 savings shares with a par value of 1 euro each, for a total par value of 7,287 thousand euro (8.96% of the share capital). During the year, 77,589 ordinary shares were purchased.

**Secondary headquarters**

Pursuant to Art. 2428 of the Italian Civil Code, the Parent Company declares that it does not have any secondary headquarters.

**Management and coordination**

Danieli & C. Officine Meccaniche S.p.A. is not subject to management and control activities by companies or organisations and determines its own strategic, general and operating policies on a wholly independent basis.
Pursuant to Art. 2497-*bis* of the Italian Civil Code, the Italian companies controlled directly or indirectly, except for particular cases, identified Danieli & C. Officine Meccaniche S.p.A. as the body that exercises the activity of management and coordination. This activity consists in indicating Group strategic, general and operating policies and is achieved by defining and adapting the internal control system and corporate governance model and company structures, by issuing a Code of Ethics adopted at Group level and by formulating general policies for managing human and financial resources, procurement of production components, and marketing and communication.
The above enables the subsidiary companies, which retain full responsibility for their own managerial and operating independence, to achieve economies of scale, taking advantage of the skills and specialist services with increasing quality levels, and to concentrate their own resources on the management of their core business.

**Statement pursuant to Art. 2.6.2 of the Italian Stock Exchange Regulations**

Pursuant to Art. 2.6.2 of the Italian Stock Exchange Regulations, to comply with the terms of Art. 36 of CONSOB Market Regulation no. 16191/2007, the company, as the parent of companies established and governed under the laws of countries outside the European Union, declares that:

1. it has made available to the public (as indicated in the provisions set forth in Part III, Title II, Chapter II, Section V of the regulations adopted by CONSOB with Resolution 11971/1999, as amended) the financial statements of its subsidiaries as prepared for drawing up these consolidated financial statements, including at least the balance sheet and income statement;
2. it has acquired from the subsidiaries the Articles of Association and the composition and powers of company boards;
3. it has verified that the subsidiaries have a suitable administration and accounting system for sending, in a timely manner, the necessary profit and loss, balance sheet and financial data to the parent company's management and external auditors for preparation of the consolidated financial statements.

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## Governance

The "Report on Corporate Governance and Ownership Structure" (hereafter, the Report) required by Art. 123-*bis* of Italian Legislative Decree no. 58/1998 of the Consolidated Finance Act is an independent document approved by the Board of Directors on September 26, 2023 and published on the authorised storage system SDIR & STORAGE, www.emarketstorage.com, and on the company's website, www.danieli.com, in the section "Investors – Corporate documents".
The Report was prepared in compliance with the spirit of transparency and correctness inspired by the Code of Conduct for Listed Companies issued by Borsa Italiana S.p.A., even though the Company, in 2010, decided not to continue to adopt it.
The Report provides a general and complete picture of the adopted corporate governance system: it describes the profile of Danieli & C. Officine Meccaniche S.p.A. and its guiding principles; it discusses the ownership structure and the main governance practices followed, including the main characteristics of the internal control and risk management system; and it describes the functioning and composition of the governing and control bodies and their committees, roles and responsibilities.
It also presents the procedures adopted with regard to transactions involving interests of directors and statutory auditors and transactions with related parties, whose Regulations are available on the company's website in the section "Investors – Corporate documents", and the policy for communications with institutional investors and shareholders, and for the management of corporate information. The values and criteria used to determine the directors' fees are disclosed in the "2022 Report on remuneration policy and fees paid", prepared in accordance with Art. 123-*ter* of Italian Legislative Decree 58/1998 and Art. 84-quarter of the CONSOB Regulations for Issuers, and published online in the section "Investors - Corporate documents" of the company's website.
The Independent Auditor appointed by the Shareholders' Meeting of October 26, 2018, for nine years from July 01, 2019 to June 30, 2028, is Deloitte & Touche S.p.A.
The fees paid to the independent auditor are those approved by the shareholders' meeting of October 26, 2018. Adjusted to take account of inflation, they can be revised only in specific cases, such as new acquisitions or transfers.
For the audit of the financial statements as at June 30, 2023, the consolidated consideration accrued as a whole by Deloitte & Touche S.p.A. and by its network for the external auditing activity was 1,113 thousand euro. The same network was recognised in the financial year 168 thousand euro for other audit activities and consulting activities.

## Remuneration

The company's remuneration policy provides for a fixed fee for the members of the Board of Directors, except for any Extraordinary Bonuses for the Chief Executive Officers against well-defined objectives to be approved by the Board of Directors itself while it envisages, for key management personnel, a fixed remuneration with an additional variable component (according to Management By Objectives) related to the results achieved compared to previously agreed objectives (linked to the achievement of economic/financial targets but only for governance and sustainability), which does not however exceed 30% of the salary.

Considering the size of the Group and its operating structure, the use of a Remuneration Committee for regulating this matter was not envisaged, assigning this task to the Human Resource Management with the help, if necessary, of the Executive Committee as a leaner and more efficient operating body (for further details, see the Report on Remuneration approved by the Board of Directors dated September 26, 2023).

## Events occurring after the reporting period

Company operations continued with no further significant events occurring since June 30, 2023, with a world steel market that is still receptive and without the emergence of significant negative factors.
Alignment of currency items to the exchange rate prevailing on September 26, 2023, would have resulted in an increase of approximately 15 million euro in unrealised exchange differences for the year compared to the figure recorded considering the exchange rate as at June 30, 2023.
In July 2023 the acquisition by the subsidiary ABS of Rott-Ferr. S.r.l., operating in the management of iron scrap, was formalised, allowing for upstream integration of the value chain.

The subsidiary Findan S.p.A. signed an agreement to acquire control of the current associate Telefriuli S.p.A. in August 2023, operating in the sector of publishing, advertising and radio/television broadcasting.
Furthermore, the Parent Company purchased additional tax credits in July 2023 for 13.1 million euro, which are expected to be used over the medium term.
Except for what has already been discussed, no other events occurred after June 30, 2023, which could have had an impact on the economic, equity and financial position as shown in the balance sheet, the income statement and statement of comprehensive income at said date, or required further adjustments or additional notes to the consolidated financial statements and to the separate financial statements.

**Outlook**

We believe that, in the second half of 2023, the world economy will still show positive growth as a result of the general consolidation of the recovery with a cooling off in the USA and the EU, but an improvement in Asia by the end of the year and in 2024, as well as in the rest of the world.
The new world balances that are forming as a result of the Russian/Ukrainian conflict are leading to an unprecedented economic geography and related international trade in two opposing and parallel blocks, with an acceleration in the economic growth process but with fewer interrelations between Asia and the western countries, especially for the strategic manufacturing and steel sectors, which remain strategic for both in support of the development of infrastructure and the metalworking industry.
The forecasts for steel consumption in 2023 and 2024 remain strong in absolute terms, with slight recovery in Asia and a constant production in other countries, partly affected by the increase in demand in support of the decarbonisation process of the industry.
The global trend of the main players in the metals market to make targeted investments to improve production efficiency by starting the de-carbonisation process in steel production and always aiming at quality products is confirmed, also by migrating production to countries where the general competitiveness package (including the presence of domestic demand, energy, ore and transport) can guarantee greater production cost-effectiveness, with good opportunities for new orders in the plant engineering sector to be added to Danieli's current order book.
Based on these premises, the Danieli Group will be able to register steady and positive performance in the next financial year in the engineering and plant making sector, while in the steel making sector 2023/2024 is still expected to be positive, with constant volumes despite lower margins than the year just ended, influenced by the energy issue (and the government measures to limit it) and by a more reflective trend in demand.
With these objectives in mind, the Danieli Group, in the Plant Making sector, will continue to consolidate its international structure, while the Steel Making sector will continue with the construction of the new Digimelter plant at the Italian site of ABS, an integral part of the new investment plan intended to renew the other electric furnaces and double the installed production capacity, thus improving competitiveness, quality and productivity by the end of 2025.
The Group continues to pursue its efficiency objectives such as increased productivity, reduction in structural costs and innovation with the goal of improving competitiveness in the global market and ensuring an improved service especially to South-east Asian customers where steel production is mostly concentrated.
There are no other significant unknown factors for the year ahead, barring unforeseeable events beyond our control.

**Reconciliation between Parent Company shareholders' equity and profit for the year and Group shareholders' equity and profit for the year**

The reconciliation between shareholders' equity and profit for the year as at June 30, 2023 and June 30, 2022, as shown in the financial statements of the Parent Company and in the consolidated financial statements, can be summarised as follows:

| | 30/06/2023 | | 30/06/2022 | |
|---|---|---|---|---|
| (thousands of euro) | Total shareholders' equity | Net profit for the year | Total shareholders' equity | Net profit for the year |
| **Balances resulting from the annual financial statements of Danieli & C. S.p.A.** | **847,171** | **41,206** | **828,955** | **29,832** |

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| | | | | |
|---|---|---|---|---|
| Elimination of the carrying value of equity investments and book equity | 1,571,107 | | 1,399,481 | |
| Per share results achieved by the subsidiaries | | 371,684 | | 257,935 |
| Intra-group dividends | | (149,892) | | (54,141) |
| Effect of the valuation at equity of certain participations not consolidated on a line-by-line basis | 5,441 | 515 | 2,427 | 1,657 |
| Elimination of intra-group transaction effects | -18,565 | -19,126 | -10,826 | -16,553 |
| **Group shareholders' equity** | **2,404,713** | **243,642** | **2,242,003** | **218,715** |
| Shareholders' equity of non-controlling interests | 2,991 | 14 | 3,252 | 378 |
| **Total shareholders' equity** | **2,407,704** | **243,655** | **2,245,255** | **219,093** |

**Proposals by the Board of Directors to the annual general meeting**

Dear Shareholders,

We express our appreciation and thanks to all those whose perseverance and professionalism contribute to maintaining our strong competitive position and high technological status in world markets. We rely on their enthusiasm, as well as on our own, as we seek to progress with the serenity, confidence and strength necessary to meet future challenges.
The financial statements of Danieli & C. Officine Meccaniche S.p.A. for the financial year ended June 30, 2023, which we submit for your approval, show a profit of 41,205,880 euro.
Considering the net profit of the consolidated financial statements of the Danieli Group for the year ended June 30, 2023, which amounted to 243.6 million euro, we propose the payment of a dividend of:

- 0.3100 euro for the 37,546,341 ordinary shares;
- 0.3307 euro for the 36,471,170 savings shares.

The entire amount of the dividend is held in available reserves in the shareholders' equity of Danieli & C. Officine Meccaniche S.p.A. as at June 30, 2023 pursuant to Italian Ministerial Decree of May 26, 2017.
The breakdown is shown below.

| Profit distribution | Total shares outstanding at end of period | Dividend per share | Total |
|---|---|---|---|
| ordinary shares (1) | 37,546,341 | 0.3100 | 11,639,366 |
| savings shares n.c. (2) | 36,471,170 | 0.3307 | 12,061,016 |
| **Total** | | | **23,700,382** |
| **To extraordinary reserve** | | | **17,505,498** |
| **Distribution of profit for the year** | | | **41,205,880** |

(1) net of 3,333,192 ordinary treasury shares held on September 26, 2023
(2) net of 3,953,863 savings treasury shares held on September 26, 2023

Dividends to shareholders will be payable as from November 23, 2023 (distribution date November 21, 2023; record date November 22, 2023).

You are reminded that the ordinary Shareholders' Meeting has been convened for October 27, 2023, in single call.

***Consolidated non-financial statement pursuant to Italian Legislative Decree no. 254/2016.***

In the 2022/2023 financial year, the Danieli Group presented its "Consolidated non-financial statement" as required by Italian Legislative Decree no. 254/2016.
This document describes the performance and management of the non-financial topics of the Group, which in more than one hundred years of international activity developed a modern business model with the aim of creating economic value for shareholders, investors and customers, generating at the same time social and environmental value shared with the community of the territories in which the Group operates.

**Letter to stakeholders**

Dear Shareholders, Customers and Colleagues,
Results for the 2022/2023 fiscal year, forecasts for 2023/2024

- Revenue 4,102.1 million euro
- EBITDA 423.9 million euro
- Net Income 243.6 million euro
- Net cash 1,602.8 million euro
- Order Book 6,200 million euro

MARKET FORECAST

2022 and the first six months of 2023 were exceptional for steel producers in Europe and particularly in the US.
A contraction in demand is expected for 2023/24, which is typical after periods of boom. Exceptions to this will probably include India and SEA and MENA regions, where an increase in consumption is forecast.

DANIELI PLANT MAKING

The trend in the steel market in the last 2–3 years has led to positive results for the steel industry. This has led to an increase in investment to improve competitiveness and quality and to reduce $CO_2$ emissions.
The result is a good portfolio of orders both in terms of quantity and quality (EBITDA).
In addition, innovative Danieli technology with Digimelter, which will progressively replace existing technology in traditional electric furnaces, and Direct Rolling (DUE and MI.DA), are increasingly successful on the international market, to the extent that competitors have abandoned their own technology to copy ours.
The success of MI.DA. and DUE Direct Rolling is due to the competitive total cost per ton: CapEx + OpEx + CO2.
With Energiron direct reduction, we have had and will continue to have excellent opportunities for projects to replace coal-powered blast furnaces. These opportunities are primarily in Europe, as there are relatively few blast furnaces in the US.
Installation of coal-powered blast furnaces continues in India and China, as there is insufficient availability of gas, however these furnaces use systems that in any case reduce $CO_2$ emissions.
In conclusion, there is a good portfolio of orders thanks to the positive state of the steel market over the last 2–3 years, but also due to Danieli's innovative technology.
We make the necessary investment in innovation to pursue digitalisation of steel plants.

ACCIAIERIE BERTOLI SAFAU (ABS) STEELMAKING

The positive situation in the steel market has also contributed to good results for ABS.
In any case, ABS has continued to promote products of the new Quali Wire Rod Mill (QWRM) plant on the European market and products of the new sphere plant on the global market, with consequent improvement in profits expected.

A new investment plan worth 650 million euro has been launched with the goal of producing 2.3 million tonnes/year.
Alongside this, there will be investment up- and downstream, in companies that source raw materials (scrap) and for service centres, respectively.
Projects to reduce $CO_2$ emissions continue, and have already reached positive levels, along with circular-economy efforts.

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We are preparing for a drop in the market to characterise roughly the next two years, although we predict this will be felt less acutely in the special-steels sector.

GROUP VISION

We confirm the priority of innovation aimed at reducing OPEX and zeroing $CO_2$ emissions, to remain front runners in both plant making and steel making. With these considerations, the target for 2023/24 is:

- Revenue 4.0–4.3 billion euro
- EBITDA 400–430 million euro
- NFP 1.4–1.6 billion euro
- Order backlog 6.0–6.5 billion euro

SOCIAL ASPECT, EDUCATION, EMPLOYMENT

Danieli's social commitment continues, supporting the community:

- The Zerotredici educational hub is now consolidated and appreciated by students and families for the quality of learning, soft skills and teamwork approach.

- The MITS (Malignani Istituto Tecnico Superiore) school in Udine, Italy, has achieved excellent academic results, ranking amongst the top technical secondary institutes in the country. The goal is to reach 600 students over two years.
  The new site of the MITS school is under construction, will an investment of approx. 25 million euro, on top of the planned first-class laboratories. The goal is to have this ready for academic year 2024/25.

- Great pride was felt with the success of the Italian paralympic swimming team, with Danieli amongst its sponsors, which became world champions in Manchester in 2023.

Before concluding, we wish to thank our shareholders who have allowed us to reinvest 85-90% of our revenues into the company. This has been perceived as an expression of the trust and esteem the shareholders have for the Danieli team, something we intend to honour to the best of our abilities.
It is a trust which, in any case, has been repaid by the fact that the acquisition of Danieli shares has been confirmed to be a good, long-term investment.

On behalf of the Board of Directors and the shareholders, special thanks go to the Danieli Group Team who, with passion and professionalism, are fully committed to achieving the agreed objectives for our company's continuous improvement, and to honour the motto "Danieli, the reliable and innovative partner to be a step ahead in CapEx and OpEx", for the satisfaction of our business partners. Last but not least, we are grateful for the efforts they have made in bringing about the cultural change required by technological and social trends today and which is essential for maintaining competitiveness and market shares in a highly complex global economy with continuously evolving quality requirements.

Gianpietro Benedetti

CHAIRMAN OF THE BOARD OF DIRECTORS

***Methodological note***

This document represents the Consolidated Non-financial Statement (hereinafter also referred to as "NFS" or "Non-financial statement"), prepared in accordance with Articles 3 and 4 of Italian Legislative Decree 254/2016 and the amendments required by Italian Law no. 145 of December 30, 2018, implementing Directive 2014/95/EU, of the companies belonging to the Group consisting of Danieli & C. Officine Meccaniche S.p.A. (hereinafter also referred to as the "company" or "parent company") and its subsidiaries (hereinafter also referred to as "Danieli", the "Danieli Group" or the "Group").

The purpose of this document is to provide a representation of the Group's business, performance, results and its impact in relation to the main sustainability issues relating to the 2022/2023 financial year, describing its initiatives and main results in terms of sustainability performance achieved during the period (reporting period: from July 1, 2022, to June 30, 2023).

This document describes the main policies applied, the management models and the results achieved by the Group during the reporting year in relation to the issues expressly referred to by Italian Legislative Decree 254/2016 (environmental, social, relevant to personnel, respect for human rights, fight against corruption), as well as the main risks identified in relation to these issues and the related management methods.

Consistently with one of the two options provided for by Article 5 of Italian Legislative Decree 254/2016, the Non-Financial Statement was integrated into the Directors' Report. While ensuring that the Group's activities are understood, some of the contents of the NFS expressly required by Italian Legislative Decree 254/2016 are present in specific dedicated sections of the Directors' Report, as well as in the "Report on Corporate Governance and Ownership Structure" and in the "Report on remuneration policy and fees paid".

The 2022/2023 Non-Financial Statement was prepared primarily with reference to the "**GRI Sustainability Reporting Standards**" published in 2021 by the Global Reporting Initiative (GRI). These disclosures are detailed in the appendix to the document in a table that serves as a compass for readers ("GRI Content Index").

The contents of the report were identified on the basis of the results of the materiality analysis, which made it possible to identify and assess the material aspects for the Group and its stakeholders (described in the section "Stakeholder Engagement, Materiality Analysis and Impact Analysis").

During the 2022/2023 fiscal year, the Group materiality analysis was updated using a questionnaire. The update of the steel making segment was also adopted, which has developed a materiality and impact analysis with reference to the new GRI 2021 standards. For the first time, stakeholders include young generations, with environmental-engineering and sustainability-management students. The impact analysis was performed in accordance with standard GRI 3: Materiality. The process of defining the contents of the Non-Financial Statement was based on the principles of materiality, stakeholder inclusion, completeness of data and the context in which the Group operates. The main phases of the process followed involved the identification of possible non-financial topics relevant to the Group (essentially within the main ESG - Environmental, Social, Governance issues), the prioritisation of the topics identified (with the main internal and external stakeholders) and their relative approval by the company's management. For each material topic, impacts were ranked according to type: positive or negative, current or potential, short or long term, generated or experienced.

Based on the reporting process already in place, the company set up an internal procedure to formalise the structured process of collecting quantitative data and non-financial qualitative information using the Talentia reporting software, common to all Group companies, indicating the methods of collection, the timing and the figures responsible for the data and information collected and included in the Non-Financial Statement. The aim is to ensure the adoption of standardised methods for reporting and implementing an adequate internal control system with the Parent Company and its subsidiaries for the reporting year and future years.

The principles of balance, accuracy, verifiability and comparability were followed with reference to the quality of the reported information.

The **scope** of the economic data is the same as that of the 2022/2023 Consolidated Financial Statements of the Danieli Group, and the consolidation methodology for this data corresponds to that indicated in said document. The Daniel Group performs consolidation adopting the GHG Protocol operational-control approach, taking into account mergers, acquisitions and transfers or entities (**GRI 2-2**).

The **scope** of social and environmental data and information is made up of the companies belonging to the Danieli Group as at June 30, 2023, consolidated on a line-by-line basis within the Group Consolidated Financial Statements. Note that some Group companies that are not productive or operational have not been included solely in relation to the reporting of data relating, in whole or in part, to energy consumption, emissions, water

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consumption and waste, because the relevant parameters cannot be measured since they are very small units: any exceptions are expressly indicated in the text.
In order to allow the data to be compared over time and to assess the performance of the Group's activities, a comparison with the previous year was proposed. Any restatements of previously published comparative data (as an indication, where it has been possible to improve the accuracy or completeness of the surveys or methods of calculating the reported data) are clearly indicated as such (**GRI 2-4**).
Moreover, for the purposes of a correct representation of the Group's performance and to ensure the data reliability, the use of estimates was limited as much as possible. The estimates, if any, are based on the best available and duly reported methods.
Regarding the corporate reporting scope, from this year the company Danieli Taranis LLC was included, having been acquired during the fiscal year. Reference should in any case be made to the section "Danieli Group Structure" in the Directors' Report for details on changes in the Group companies. It is also noted that there were no significant changes in the supply chain, which is covered in more detail in the specific paragraph "Supply Chain and Logistics" (**GRI 2-6**).
The Non-Financial Statement is published **annually**, this NFS was published on October 6, 2023 and the reporting period for the 22/23 NFS coincides with the reporting period for the 22/23 Consolidated Financial Statements (**GRI 2-3**).
The analysis updated with the results of the materiality and the identification of the material topics was confirmed by the Executive Committee of the Parent Company on September 19, 2023, and subsequently submitted to the attention of the Board of Directors of Danieli & C. Officine Meccaniche S.p.A. at the same time as approving this Non-Financial Statement on September 26, 2023.
This document was submitted to compliance opinion ("limited assurance engagement" according to the criteria indicated by the ISAE 3000 Revised standard) by Deloitte & Touche S.p.A., which expresses, in a separate report, a certificate of compliance of the information provided pursuant to Article 3, paragraph 10, of Italian Legislative Decree 254/2016**(GRI 2-5)**. The audit was carried out in accordance with the procedures indicated in the "Independent Auditors' Report ", included in this document. The limited examination did not look at the information required by Article 8 of European Regulation 2020/852.

For any information regarding the Non-Financial Statement, please contact the manager in charge at investors@danieli.it. The Non-Financial Statement is also available on the Danieli website www.danieli.com, in the Investors section.

*THE GROUP*

For information on the Group's structure and Governance system, the significant changes that have taken place since the previous reporting year, the geographical areas of operation and the main markets, the main trademarks, products and services and the management of business risks, refer to the specific sections of this Directors' Report ("The steel market", "The market for steel making plants", "Danieli Group operations", "Danieli Group structure", "Highlights of the consolidated income statement as at June 30, 2023", "Management of business risks" sections), and of the Report on Corporate Governance and Ownership Structure ("Information on ownership structures on June 30, 2023", "Board of Directors", "Internal board committees", "Diversity policies applied in relation to the composition of the governing, management and control bodies", "Control and Risk Management System" sections).

***The Group's approach to Corporate Social Responsibility***
The Chairman of the Board of Directors of the company and his Directors confirm the commitment of the Group to increasingly promote its role of Corporate Responsibility towards the global community not only directly but also indirectly promoting the research and development of equipment and machines for producing steel with "Green Steel" solutions, improving efficiency, safety and reducing waste and the impact of Green House Gas emissions (GHG) to protect the environment.

Danieli has always considered as a priority the issue of protecting human health and the environment, accompanied by a commitment to research, innovation and social responsibility.
Today, it is necessary to operate in a complex global context, with the Group aimed at consolidating its reputation by carrying out business activities increasingly integrating industrial strategies with sustainability issues.
As a further guarantee of the commitments made by the Group, Danieli & C. Officine Meccaniche S.p.A. signed up to the United Nations Global Compact (UNGC) programme at the end of 2020, confirming its commitment and

shared need to promote and achieve the sustainability goals (SDGs) promoted by the United Nations. In December 2021, the first Communication on Progress (COP) was prepared and sent. It is available on the UNGC website including the letter of commitment from the CEO of the Danieli Group. For an analysis of the correlation between SDGs and GRI, refer to the section in this document entitled "United Nations Sustainable Development Goals (UN SDGs)".

The increasingly challenging objectives in the metal industry to make conscious use of resources by reducing emissions of $CO_2$, noise and waste production required, and still require, a great commitment from Danieli to develop new technological solutions that guarantee customers sustainable production and, at the same time, a competitive OpEx in plant management. Therefore, on the basis of what has been achieved so far and with a view to continuous improvement, the path taken by the Group in the field of sustainability is based on a continuous implementation of the values and operating practices in implementation of the principles of the Code of Ethics, which inspires the Group, and the main compliance models (primarily the Organisational Model pursuant to Italian Legislative Decree 231/01). In this context, the Group has set itself some specific objectives for the short term (within the current calendar year), including:

- The monitoring and assessment of non-financial risks, related to the Group's main sustainability issues, and their integration into the business risk management process. In the context of its plant production, the Danieli Group assesses, monitors and directs actions to minimise non-financial risks with particular attention to those relating to the most important and material topics. In particular, in September 2023, the Executive Committee, set up within the Board of Directors of the Parent Company, reviewed the material topics previously identified, also to update, where necessary, the monitoring and assessment procedures for non-financial risks, linked to the main sustainability issues of the Group, as already identified in the Risk Assessment phase. In 2022, the Risks and Sustainability Committee were established with internal and independent directors who support the area. Furthermore, non-financial risk analysis and management is delegated to the company functions specialised in the assessment within their area of remit, identifying a multi-disciplinary process. The Danieli Group offers sustainable solutions on the market for green steel production. For this reason, the process has a broad impact on the company functions which collaborate towards a common goal: to pursue the path of innovation to sell innovative plants for green steel production. With reference to Danieli's main sustainability topics, linked to health and safety and business ethics and integrity, the monitoring and assessment of risks associated with these topics are delegated to the Health and Safety and Compliance & Internal Audit (C&IA) functions, respectively. When designing the plants, it is compulsory and important to always carry out a risk analysis so as to design and build plants with the highest measures of quality and security. The development of the new Quality Wire Rod (QWR) mill delivered by Danieli for the subsidiary ABS is an example of technological innovation with extremely high automation, applying the principles of Industry 4.0 where production is controlled and monitored remotely. It is the first and only rolling mill in the world where management is based on a "zero-man-on-the-floor" approach. The entire process is controlled remotely. This is the benchmark on the market that also aims to maximise quality, duly monitored through KPIs and dashboards that are updated at pre-defined intervals: minimise process costs, such as energy costs and resulting CO2 emissions, and improve operator health and safety. The "Green Mill" concept produced in house is a concrete example of what Danieli offers its customers, thus contributing in the long term to the green ecological transition of the steel industry with the target to gradually decrease Scope 3 CO2 emissions. The C&IA function implemented the Audit Plan prepared and approved by the Board of Directors at the end of 2021, together with the Compliance Plan, beginning planned checks during the year that will be completed over the three years 2021–2024.

- the strengthening of the Governance of Sustainability within the Group, thanks to several initiatives undertaken by the Group from financial year 2021/2022:
  - the CTO (Chief Technology Officer), who has led the Danieli Group's Research Centre for a long time, was appointed director and co-CEO. The co-CEO has in-depth knowledge of technology and innovation, and so of "green" innovations. Committed to the development and promotion of technical solutions for green steel production, the co-CEO is a member of the Worldwide Sustainability Committee and a partner of the World Steel Association. It has specific skills needed for the transition towards decarbonisation of steel, which will be possible by taking efficient measures on energy consumption. Danieli is both a front runner and provider of BAT (Best Available Technology) in terms of green steel production and aims to pursue an ecological transition capable of responding to the requirements shown by the most recent studies on climate science with technologies for CO2 reduction and capture.

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- the ABS Sustainability Management Committee (made up of the main operational function managers) identified the Sustainability Manager, who from September 1, 2021 assumed the position of Sustainability & Innovation Manager. This responsibility was entrusted to this single person reporting directly to the Chief Executive Officer of the company.
- The Sustainability & Innovation Manager was also appointed to follow the Non-Financial Statement of the entire Steel-Making division, prepared annually on a voluntary basis.
- In the plant making sector, awareness of future sustainability and governance targets was raised across all product lines of the Group, also thanks to the creation of Dan Green, new division at the Danieli Research Centre. The new division is made up of specialised engineers and became fully operational in financial year 2020/2021. It represents guidance for the Danieli Group's product lines, which can rely on the specialised skills within the Group's Research Centre. For 2022/2023, Dan Green also involved all product lines in the calculation of the emissions of the plants that began operating during the fiscal year and which represent the main source of Scope 3 emissions. This also shows the Group's commitment to strengthening the governance of sustainability, with specific reference to the activity carried out by the Dan Green Research Centre, which is essential for fighting climate change. The plant analysis activity allows the executive managers of each product line to gain a reference point on the value of CO2 per tonne produced using the technologies developed by them.

- The implementation of the new guidelines published on June 20, 2019, by the European Commission on integrating the disclosure of non-financial information with specific information on the control measures adopted in relation to climate change, as well as on the effect of business activities on climate and the impacts of climate change on business activities. Please see the following dedicated section for TCFD recommendations.

In this regard, note that the Group implemented the aforementioned recommendations by including information on the main initiatives undertaken so far on environmental management for the performance of its activities in this Non-Financial Statement. For further details, see also the section below, "Commitment to the environment", and the Directors' Report (section "Management of business risks") for an in-depth analysis of the risks associated with climate change, as well as the company policy adopted. Furthermore, the analysis of the risks arising from climate change led to the identification of a market opportunity for the Danieli Group, which has the possibility to make use of the call to action regarding climate change to incentivise the sale of technological solutions to reduce $CO_2$ emissions. The Group offers the possibility to produce green steel. Danieli is a leading company in the offer of innovative solutions for the reduction of emissions, thanks to offers such as Q-ONE, Hybrid MI.DA., DRI (Direct Reduction Iron) and other patented technologies. The Danieli Group aims to reduce emissions overall thanks to innovative green solutions with lower $CO_2$ emissions per tonne of steel produced and to seize the new opportunities offered by a market where the ecological transition becomes more important day by day.

In relation to the adoption of the TCFD recommendations, given the complexity of the quantitative analyses at company level, the Group has suggested carrying out a preliminary analysis, starting from more qualitative considerations as represented in the following section.

**Task Force Climate Change Financial Disclosure**

In light of the objectives set for the disclosure of information relating to climate change measures, the Danieli Group developed a process of gradual alignment with the reporting recommendations on climate change-related risks prepared by the Task Force on Climate-Related Financial Disclosures (TCFD). In this regard, this Non-Financial Statement contains an initial analysis of the impacts that climate change might have on its business. This disclosure was developed according to the guidelines of the TCFD (Task Force on Climate-Related Financial Disclosures) adopted by the European Commission in the "Guidelines on non-financial reporting: Supplement on reporting climate-related information". This impact analysis, with resulting report, looked at four thematic areas: Governance, Strategy, Risk Management, and Metrics & Targets. The Group's analysis initially referred to the IEA 450 transition scenario (International Energy Agency), also aligned with the Science-Based Targets initiative to set the targets for reducing greenhouse gases. Identification of the variables that might influence the business was based on the classification of the risks into physical (acute and chronic) and transition (Regulatory, Market, Reputation, Technology).

Considering the business and the analysis conducted, climate change could represent a market opportunity for the Group, since the transition towards a low-emissions economy could increase demand for green plants. Danieli has developed the necessary technology and skills over the years, but it is only now in this historic moment of transition that it represents an option that was previously not convenient for the market. The increasing urgency to find a response to climate change led to a change in the mix of supplier selection criteria, opting for green characteristics and technologies that Danieli has developed and patented in part thanks to its internal Research Centre. As mentioned, the governance of sustainability-related topics has been strengthened with the assignment of the role of CO-CEO to the CTO, who led the aforesaid Research Centre for years, and has prior experience in the decarbonisation of the steel industry from the perspective of technology and strategy. The management team, on the other hand, is delegated the management of the sale of plants, which, in any case, requires careful analysis of non-financial risks during their design, planning and development.

| Event | Risk/opportunity | Management and strategy |
|---|---|---|
| Transition risk: transition of the market towards a green economy | Revenue increase: Market opportunity for the sale of green plants, supported by macroeconomic incentive policies to accelerate the transition towards an economy with a low carbon footprint. | The market expectation is to propose solutions to improve the carbon footprint.<br>The market is influenced by the government policies needed to promote the transition towards an economy with a low carbon footprint, and encourage the research and development of solutions that improve the environmental footprint.<br>This factor is relevant from the perspective of climate change since market demand also depends on the macroeconomic policies of the incentives given for ecological transition solutions.<br>Danieli offers the market green solutions that can contribute to the green conversion of the steel industry and the abatement of CO2 emissions. An increase in demand could lead to an increase in revenue. |
| Transition risk: current national and supranational regulation and legislation on decarbonisation | To produce steel, it is necessary to respect the regulations associated with containing emissions and it is necessary to follow best practices.<br>The topic of regulation represents a risk of higher OpEx linked to EU ETS | Failure to follow the regulations (e.g. EU ETS) represents a block on production for steel making plants. The regulation involves a payment of quotas that increase as the CO2 released into the atmosphere increases. Regarding climate change, Danieli constantly monitors the direct and indirect environmental impacts of its activities, but also of customer activities by collecting specific data such as energy consumption, the consumption of natural gas |

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| | allowances that increase price per unit. Opportunity to sell more green plants due to a shift in the demand for plants towards Danieli green solutions that allow for lower costs for quotas of CO2 emissions. | and the consumption of other fuels. It processes this data to monitor CO2 emissions. Thanks to this monitoring process, we were also able to define an emissions reduction target. We planned to achieve our target by adequately managing the complex environmental regulations, as well as the social responsibilities of each steel manufacturer to bring their plants into compliance with the standards of the countries.<br>This is the experience that guided Danieli in the development of two basic concepts of the Danieli Green Steel vision:<br>1) Environmental sustainability;<br>2) Environmental performance.<br>An increase in costs per individual quota represents a risk but also an opportunity to sell more green plants, chosen over more pollutant solutions that involve higher OpEx linked to the carbon tax. |
| Transition Risk: change or introduction of national or supranational regulations or legislation for the transition towards a green economy | New regulations such as a carbon tax on steel from countries that are more polluting poses a barrier to the entry for products that do not respect certain thresholds of CO2 per tonne produced. For Danieli, it represents an opportunity because the cost-opportunity ratio of investing in green plants favours the sale of green plants. | The carbon border tax could represent a higher cost for producers from countries where there are not as stringent regulations as Europe, for example. This represents a market opportunity for Danieli in terms of plant making. In terms of steel making, it would represent a strength for ABS because, as it is located in Italy, a European country that already has EU ETS, it would benefit. |
| Transition Risk: technological progress | Technological development implies continuous improvement that goes hand in hand with the renewal of infrastructure. This represents an opportunity because, as soon as hydrogen can be transported and supplied in a convenient way, new market opportunities will open for Danieli. | Process owners must develop solutions that keep pace with the technological renewal where a potential plant is located. New infrastructure available for hydrogen for example would lead to a justified increase in R&D costs in order to seize new technological opportunities and develop new solutions to maintain leadership in international supply.<br>It is relevant to the climate because the ecological transition is shifting customer choices towards machines and technological plants with low/zero emissions.<br>Investment decisions on climate change-related topics are made at Board level and managed by the competent managers.<br>An approach to the steel making industry that is respectful of the environment must not only be seen as a compulsory cost required by law, but a new opportunity for investors to make a profit. As a further challenge, the current approach to obtain the relevant |

| | | |
|---|---|---|
| | | authorisations from the statutory authorities in the European Union is not only based on meeting clearly established limits, for example on emissions; rather, it relies more and more on the concept of applying BAT (Best Available Technology) when selecting the least impactful technology. |
| Transition risk: change in legal restrictions | Possible higher legal costs due to the management of purchase and sale contracts. | In the context of contracts, it is necessary to follow best practices.<br>In order to maintain high competitive edge, the Financial & Contracting legal experts help the customer to develop strategies and business plans in accordance with the legal restrictions or opportunities of the law (e.g. contributions, subsidies, incentives) and with rules that must be followed. |
| Transition risk: reputation | Climate change represents an opportunity to improve Danieli's reputation, which improves thanks to the green offer developed over the years. At the same time, it represents a cost to keep it as such by continuing to invest in R&D in a process of continuous improvement. | Market reputation to be/remain a leader in the provision of environmental solutions is a key element for the company's reputation. It is important to maintain leadership at international level.<br>It is relevant to the climate because reputation promotes new orders, keeping up new orders from green plants guarantees the possibility to make a tangible contribution to the ecological transition of the steel industry, the reduction of GHG emissions and the reconversion of old plants with high GHG emissions within the steel making industry. Danieli's good reputation could encourage the purchase of green plants to replace older, more polluting ones. |
| Acute physical risk: extreme natural events | Risk of acute catastrophes such as flooding could represent higher operating costs and higher insurance costs. | The risk of flooding that could affect the offices or areas of the structures involves greater costs. The increase in the frequency of these events with climate deterioration and change could involve high insurance costs. The management team therefore hedges risks with insurance policies against these events. The Danieli Group covers the risks deriving from extreme natural events, whether direct or indirect, through an insurance policy across all companies sites. |
| Chronic physical risk: long-term change in weather and natural conditions | Global warming and gradual and chronic climate change over the years could drive electricity providers to replace infrastructure in order to have a higher percentage of renewable energy. This involves blocks on production and possible higher operating costs to start plants back up again.<br>Unfortunately, global warming has caused long periods of | The replacement and renewal of the energy supplier's infrastructure could be slowed down by extreme events cause by long-term climate change. Infrastructure change is required for a mix between renewable and non-renewable energy that favours renewable, as this is essential to fight climate change and chronic global warming. ABS offers the possibility to freeze electricity but it receives a fixed contribution from the provider. A variable contribution is received in relation to the duration of the electric freeze. Despite the costs, it is necessary to guarantee an increase in renewable energies, especially with investments in photovoltaic technology to meet a |

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| | drought and little rain. Paradoxically, this led to better performance of the Danieli photovoltaic systems which generated higher quantities of renewable energy. | portion of the electricity requirements of ABS. The energy crisis will probably involve a faster conversion of electricity generators with renewable solutions so it is possible that there will also be interruptions in light of the issues linked to the supply of gas.<br>Global warming, low rainfall and long periods of sun led to better performances by the photovoltaic systems on the roofs of the Danieli structures, which continues its projects involving the installation of new systems, electric vehicle charging points and replace the vehicle fleet with hybrid or electric vehicles. |

To conclude, Danieli operates by integrating strategies and process management that encourage solutions that could make a positive contribution to the environmental sustainability, and more, of its business activities, including with specific reference to plants sold. Many actions are being implemented, including:

- Investment in research and development in addition to investments that make the Danieli Group's approach to corporate social responsibility a reality;
- Implementing parallel transition plans under multiple operating aspects such as: installation of photovoltaic systems, technology for heat recovery from fumes, production heat recovery systems and reuse through district heating, innovative pilot projects for carbon capture and heat recovery from steel production, a project to replace coal for steel refinement with plastic polymers that can provide the same quality at much lower emissions;
- Periodic meetings and sharing of ideas at Board and Management level;
- Monitoring of regulations and alignment with them;
- Joint ventures with technological partners with which to develop green solutions;
- Agreements and projects that could help to limit emissions (e.g. favouring rail transport, agreements for energy from countries with a low mix of non-renewables).
- Producing and selling plants that can be powered by renewable or hybrid energies, equipped with low heat dispersion and energy saving technologies.

This corporate culture also brings individual employees together in projects to develop new ideas for the reduction of emissions thanks in part to the company's internal competition, InnovAction. Examples: replacement of plastic bottles with water purifiers, dematerialisation and reduction of paper consumption and conscious and responsible use of resources. Danieli InnovAction Awards (DIA) competition was again held in the 2022/2023 fiscal year. It is a contest for Danieli Group employees who present, individually or in teams, innovative ideas and projects on green topics. During the company's Christmas party, a ceremony is held where the winners of the best projects are commended and given awards. One winning project that was then developed as a pilot was the production of Arthrospira Spirulina microalgae in water silos where heat is recovered from steel production, thus promoting the absorption of CO2, the production of oxygen and the production of an ingredient for the food industry and the supplements market.

In any case, we expect an improvement in the management of climate-related risks and opportunities.

**Stakeholder Engagement and materiality analysis**

Within this path of sustainability, the communication of non-financial information thus represents a further step in the Group's commitment to work in line with the provisions of the Paris Climate Agreement and to achieve the most strategic objectives (Sustainable Development Goals) for the Group among those defined by the United Nations with Agenda 2030 for Sustainable Development, promoting all ESG issues as well.
The result of the company is not limited to management profits but should be understood also considering the capital strength, the international reputation, the propensity to innovation and protection of the personnel by promoting professional growth and safety in the workplace together with support to local communities in Italy and abroad and attention to culture and youth.

Therefore, Danieli's values for future generations represent an important legacy of skills, knowledge and processes for the creation of value that form a heritage to be preserved and further developed in a logic of long term and continuous improvement.

Given the above, Danieli defined the relevant material topics to be reported in this Non-Financial Statement, taking into account the reference context, the specific nature of the operating sector and the indications received from stakeholders.

The macro areas covered by this statement are:

- Governance and Compliance
- People
- Research, development and product quality
- Commitment to the Environment
- Supply chain and logistics
- Social Commitment And Support For Local Communities.

Danieli mapped the stakeholders present in the geographical contexts in which it operates, by identifying the most important ones on the basis of the interactions existing with the two main operating sectors of the Group.
The Group adopted flexible and diversified practices of dialogue and involvement in order to share present and future development strategies and objectives with the main stakeholders.
No critical issues and/or significant aspects emerging from stakeholder engagement activities carried out by Group companies are reported. The main stakeholders recognised by the Danieli Group are:

| | | |
|---|---|---|
| **Environment** | **Trade associations** | **Local authorities** |
| **Customers** | **Local communities** | **Employees** |
| **Suppliers and Business Partners** | **Future generations** | **Investors and financial analysts** |
| **Public bodies** | **Media and information bodies** | **Non-governmental organisations** |
| **Trade unions** | **Universities and Research Centres** | **New generations** |

The Danieli Group operates in two substantially different industrial sectors:

- Steel production with Acciaierie Bertoli Safau S.p.A. (hereinafter also referred to as "ABS S.p.A.") and affiliates (Steel Making segment), which use secondary metallurgy (electric arc furnaces) for the production of liquid steel;
- Production of machines to produce steel with Danieli & C. Officine Meccaniche S.p.A. and affiliates (Plant Making segment), by offering a complete range of machines from primary process management to the manufacture of finished goods (essentially from ore to finished product).

The Group has always addressed in a more structured and careful way the management in the territory of issues related to the steel sector in consideration of the greater significance of the social and environmental impacts related to this specific activity.
The process followed by the Group was based on the preparation of questionnaires submitted to the main stakeholders to collect information in an independent manner and across the board. It is noted that during FY22/23, the Group updated its materiality analysis, adding new generations to the set of stakeholders involved because on one hand it was necessary to intercept the vision of new generations, with the awareness that they have been trained in the area of sustainability, and on the other to raise awareness amongst management regarding the impacts of the organisation on the economy, environment and people. In the paragraph on impact analysis below, the list of the main Group impacts has been set out in line with GRI 3: Materiality.

Consequently, in the Plant-Making sphere, it was considered necessary to update the materiality analysis prepared in previous years, simply to adopt the new assessments including the opinion of new generations.

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# DANIELI GROUP

# CONSOLIDATED FINANCIAL STATEMENTS

## AS AT JUNE 30, 2023

## Consolidated Financial Statements

## Consolidated Balance Sheet

(thousands of euro)

| ASSETS | Notes | 30/06/2023 | 30/06/2022(*) |
|---|---|---|---|
| Property plant and equipment | 1 | 973.294 | 972.588 |
| Right of use | 2 | 33.233 | 39.383 |
| Intangible Assets | 3 | 44.843 | 41.222 |
| Equity investment in associates measured at equity | 4 | 8.064 | 10.688 |
| Other equity investments | 4 | 14.851 | 16.697 |
| Deferred tax assets(*) | 5 | 109.512 | 124.219 |
| Other financial receivables | | 305 | 221 |
| Trade and other receivables | 6 | 140.546 | 116.589 |
| **Non-current assets** | | **1.324.648** | **1.321.607** |
| **Current assets** | | | |
| Contract Assets | 7 | 702.030 | 638.143 |
| Inventories | 7 | 938.445 | 814.444 |
| Trade receivables | 8 | 1.101.970 | 1.110.042 |
| Other Receivables | 9 | 92.786 | 90.492 |
| Current tax assets | 10 | 62.052 | 36.558 |
| Current financial assets | 11 | 569.374 | 657.458 |
| Cash and cash equivalents | 12 | 1.749.633 | 1.516.077 |
| **Currents assets** | | **5.216.288** | **4.863.214** |
| **Total Assets** | | **6.540.936** | **6.184.821** |

(thousands of euro)

| LIABILITIES AND SHAREHOLDERS' EQUITY | | 30/06/2023 | 30/06/2022(*) |
|---|---|---|---|
| **Shareholders' equity** | | | |
| Share capital | | 81.305 | 81.305 |
| Treasury shares | | (88.913) | (87.138) |
| Other reserves and profit carries forward, including profit for the year(*) | | 2.412.321 | 2.247.836 |
| **Group shareholders' equity** | | **2.404.713** | **2.242.003** |
| Non controlling interest in shareholders' equity | | 2.991 | 3.252 |
| **Total shareholders' equity** | 13 | **2.407.704** | **2.245.255** |
| **Non-current liabilities** | | | |
| Non-current financial liabilities | 14 | 254.709 | 153.289 |
| Deferred tax liabilities | 5 | 27.806 | 31.727 |
| Post employment benefits | 15 | 22.984 | 23.569 |
| Provisions for risks | 16 | 82.209 | 56.828 |
| *Other non-current liabilities* | | 177 | 181 |
| **Total non-current liabilities** | | **387.885** | **265.594** |
| **Current liabilities** | | | |
| Trade payables | 17 | 1.410.078 | 1.330.285 |
| Contract Liabilities and Advances from Customers | 7/18 | 2.067.487 | 1.712.323 |
| Other current liabilities | 19 | 177.857 | 170.098 |
| *Current tax liabilities* | 20 | 29.658 | 48.007 |
| Bank debts and other financial liabilities | 21 | 60.267 | 413.259 |
| **Total current liabilities** | | **3.745.346** | **3.673.972** |
| **Total liabilities and shareholders' equity** | | **6.540.936** | **6.184.821** |

(*) Figure restated. The balance sheet item at June 30, 2022 has been restated as a result of the restatement carried out in the financial year and described in notes 5) and 13) to these consolidated financial statements. The restatement exclusively involved the item "Deferred tax assets" with offsetting item in "Other reserves and earnings carried forward".

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## Consolidated Income Statement

| (thousands of euro) | note | Financial year ended 30/06/2023 | 30/06/2022 |
|---|---|---|---|
| Operating revenues | | 3.911.520 | 3.379.497 |
| Other operating income | | 162.250 | 92.919 |
| Changes in inventories | 7 | 28.286 | 146.588 |
| **Total revenues** | 23 | **4.102.056** | **3.619.004** |
| Purchase cost of raw materials and consumables | 24 | (2.102.103) | (1.875.573) |
| Personnel costs | 25 | (516.520) | (475.112) |
| Other operating costs | 26 | (1.059.475) | (909.134) |
| Depreciation, amortisation and write-downs | 27 | (158.894) | (149.621) |
| **Operating income** | | **265.064** | **209.564** |
| Financial income | 28 | 76.076 | 32.084 |
| Financial charges | 29 | (26.460) | (53.284) |
| Gains/(losses) on foreign exchange transactions | 30 | (15.898) | 105.846 |
| Income/(charges) arising from the valuation of equity investments in assoc. with the equity method | 31 | (1.620) | 1.579 |
| **Profit before taxes** | | **297.162** | **295.789** |
| Income taxes | 32 | (55.865) | (68.145) |
| **Net profit from continued operations** | | **241.297** | **227.644** |
| Profit and loss deriving from discontinued operations | 33 | 2.359 | (8.552) |
| **Net profit for the period** | | **243.656** | **219.092** |
| **(Profit)/loss attributable to non-controlling interests** | | **(14)** | **(378)** |
| **Net profit for the period attributable to the Group** | | **243.642** | **218.715** |
| **Basic earnings per share (euro):** | | | |
| **Ordinary shares** | 34 | **3,2815** | **2,9416** |
| **N.C. Saving shares** | 34 | **3,3022** | **2,9576** |

### Consolidated statement of comprehensive income

| (thousands of euro) | | Financial year ended 30/06/2023 | 30/06/2022 |
|---|---|---|---|
| **Net profit for the period** | | **243.656** | **219.092** |
| *Components of comprehensive income subsequently reclassified in the result of the period* | | | |
| Foreign financial statements translation difference | | (58.583) | 36.818 |
| ~' Change in fair value reserves including tax effect | | (5.139) | (37.792) |
| | 13 | **(63.722)** | **(974)** |
| *Components of comprehensive income not subsequently reclassified in the result of the period* | | | |
| ~' Actuarial gains/(losses) recognized in comprehensive income, net of tax effect | | 237 | 2.033 |
| | 13 | **237** | **2.033** |
| **Consolidated comprehensive income** | | **180.171** | **220.151** |
| Attributable to: | | | |
| **Danieli Group** | | **180.320** | **219.475** |
| **Non-controlling interests** | | **(149)** | **676** |
| | | **180.171** | **220.151** |

## Consolidated Statement of Changes in Shareholders' Equity

| (thousands of euro) | Share capital | Treasury shares | Share Premium reserve | Fair value reserve | Other reserves (*) | Translation difference | Net profit (loss) of the period | Group shareholders' equity | Non controlling interest in shareholders' equity | Total shareholders' equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **Shareholders' equity as at 30/06/2021** | **81.306** | **(87.136)** | **22.623** | **565** | **1.926.986** | **(8.300)** | **80.199** | **2.014.920** | **2.326** | **2.016.346** |
| Entry of deferred tax assets | 0 | 0 | 0 | 0 | 21.462 | 0 | 0 | 21.462 | 0 | 21.462 |
| **Adjusted shareholders' equity as at 30/06/2021** | **81.306** | **(87.136)** | **22.623** | **565** | **1.947.348** | **(8.300)** | **80.199** | **2.036.482** | **2.326** | **2.037.808** |
| **Operations with shareholders** | | | | | | | | | | |
| Allocation of profit per shareholders' meeting of | 29/10/2021 | | | | | | | | | |
| to reserves | 0 | 0 | 0 | 0 | 66.838 | 0 | (66.838) | 0 | 0 | 0 |
| Change in treasury shares | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| *dividends to parent company shareholders* | 0 | 0 | 0 | 0 | 0 | 0 | (13.361) | (13.361) | 0 | (13.361) |
| dividends to third parties | | | | | | | | | 0 | 0 |
| Change in scope of consolidation | 0 | 0 | 0 | 0 | 648 | 0 | 0 | 648 | 0 | 648 |
| Acquisition of non-controlling interests | 0 | 0 | 0 | 0 | (250) | 0 | 0 | (250) | 250 | 0 |
| **Total operations with shareholders** | **0** | **0** | **0** | **0** | **67.234** | **0** | **(80.199)** | **(12.966)** | **250** | **(12.716)** |
| **Profit as at 30/06/2022** | 0 | 0 | 0 | 0 | 0 | 0 | 218.715 | 218.715 | 378 | 219.093 |
| **Other comprehensive income** | | | | | | | | | | |
| Change in fair value reserves | 0 | 0 | 0 | (37.792) | 0 | 0 | 0 | (37.792) | 0 | (37.792) |
| Actuarial gains/(losses) from IAS 19 | 0 | 0 | 0 | 0 | 2.032 | 0 | 0 | 2.032 | 0 | 2.032 |
| *Foreign financial statements translation difference* | 0 | 0 | 0 | 0 | 796 | 35.724 | 0 | 36.520 | 298 | 36.818 |
| **Comprehensive income (expenses) for the period** | **0** | **0** | **0** | **(37.792)** | **2.828** | **35.724** | **218.715** | **219.475** | **676** | **220.151** |
| **Shareholders' equity as at 30/06/2022** | **81.306** | **(87.136)** | **22.623** | **(37.237)** | **2.017.410** | **26.424** | **218.715** | **2.242.992** | **3.252** | **2.246.244** |
| **Operations with shareholders** | | | | | | | | | | |
| Allocation of profit per shareholders' meeting of | 25/10/2022 | | | | | | | | | |
| to reserves | 0 | 0 | 0 | 0 | 107.263 | 0 | (107.263) | 0 | 0 | 0 |
| Change in treasury shares | 0 | (1.775) | 0 | 0 | 0 | 0 | 0 | (1.775) | 0 | (1.775) |
| dividends to parent company shareholders | 0 | 0 | 0 | 0 | 0 | 0 | (21.448) | (21.448) | 0 | (21.448) |
| dividends to third parties | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in scope of consolidation | 0 | 0 | 0 | 0 | 5.614 | 0 | 0 | 5.614 | (112) | 5.502 |
| Variation third parties capital | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total operations with shareholders** | **0** | **(1.775)** | **0** | **0** | **202.882** | **0** | **(218.716)** | **(17.609)** | **(112)** | **(17.721)** |
| **Profit as at 30/06/2023** | 0 | 0 | 0 | 0 | 0 | 0 | 243.642 | 243.642 | 14 | 243.656 |
| **Other comprehensive income** | | | | | | | | | | |
| Change in fair value reserves | 0 | 0 | 0 | (5.139) | 0 | 0 | 0 | (5.139) | 0 | (5.139) |
| Actuarial gains/(losses) from IAS 19 | 0 | 0 | 0 | 0 | 237 | 0 | 0 | 237 | 0 | 237 |
| Foreign financial statements translation difference | 0 | 0 | 0 | 0 | 0 | (58.420) | 0 | (58.420) | (163) | (58.583) |
| **Comprehensive income (expenses) for the period** | **0** | **0** | **0** | **(5.139)** | **237** | **(58.420)** | **243.642** | **180.320** | **(149)** | **180.171** |
| **Shareholders' equity as at 30/06/2023** | **81.306** | **(89.913)** | **22.623** | **(42.376)** | **2.220.529** | **(31.996)** | **243.641** | **2.404.713** | **2.991** | **2.407.704** |

(*) Figure restated. The balance sheet item at June 30, 2022 has been restated as a result of the restatement carried out in the financial year and described in notes 5) and 13) to these consolidated financial statements. The restatement exclusively involved the item "Deferred tax assets" with offsetting item in "Other reserves and earnings carried forward".

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## Consolidated Statement of Cash Flows

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| **Reconciliation of profit before taxes with net cash flows from op.activities** | | |
| Profit before taxes | 299.521 | 287.238 |
| Net increase/(decrease) in prov.for risks&charges | 25.381 | 6.434 |
| Income/(charges) arising from the valuation of equity investments in assoc. with the eq | 1.620 | (1.579) |
| Depreciation, amortisation and write-downs | 142.541 | 115.465 |
| Gains on disposal of tangible assets | | |
| Gains on disposal of intangible assets | | |
| Loss on disposal of tangible assets | | |
| Loss on disposal of intagible assets | | |
| Losses/(gains) on disposal of property plant and equipment | 200 | (2.268) |
| Write-down/(Reversal) of impairment losses | 16.353 | 34.156 |
| Other non-monetary changes | 0 | 0 |
| Net change in employee sev. indemnity prov. | (349) | (1.747) |
| Foreign exchange losses/(gains) for the period | 15.898 | (105.846) |
| Financial income for the period | (76.077) | (32.084) |
| Financial charges for the period | 26.458 | 53.285 |
| **Total** | **451.546** | **353.054** |
| **Net change in working capital** | | |
| (Increase)/decrease in inventories | (192.742) | 26.644 |
| (Increase)/decrease in trade and other receivables | (38.710) | (343.693) |
| Increase/(decrease) in trade and other payables | 442.069 | 263.841 |
| Unrealised foreign exchange losses/(gains) | 5.544 | 19.184 |
| **Total** | **216.161** | **(34.024)** |
| (Interest paid) | (11.336) | (20.520) |
| Interest received | 71.938 | 32.137 |
| Taxes paid in the period | (89.923) | (51.259) |
| **Cash flow generated /(absorbed) by operating activities** | **638.386** | **279.388** |
| **Investing activities** | | |
| **Investments:** | | |
| Property plant and equipment | (134.043) | (102.776) |
| Intangible Assets | (25.545) | (11.112) |
| Business combinations of the period and the previous financial year | 0 | 0 |
| Equity investments | 0 | (1.614) |
| (Purchase)/sale of treasury shares | (1.775) | 0 |
| Available for sale financial assets | 88.290 | (5.619) |
| Realised foreign exchange losses/(gains) | (21.443) | 86.662 |
| **Disposals:** | | |
| Property plant and equipment | 2.207 | 8.817 |
| Intangible Assets | 185 | 1.016 |
| **Cash flow generated/(absorbed) by investing activities** | **(92.124)** | **(24.626)** |
| **Financing activities** | | |
| Application of IFRS 16 - Financial loans | (6.101) | (12.013) |
| New loans payable | 149.723 | 164.395 |
| Increase/(decrease) in advances on job orders not yet in production | 968 | 225.807 |
| Repayment of loans payable | (398.665) | (200.925) |
| Short term derivative financial instrument | (4.784) | 4.651 |
| dividends to parent company shareholders | (21.448) | (13.351) |
| **Cash flow generated/(absorbed) by financing activities** | **(280.307)** | **168.564** |
| Changes in balance sheet items due to exchange rate translation | **(32.398)** | **19.883** |
| **Total cash flow** | **233.557** | **443.209** |
| **Opening cash and bank position** | **1.516.077** | **1.072.869** |
| **Closing cash and bank position** | **1.749.633** | **1.516.077** |

(thousands of euro)

| 30/06/2023 | Discontinued operations | Steel making | Plant making | Inter-segment derecognition | Consolidated |
|---|---|---|---|---|---|
| **Revenues from the core business** | | 1,504,511 | 2,599,255 | | 4,103,766 |
| less inter-segment revenues | | | | (1,710) | (1,710) |
| **Revenues from third parties** | **0** | **1,504,511** | **2,599,255** | **(1,710)** | **4,102,056** |
| **Gross operating margin (Ebitda)** | | **170,904** | **253,054** | | **423,958** |
| Depreciation, amortisation and write-downs | | (66,785) | (92,109) | | (158,894) |
| **Operating income** | | **104,119** | **160,945** | | **265,064** |
| Financial Income and charges | | (4,540) | 36,638 | | 32,098 |
| **Profit before taxes** | | **99,579** | **197,582** | | **297,161** |
| Income taxes | | (1,945) | (53,920) | | (55,865) |
| **Net profit from continued operations** | | 97,634 | 143,662 | | 241,296 |
| Profit and loss deriving from discontinued operations | 2,359 | 0 | 0 | | 2,359 |
| **Net profit for the period** | **2,359** | **97,634** | **143,662** | | **243,655** |
| Segment assets | | 1,547,828 | 5,147,151 | (154,043) | 6,540,936 |
| (of which increases in property, plant and equipmentand and intangibles) | | 80,381 | 79,207 | | 159,588 |
| Segment liabilities | | 726,078 | 3,561,196 | (154,043) | 4,133,231 |
| Shareholders' equity | | | | | 2,407,705 |
| Total segment liabilities and net equity | | | | | 6,540,936 |
| **Net financial position** | | **(63,949)** | **1,666,710** | | **1,602,760** |

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# INDEPENDENT AUDITOR'S REPORT
# PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
# AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Danieli & C. Officine Meccaniche S.p.A.

## REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Opinion

We have audited the consolidated financial statements of Danieli & C. Officine Meccaniche S.p.A. and its subsidiaries (together the "Group" or "Danieli Group"), which comprise consolidated balance sheet as at June 30, 2023, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Danieli Group as at June 30, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia).
Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent with respect to the parent company Danieli & C. Officine Meccaniche S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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*Evaluation of Construction Contracts*

| | |
|---|---|
| Description of the key audit matter | The consolidated financial statements of Danieli Group as of June 30, 2023 include Construction contracts assets for Euro 702 million and Construction contracts liabilities for Euro 418.5 million. Construction contracts are evaluated based on the percentage of completion, estimating the progress of works with the input method. The evaluation of Construction contracts under this methodology requires the estimate of total revenues, total costs and costs to complete for each project. Those estimates are periodically updated and request significant and complex assumptions from Management, that could be influenced by various factors such as:<br><br>• management's capability to develop reasonable estimates at the beginning of the projects and at subsequent updates,<br>• multi-annual duration of the projects,<br>• projects' technological complexity and degree of innovation,<br>• warranties issued by the Group on the plants' performances,<br>• possible critical geopolitical context in the countries in which the customers operate.<br><br>Taking into consideration the relevance of Construction contracts on total Group's activities and the complexity of assumptions used in the estimates about costs to complete the projects, we deemed the evaluation of Construction contracts to be a key audit matter for the Group's financial statements at June 30, 2023.<br><br>Disclosures related to Construction contracts assets and Construction contracts liabilities are included in notes 7 and 18 of the Group's consolidated financial statements as well as in the description of Accounting Standards used by the Group and in the paragraph "Accounting Estimates - Construction Contracts". |
| Audit procedures performed | The audit procedures addressing this key audit matter included, among others:<br><br>• understanding of criteria and procedures adopted by Management in determining the percentage of completion of the projects;<br>• *comprehension of relevant internal controls pertaining to both initial* estimates and subsequent periodical updates on total revenues, total costs and costs to complete the projects;<br>• analysis, on a sample base, of reasonableness of estimates of projects' costs to complete through:<br>  o analysis of contracts signed with counterparties,<br>  o tests on projects costs incurred,<br>  o inquiries with project managers, controllers and/or head of business lines; |

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- retrospective analysis on results of previous estimates related to Construction contracts;
- analysis on updates of Management's estimates related to total revenues and costs of projects;
- critical discussion with head of legal department of the Group and, if relevant, obtaining information from external legal counsels on lawsuits related to projects;
- examination of appropriateness of disclosure included in the explanatory notes of the separate financial statements and its compliance with applicable accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the consolidated financial statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

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Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Danieli & C. Officine Meccaniche S.p.A. appointed us on October 26, 2018 as auditors of the Company for the years from June 30, 2020 to June 30, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Danieli & C. Officine Meccaniche S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at June 30, 2023, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at June 30, 2023 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Danieli & C. Officine Meccaniche S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Danieli Group as at June 30, 2023, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Danieli Group as at June 30, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Danieli Group as at June 30, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

**Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254**

The Directors of Danieli & C. Officine Meccaniche S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
**Barbara Moscardi**
Partner

Udine, Italy
October 5, 2023

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*

20231220000165

# DANIELI & C. OFFICINE MECCANICHE S.p.A.

# STATUTORY FINANCIAL STATEMENTS

## AS AT JUNE 30, 2023

# Accounting schedules

## Balance Sheet

| (euro)<br>ASSETS | Notes | 30/06/2023 | of which with related parties | 30/06/2022 | of which with related parties |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Property plant and equipment | 1 | 66.552.382 | | 65.022.108 | |
| Right of use | 2 | 7.878.374 | | 8.840.038 | |
| Intangible Assets | 3 | 14.328.071 | | 11.514.585 | |
| Investment in subsidiaries | 4 | 1.170.849.348 | | 1.170.849.348 | |
| Deferred tax assets | 5 | 27.128.913 | | 32.894.557 | |
| Non-current financial assets | 6 | 75.000.000 | 75.000.000 | 0 | |
| Trade and other receivables | 7 | 126.576.160 | 0 | 100.030.708 | 0 |
| **Non-current assets** | | **1.488.313.248** | | **1.389.151.344** | |
| **Current assets** | | | | | |
| Contract Assets | 8 | 230.071.682 | 93.527.086 | 166.775.075 | 38.742.411 |
| Inventories | 8 | 206.849.746 | 43.317.851 | 158.496.984 | 29.637.903 |
| Trade receivables | 9 | 477.044.269 | 232.784.168 | 486.057.083 | 237.172.939 |
| Other Receivables | 10 | 25.431.376 | | 18.680.285 | |
| Current tax assets | 11 | 25.503.484 | 1.538.691 | 16.189.413 | 9.873 |
| Current financial assets | 12 | 28.016.767 | 23.685.598 | 10.521.999 | 9.565.436 |
| Cash and cash equivalents | 13 | 578.605.236 | 0 | 553.555.917 | 0 |
| **Currents assets** | | **1.571.522.560** | | **1.410.276.756** | |
| **Total Assets** | | **3.059.835.808** | | **2.799.428.100** | |

| (euro)<br>LIABILITIES AND SHAREHOLDERS' EQUITY | Notes | 30/06/2023 | of which with related parties | 30/06/2022 | of which with related parties |
|---|---|---|---|---|---|
| **Shareholders' equity** | | | | | |
| Share capital | | 81.304.566 | | 81.304.566 | |
| Treasury shares | | (88.912.863) | | (87.138.099) | |
| Other reserves and profit carries forward, including profit for the year | | 854.779.718 | | 834.788.992 | |
| **Total shareholders' equity** | 14 | **847.171.421** | | **828.955.459** | |
| **Non-current liabilities** | | | | | |
| Non-current financial liabilities | 15 | 159.989.266 | 0 | 66.767.650 | 0 |
| Deferred tax liabilities | 5 | 2.245.408 | | 6.096.000 | |
| Post employment benefits | 16 | 10.566.709 | | 11.075.934 | |
| Provisions for risks | 17 | 44.605.359 | | 28.504.107 | |
| **Non Current Liabilities** | | **217.406.742** | | **112.443.691** | |
| **Current liabilities** | | | | | |
| Trade payables | 18 | 699.257.048 | 379.483.269 | 578.432.822 | 303.955.577 |
| Contract Liabilities and Advances from Customers | 8/19 | 903.928.689 | 200.941.942 | 701.005.309 | 155.634.707 |
| Other current liabilities | 20 | 59.868.537 | | 62.960.373 | |
| Current tax liabilities | 21 | 11.914.767 | 384.417 | 12.159.570 | 1.625.347 |
| Short term derivative financial instrument | | 0 | | 5.353.820 | |
| Bank debts and other financial liabilities | 22 | 320.288.605 | 318.626.499 | 498.117.056 | 192.463.445 |
| **Total current liabilities** | | **1.995.257.646** | | **1.858.028.950** | |
| ***Total liabilities and shareholders' equity*** | | **3.059.835.809** | | **2.799.428.100** | |

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## Income Statement

| (euro) | Notes | 30/06/2023 | of which with related parties | 30/06/2022 | of which with related parties |
|---|---|---|---|---|---|
| | | Financial year ended | | | |
| Operating revenues | | 1.142.067.278 | 321.797.307 | 847.816.675 | 284.907.678 |
| Other operating income | | 31.225.157 | 23.212.819 | 24.626.138 | 18.601.268 |
| Changes in inventories | 8 | 13.986.553 | 0 | 207.007 | 0 |
| **Total revenues** | 24 | **1.187.278.988** | **345.010.126** | **872.649.820** | **303.508.946** |
| Purchase cost of raw materials and consumables | 25 | (682.687.852) | (234.018.725) | (471.362.048) | (197.166.278) |
| Personnel costs | 26 | (170.484.612) | | (158.276.455) | |
| Other operating costs | 27 | (275.312.256) | (52.497.868) | (231.516.999) | (50.898.085) |
| Depreciation, amortisation and write-downs | 28 | (19.697.256) | | (28.612.031) | |
| **Operating income** | | **39.097.012** | | **(17.117.713)** | |
| Financial income | 29 | 57.741.702 | 40.317.469 | 2.868.996 | 0 |
| Financial charges | 30 | (19.520.881) | (4.556.676) | (23.030.708) | (92.821) |
| Gains/(losses) on foreign exchange transactions | 31 | (19.657.767) | | 79.117.613 | |
| **Profit before taxes** | | **57.660.066** | | **41.838.188** | |
| Income taxes | 32 | (16.454.186) | | (12.006.154) | |
| **Net profit for the period** | | **41.205.880** | | **29.832.034** | |

## Statement of comprehensive income

| (euro) | Notes | Financial year ended 30/06/2023 | Financial year ended 30/06/2022 |
|---|---|---|---|
| **Net profit for the period** | | **41.205.880** | **29.832.034** |
| *Components of comprehensive income not subsequently reclassified in the result of the period* | | | |
| Actuarial gains/(losses) recognised in the statement of comprehensive income | | **307.291** | **928.712** |
| Tax effect | | (73.750) | (222.891) |
| | 14 | **233.541** | **705.821** |
| **Total comprehensive income** | | **41.439.421** | **30.537.855** |

## Statement of changes in shareholders' equity

| (thousands of euro) | Share capital | Treasury shares | Share Premium reserve | Other reserves | Net profit (loss) of the period | Total shareholders' equity |
|---|---|---|---|---|---|---|
| **Shareholders' equity as at 30/06/2021** | **81.305** | **(87.138)** | **22.523** | **792.131** | **2.946** | **811.767** |
| **Operations with shareholders** | | | | | | |
| Allocation of profit per shareholders' meeting of 28/10/21 | | | | | | |
| to reserves | 0 | 0 | 0 | (10.404) | 10.404 | 0 |
| dividends to parent company shareholders | 0 | 0 | 0 | 0 | (13.350) | (13.350) |
| Unclaimed dividends | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in treasury shares | 0 | 0 | 0 | 0 | 0 | 0 |
| **Total operations with shareholders** | **0** | **0** | **0** | **(10.404)** | **(2.946)** | **(13.350)** |
| **Profit as at 30/06/2022** | 0 | 0 | 0 | 0 | 29.832 | 29.832 |
| **Other compehensive income** | | | | | | |
| Actuarial gains/(losses) from IAS 19 | 0 | 0 | 0 | 708 | 0 | 708 |
| **Comprehensive income (expenses) for the period** | **0** | **0** | **0** | **706** | **29.832** | **30.538** |
| **Shareholders' equity as at 30/06/2022** | **81.305** | **(87.138)** | **22.523** | **792.433** | **29.832** | **828.955** |
| **Operations with shareholders** | | | | | | |
| Allocation of profit per shareholders' meeting of 28/10/22 | | | | | | |
| to reserves | 0 | 0 | 0 | 8.383 | (8.383) | 0 |
| dividends to parent company shareholders | 0 | 0 | 0 | 0 | (21.448) | (21.448) |
| Unclaimed dividends | 0 | 0 | 0 | 0 | 0 | 0 |
| Change in treasury shares | 0 | (1.775) | 0 | 0 | 0 | (1.775) |
| **Total operations with shareholders** | **0** | **(1.775)** | **0** | **8.383** | **(29.831)** | **(23.223)** |
| **Profit as at 30/06/2023** | 0 | 0 | 0 | 0 | 41.206 | 41.206 |
| **Other compehensive income** | | | | | | |
| Actuarial gains/(losses) from IAS 19 | 0 | 0 | 0 | 234 | 0 | 234 |
| **Comprehensive income (expenses) for the period** | **0** | **0** | **0** | **234** | **41.206** | **41.440** |
| **Shareholders' equity as at 30/06/2023** | **81.305** | **(88.913)** | **22.523** | **791.050** | **41.207** | **847.172** |

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## Statement of Cash Flows

| (thousands of euro) | 30/06/2023 | of which with related parties | 30/06/2022 | of which with related parties |
|---|---|---|---|---|
| **Reconciliation of profit before taxes with net cash flows from op.activities** | | | | |
| Profit before taxes | 57.660 | | 41.838 | |
| Net increase/(decrease) in prov.for risks&charges | 16.101 | | 4.787 | |
| Depreciation, amortisation and write-downs | 16.813 | | 15.322 | |
| Losses/(gains) on disposal of property plant and equipment | (117) | | (103) | |
| Write-down/(Reversal) of impairment losses | 2.884 | | 13.290 | |
| Other non-monetary changes | 0 | | 279 | |
| Net change in employee sev. indemnity prov. | (275) | | (1.788) | |
| Foreign exchange losses/(gains) for the period | 19.658 | | (79.118) | |
| Financial income for the period | (57.742) | (40.317) | (2.869) | 0 |
| Financial charges for the period | 19.521 | 4.557 | 23.031 | 93 |
| **Total** | **74.503** | | **14.669** | |
| **Net change in working capital** | | | | |
| (Increase)/decrease in inventories | (111.649) | (68.465) | (36.972) | 7.241 |
| (Increase)/decrease in trade and other receivables | (38.215) | 2.860 | (67.872) | 27.265 |
| Increase/(decrease) in trade and other payables | 374.849 | 119.594 | 177.327 | 108.838 |
| Unrealised foreign exchange losses/(gains) | 7.847 | | 0 | |
| **Total** | **232.832** | | **72.483** | |
| (Interest paid) | (5.933) | (4.557) | (183) | (93) |
| Interest received | 14.983 | 317 | 2.815 | 0 |
| Taxes paid in the period | (24.098) | | (4.476) | |
| **Income taxes** | **292.287** | | **85.308** | |
| **Investing activities** | | | | |
| **Investments:** | | | | |
| Property plant and equipment | (11.134) | | (13.629) | |
| Intangible Assets | (8.714) | | (5.450) | |
| Dividends collected | 40.000 | 0 | 0 | |
| Equity investments | 0 | | (15) | |
| (Purchase)/sale of treasury shares | (1.775) | | 0 | |
| Realised foreign exchange losses/(gains) | (27.505) | | 79.118 | |
| **Disposals:** | | | | |
| Property plant and equipment | 266 | | 104 | |
| **Cash flow generated/(absorbed) by investing activities** | **(8.862)** | | **60.128** | |
| **Financing activities** | | | | |
| Financial assets | (91.880) | (89.120) | (5.134) | (5.624) |
| Application of IFRS 16 - Financial loans | (1.682) | | (1.916) | |
| New loans payable | 220.178 | 126.163 | 136.487 | 0 |
| Increase/(decrease) in advances on job orders not yet in production | (53.920) | | 89.908 | |
| Repayment of loans payable | (303.654) | 0 | (190.417) | (56.806) |
| Short term derivative financial instrument | (5.969) | | 5.082 | |
| dividends to parent company shareholders | (21.449) | | (13.350) | |
| Cash flow generated/(absorbed) by financing activities | **(258.376)** | | **20.660** | |
| **Total cash flow** | **25.049** | | **166.096** | |
| **Opening cash and bank position** | **553.556** | | **387.460** | |
| **Closing cash and bank position** | **578.605** | | **553.556** | |

# Explanatory notes

## *Introduction*

The draft financial statements for the year ended June 30, 2023, comprise the balance sheet, income statement, statement of comprehensive income, statement of cash flows, statement of changes in shareholders' equity and explanatory notes.
Amounts included in the balance sheet, income statement and statement of comprehensive income are presented in euro, amounts included in the statement of cash flows, statement of changes in shareholders' equity and the explanatory notes, unless otherwise indicated, are rounded to the nearest thousand euro.
In addition, with reference to Consob Resolution no. 15519 of July 27, 2006, pertaining to the financial statements of companies issuing financial instruments listed on Italian regulated markets, significant transactions with related parties were included in dedicated columns of the balance sheet, of the income statement and of the statement of cash flows, without compromising the overall legibility of the statements.
Danieli & C. Officine Meccaniche S.p.A. is a joint stock company, listed on the Borsa Italiana (Italian stock exchange), operating in the design, construction and sale of plants for the iron and steel industry. Its registered office is at Via Nazionale 41, Buttrio (Udine – Italy).
As at June 30, 2023, the share capital consisted of 40,879,533 ordinary shares and 40,425,033 savings shares. The ordinary shares are held by:

| | Shares representing the share capital |
|---|---|
| Sind International s.r.l. - Milan | 67.824% |
| Treasury shares | 8.154% |
| Market | 24.022% |

The separate financial statements of Danieli & C. Officine Meccaniche S.p.A. have been externally audited by Deloitte & Touche S.p.A.
The draft financial statements were approved on September 26, 2023, by the Board of Directors, which authorised their publication in the September 26, 2023, press release containing the main elements of these financial statements.

## Statement of compliance with IFRS

The financial statements for the year ended June 30, 2023 have been prepared in compliance with the IFRS issued by the International Accounting Standards Board and endorsed by the European Commission, in accordance with the procedure per Art. 6 of Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002, in force at the date of the financial statements, together with recommendations set out in the Regulations for Issuing Companies as approved by CONSOB (the Italian stock market regulator).
*The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations* published by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
The financial statements have been prepared on a going concern basis and on the historical cost principle, except for derivative financial instruments (as at June 30, 2023) that have been recorded at fair value and construction contracts that are included on the basis of the percentage of completion method.
From the various options permitted by IAS 1, the company has chosen, in the balance sheet, to show current and non-current assets and liabilities separately on the basis of whether they will be realised/settled as part of the company's normal operating cycle within twelve months after the end of the reporting period, and to provide an analysis of costs on the basis of their nature in the income statement.
The statement of cash flows has been drawn up using the indirect method.

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## SUMMARY OF ACCOUNTING STANDARDS

The accounting standards used to prepare the separate financial statements for the year ended June 30, 2023, are the same as those followed the previous year. The Company did not arrange for the early adoption of any other standard or amendment published but still not in force.

### Improvements and amendments to accounting standards applied as from July 1, 2022

The following IFRS accounting standards, amendments and interpretations were applied by the Company for the first time from July 1, 2022:

On May 14, 2020, the IASB published the following amendments called:

- Amendments to IFRS 3 Business Combinations: the amendments are intended to update the reference in IFRS 3 to the revised Conceptual Framework, without resulting in any changes to the requirements of the standard.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of the amendments is not to allow the deduction from the cost of property, plant and equipment of the amount received from the sale of goods produced in the test phase of the asset. These sales revenues and related costs will therefore be recognised in the income statement.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that when assessing whether a contract is onerous, all costs directly attributable to the contract must be considered. Accordingly, the assessment of whether a contract is onerous includes not only incremental costs (e.g. the cost of direct material used in the work), but also all costs that the enterprise cannot avoid in that it has entered into the contract (e.g. the depreciation charge of machinery used to perform the contract).
- Annual Improvements 2018-2020: changes were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples of IFRS 16 Leases.

The adoption of these amendments did not have any effect on the Company's financial statements.

### IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet compulsorily applicable and not adopted early by the company as at June 30, 2023

On May 18, 2017 the IASB published IFRS 17 – Insurance Contracts, which replaced IFRS 4 – Insurance Contracts.
The aim of the new standard is to guarantee that an entity provides relevant information that faithfully represents the rights and obligations arising from the insurance contracts issued. The IASB developed the standard to eliminate inconsistencies and weaknesses in the existing accounting policies, by providing a single principle-based framework to take account of all types of insurance contracts, including reinsurance contracts held by an insurer.
The new standard also sets out requirements for presentation and disclosure to improve comparability between entities belonging to this sector.
The new standard measures an insurance contract on the basis of a general model or a simplified version thereof, called the premium allocation approach (PAA).

The main features of the general model include:

- the estimates and assumptions of future cash flows are always current;
- the measurement reflects the time value of money;
- the estimates make extensive use of observable information on the market;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated into groups of insurance contracts at initial recognition; and,
- the expected profit is recognised within the coverage period of the contract, taking into account adjustments arising from changes in the assumptions related to the cash flows of each group of contracts.

The PAA provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, at initial recognition, the entity ensures that this liability reasonably represents an approximation of the general model. Contracts with a coverage period of one year or less are automatically

eligible for the PAA. The simplifications arising from the application of the PAA do not apply to the measurement of liabilities for existing claims, which are measured using the general model. However, it is not necessary to discount those cash flows if it is expected that the balance will be paid or collected within one year from the date the claim was made.
The entity must apply the new standard to insurance contracts issued, including reinsurance contracts issued, reinsurance contracts held, and investment contracts with a discretionary participation feature (DPF).

The standard applies from July 1, 2023 but early application is only permitted for entities that apply IFRS 9 – Financial Instruments and IFRS 15 – Revenue from Contracts with Customers. The directors do not expect a material effect on the Company's financial statements from the adoption of this amendment.

On December 9, 2021 the IASB published an amendment entitled "Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information". The amendment is a transitional option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is intended to prevent temporary accounting mismatches between financial assets and liabilities of insurance contracts, and therefore to improve the usefulness of the comparative information for users of financial statements. The changes will apply starting July 1, 2023, alongside application of IFRS 17. The directors do not expect a material effect on the Company's financial statements from the adoption of this amendment.

On February 12, 2021 the IASB published two amendments entitled "Disclosure of Accounting Policies: Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates (Amendments to IAS 8)". The changes are intended to improve the disclosure of accounting policies so as to provide more useful information to investors and other primary users of the financial statements, as well as to help companies distinguish between changes in accounting estimates and changes in accounting policies. The changes will apply starting July 1, 2023, but early application is permitted. The directors do not expect a material effect on the Company's financial statements from the adoption of this amendment.

On May 7, 2021 the IASB published an amendment entitled "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred tax liabilities on particular transactions that could give rise to equal amounts of assets and liabilities must be recognised, such as leases and decommissioning obligations. The changes will apply starting July 1, 2023, but early application is permitted.

**Accounting standards and interpretations issued by the IASB but not yet approved by the European Commission**

At the reference date of this document, the relevant bodies of the European Union have not yet concluded the approval process required to adopt the amendments and standards described below.

On January 23, 2020, the IASB published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on October 31, 2022 it published "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The documents aim to clarify how to classify debts and other short or long-term liabilities. The changes take effect July 1, 2024. Early application is nevertheless permitted. The directors do not expect a material effect on the Company's financial statements from the adoption of this amendment.

On May 7, 2021 the IASB published an amendment entitled "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred tax liabilities on particular transactions that could give rise to equal amounts of assets and liabilities must be recognised, such as leases and decommissioning obligations. The changes will apply starting July 1, 2023, but early application is permitted. The directors do not expect a material effect on the Company's financial statements from the adoption of this amendment.

On December 9, 2021 the IASB published an amendment entitled "Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information". The amendment is a transitional option relating to comparative information on financial assets presented at the date of initial application of IFRS 17. The amendment is intended to prevent temporary accounting mismatches between financial assets and liabilities of insurance contracts, and therefore to improve the usefulness of the comparative information for users of financial statements. The changes will apply starting July 1, 2023,

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alongside application of IFRS 17. The directors do not expect a material effect on the Company's financial statements from the adoption of this amendment.

On September 22, 2022 the IASB published an amendment entitled "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires that the seller-lessee measure the lease liability arising from a sale and leaseback transaction so as not to recognise a gain or loss that refers to the retained right of use. The changes will apply starting July 1, 2024, but early application is permitted. The directors do not expect a material effect on the Company's financial statements from the adoption of this amendment.

On January 30, 2014 the IASB published IFRS 14 – Regulatory Deferral Accounts which permits first-time adopters of IFRS to continue to recognise amounts related to activities subject to rate regulation according to the previous accounting standards adopted. Since the Company is not a first-time adopter, this standard does not apply.

**Property, plant and equipment**

Property, plant and equipment are recognised in the balance sheet at cost of purchase or internal production, including directly attributable ancillary expenses, net of accumulated depreciation. Where there is a present obligation and where significant, cost is increased by the present value of the estimated cost of dismantling and removing the asset.
Borrowing costs directly attributable to the purchase, construction or production of an asset that requires significant time before the asset is available for use (a qualifying asset pursuant to IAS 23 – Borrowing costs) are capitalised, as part of the cost of such asset, and amortised over the useful life of the class of asset to which they refer.
Plant and machinery may include parts with different useful lives. Depreciation is calculated over the useful life of each individual part; in the event of replacement, the new parts are capitalised to the extent that they meet the criteria for recognition as assets, and the carrying value of the parts replaced is derecognised. The residual value and useful lives of the assets are reviewed at least every year-end. Regardless of existing depreciation, whenever impairment is determined on the basis of IAS 36, the asset is written down accordingly; the write-down is reversed in subsequent years, net of depreciation, if the reasons cease to apply. Ordinary maintenance costs are expensed in full in the income statement, while maintenance costs that increase the value of assets are allocated to the relative assets and depreciated over their residual useful lives.
Depreciation charged to the income statement has been calculated on a systematic and straight-line basis, at rates considered to be representative of the estimated useful economic and technical life of the assets. The principal annual depreciation rates applied are the following:

| | |
|---|---|
| Buildings and light constructions | 3 - 10% |
| Plant and machinery | from 10 to 15% |
| Furnaces and large automated plants | from 15 to 15.5% |
| Equipment | 25% |
| Motor vehicles, wheeled internal transport and cars | 20 - 25% |
| Furniture and office machinery | 12 - 20% |

Land, free of construction or annexed to buildings, is not depreciated since it has an unlimited useful life.

**Intangible assets**

Intangible assets are recognised at purchase or production cost, including directly attributable ancillary expenses.
The cost of an internally generated intangible asset includes only those expenses that can be directly attributed to the asset as from the date on which the criteria for recognition of that asset are met.
After initial recognition, intangible assets are recorded at cost, net of accumulated amortisation and any impairment losses calculated as set out in IAS 36.
Research costs relating to production activities are fully expensed the year they are incurred.
Intangible assets are subject to amortisation unless they have indefinite useful lives. Amortisation is charged systematically over the useful life of the asset in accordance with estimated future economic use. The residual value at the end of the useful life is assumed to be zero unless there is a commitment by third parties to buy

the asset at the end of its useful life or if there is an active market for the asset. The Directors review the estimated useful lives of intangible assets every financial year-end.
The main annual amortisation rates applied are in the following ranges:

| | |
|---|---|
| Intellectual property rights | from 6.67% to 20% |
| Licences and trademarks | 10% |
| Other intangible assets | from 20 to 33% |

**Right of use**

Rights of use are measured according to the provisions of IFRS 16.
IFRS 16 establishes how to recognise, measure, present and disclose information about leases in the financial statements. The standard defines a lease as a contract or part of a contract that conveys a right to use the asset for a period of time in exchange for consideration. The following model is established by the new standard for lessees: at the start date of the contract, the lessee will recognise a liability for the lease payments (i.e. a lease liability) and a right-of-use asset of the underlying asset for the duration of the contract (i.e. the right to use the asset). Lessees will have to separately account for interest expense on the lease liability and the depreciation of the right-of-use of the asset.
The company made use of the practical expedients available for the transition to IFRS 16 in order not to redetermine when a contract is or contains a lease. Therefore, the definition of a lease in compliance with IAS 17 and IFRIC 4 will continue to be applied to the lease contracts signed or amended before its first application.
The change in the definition of a lease mainly refers to the criterion of control ("right of use"). According to IFRS 16, a contract contains a lease if the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. The company applies the definition of lease and the related provisions under IFRS 16 for all lease contracts signed or amended after July 1, 2019.
The lessees will also have to remeasure the lease liability if certain events occur (for example: a change in the terms and conditions of the lease contract, changes in future lease payments resulting from a change in an index or a rate used to determine those payments).
Contract terms are established contractually and, in the event of contractual clauses that allow for its early termination or extension or renewal, an analysis is carried out for each contract on the likelihood of such clauses being exercised. The company used its own experience to determine the terms of the leases containing extension or termination options.
The incremental borrowing rate was calculated for each contract using the spreads commonly applied to the company for its loans with similar conditions and terms to those of the leases with the addition of the normal variable rates on the basis of lease term, currency and geographical area (e.g. EURIBOR, USD LIBOR, EURIRS).
For disclosure purposes, the company made use of the exemptions granted by IFRS 16 section C5 letters a and b.
The company made use of these exemptions in two circumstances, allowed by the standard: lease contracts in which the underlying asset is of modest value (IFRS 16:5(b), e.g. personal computers, printers) and short-term lease contracts (e.g. contracts with expiry date within 12 months – IFRS 16:5(a)). The value of the cost for use of third-party assets relating to these exemptions is equal to around 700 thousand euro.
For these exemptions, neither the financial liability of the lease nor the related right of use were recognised, but the rent was recognised in the income statement, as was done in the past, among operating costs.
The right of use is amortised systematically at the lower of the lease term and the residual useful life of the underlying asset. If the lease contract transfers the ownership of the related asset or the cost of the right of use reflects the company's desire to exercise the option to purchase, the related right of use is amortised over the useful life of the asset in question. Amortisation begins from the start of the lease.
The liability arising from the lease is not stated in a separate item but among current and non-current borrowings.
After initial recognition, by applying the amortised cost method for measuring the liability arising from the lease, the carrying value of this liability is increased by the interest on it (using the effective interest method) and decreased to take account of the payments made as a result of the lease contract.
The company redetermines the balance of the liability arising from the lease (and implements an adjustment of the corresponding value of the right of use) if:

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- the lease term changes or there is a change in the measurement of exercising the option right during the financial year;
- the value of the lease payments changes following changes to the indicators or rates or the amount of the guarantees for the expected residual value changes;
- a lease contract has been amended and the amendment does not fall under the cases for the recognition of a separate contract.

**Investments in subsidiaries**

The companies over which the company exercises control as a result either of owning the majority of the shares with the right to vote or of exercising a dominant influence, demonstrated by the power to determine, even indirectly, the financial and operating policies of these companies and to obtain the related benefits, *irrespective of shareholding relationships, are subsidiaries. The existence of potential voting rights that can be* exercised at the date of the financial statements are considered for the purpose of determining control.
Investments in subsidiaries are measured at purchase or subscription cost, including ancillary costs, from which any principal repayments are deducted, subsequently adjusted for impairment losses determined using the same methods indicated previously for tangible assets. In particular, if events are identified that could indicate that the carrying amount of the investments cannot be recovered, they are written down until their realisable value is reflected, represented by the net selling price or the value in use, whichever is greater. When defining the value in use, the expected future cash flows are discounted using a discount rate that reflects the current market estimate referring to the cost of money compared to the time and the specific risks of the investee company.
The risk arising from any losses exceeding shareholders' equity is recognised in a specific reserve where the company is required to fulfil legal or implicit obligations towards the investee company or in any case to cover its losses.
The original value of the investment is reversed in subsequent financial years if the reasons for the write-down cease to exist. Write-downs and any reversals are posted to the income statement, under income and expenses on equity investments.

**Other equity investments**

Other equity investments in which the ownership percentage is less than 20%, or 10% if listed, or over which the company exercises no significant influence are measured at cost. They continue to be carried at cost even when this exceeds the amount determined by the equity method, provided that earnings prospects or implicit capital gains make it likely that the higher value will be recovered.

**Financial receivables and assets**

At initial recognition, financial assets are classified, where appropriate, on the basis of the subsequent methods of measurement, i.e. at amortised cost, at fair value through other comprehensive income, and at fair value through profit and loss.
The classification of financial assets at initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model used by the company to manage them. With the exception of trade receivables that do not contain a significant financial component or for which the company has applied a practical expedient, the company initially measures a financial asset at its fair value plus transaction costs in the case of a financial asset not at FVPL. Trade receivables that do not contain a significant financial component or for which the company has applied a practical expedient are measured at the price of the transaction determined according to IFRS 15.
For a financial asset to be classified and measured at amortised cost or at FVOCI, it must generate cash flows that depend solely on the principal and the interest of the principal amount to be repaid (Solely Payments of Principal and Interest (SPPI)). This measurement is indicated as an SPPI test.

**Treasury shares**

Treasury shares that are repurchased are deducted from shareholders' equity on the basis of the purchase price. The purchase, sale, issue and cancellation of equity instruments in the company share capital do not have any impact on gain or loss in the income statement. Voting rights associated with treasury shares are cancelled, as is the right to receive dividends.

**Inventories**

*Inventories of raw and ancillary materials and consumables* are recognised at the lower of purchase cost (including ancillary expenses), determined using the weighted average cost method, and estimated realisable value as determined from market trends at the end of the period.
"Finished and semi-finished products are valued at the weighted average purchase or production cost; any negative difference between cost and the corresponding market value at the end of the period is accrued to a specific product write-down reserve, which directly reduces the closing value of inventories."

*Work in progress* is valued at the production cost related to the year of manufacture, based on the stage of completion achieved.

*Construction contracts* for more than one year are recorded using the state of advancement (or percentage of completion), under which revenues (and consequently the margin) are recognised on the basis of production progress, determined by the company on the basis of the costs already incurred to complete the job order in proportion to the total, including using updated final costs. For construction contracts where the invoicing carried out exceeds the costs incurred plus the identified margins, the net value is stated in current liabilities – *Contracts Liabilities*.
The value is determined based on estimated revenues and costs over the full life of the projects, for which the measurement is influenced, by nature, by significant subjective components. The assumptions on which the measurements are based are updated periodically. The economic effects of the revised estimates are recorded in the year in which the updates are made.
The valuation of construction contracts includes additional fees, compared with those agreed contractually, if their receipt is considered more than probable and the amount can be reliably estimated.
With the exception of trade receivables that do not contain a significant loan component or for which the company has applied a practical expedient, the company initially values 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.
Construction contracts with prices denominated in a currency different from the functional one and exceeding the advances received are affected by the closing exchange rate for the period in question, which contributes to determining the total contractual revenue of the order, to which to apply the state of advancement percentage.

**Cash and cash equivalents**

Cash and cash equivalents are kept to meet short-term cash commitments; the latter are highly liquid and easily convertible to cash for a known amount. Their value is subject to an irrelevant risk of fluctuation, with the exception of those in foreign currencies, which are subject to exchange rate risk.

**Post-employment benefits**

Employee severance indemnity (*trattamento di fine rapporto*, or TFR) falls within the scope of IAS 19 (employee benefits), since it is similar to defined benefit plans. Construction contracts with duration of less than or more than one year are recorded according to progress (or percentage of completion) method, under which income (and consequently margins) are recognised on the basis of production progress, determined by the company on the basis of the costs already incurred for the completion of the job order in proportion to the total, including the costs to be updated. Gains and losses from the actuarial valuation are fully recognised in the statement of comprehensive income in the period in which they occur. Any effects on profit and loss of the revision of estimates are recorded in the financial year in which the updates are made.
Following the changes made to the TFR provision rules by Law 296 of 27 December 2006, and subsequent decrees and regulations issued in the early months of 2007, TFR accrued from 1 January 2007 has assumed the nature of a defined contribution plan, whether the employee has opted for benefits to be held in a complementary pension fund or in the Treasury Fund managed by the Social Security agency INPS.

***Provisions for risks and charges***

If it is expected that completion of a job order will result in a loss at operating margin level, also deriving from the estimate of any future charges relating to the completion of the job order, this is recognised in full in the financial year in which it becomes reasonably predictable and recognised to a specific provision. The amount recognised is the best estimate of the expense required to completely extinguish the present obligation.

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Restructuring costs are recognised if the company has a detailed restructuring plan that it has communicated to the interested parties.
For contracts whose execution involves inevitable costs that exceed the presumed economic benefits of the agreements, the present contractual obligation is recorded on the same basis as a standard provision.

**Financial liabilities**

Company financial liabilities include trade payables, other liabilities, bank debts and loans.

*Trade payables, customer advance payments and other liabilities*
Trade payables, advance payments received from customers and other current and non-current liabilities are recognised initially at nominal value, which represents fair value at the reference date. After initial recognition, these financial liabilities are measured at amortised cost, using the original effective interest method.

*Loans*
Initially, all loans are entered at the fair value of the amount received, net of transaction costs incurred to obtain the loan. After initial recognition, loans are measured at amortised cost using the effective interest rate method. Loans are classified within current liabilities unless the company has an unconditional right to defer payment for at least 12 months after the date of the financial statements.
Financial liabilities are derecognised when they are extinguished and the company has transferred all risks and charges related to the instrument.

**Derivative financial instruments**

The company uses derivative financial instruments such as forward sales/purchases of foreign currency, including synthetic ones with accumulation of forward purchases/sales, outrights with barrier, interest rate swaps.

Derivative instruments are classified as hedging instruments in accordance with IFRS 9 when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedging, checked initially and periodically, is high.

Transactions that meet all the qualifying criteria for hedge accounting are recognised as follows:

*Fair value hedging*

The change in the fair value of hedging derivatives is recognised in profit or loss under other costs. The change in the 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 in profit or loss under other costs.

With regard to fair value hedges relating to items recognised at amortised cost, any adjustment to the carrying value is amortised in profit or loss over the remaining life of the hedge using the effective interest rate (EIR) method. The amortisation so determined can commence as soon as there is an adjustment but cannot extend beyond the date on which the hedged item ceases to be adjusted due to changes in the fair value attributable to the hedged risk.

If the hedged item is derecognised, the fair value not amortised is immediately recognised in profit or loss.

When an unrecognised irrevocable commitment is designated as a hedged item, the subsequent accumulated changes in its fair value attributable to the hedged risk are entered in the accounts as assets and liabilities and the corresponding profits or losses are recognised in profit or loss.

*Cash flow hedge*

With regard to fair value hedges relating to items recognised at amortised cost, any adjustment to the carrying value is amortised in profit or loss over the remaining life of the hedge using the effective interest rate (EIR) method. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.

Changes in the fair value of derivatives that do not meet the conditions to be classified as hedging instruments in accordance with IFRS 9 are recognised in the income statement.

**Revenues, interest and dividends**

Revenues from construction contracts are recognised on the basis of the agreed considerations in proportion to the stage of completion of the work, determined using the percentage of completion method ("Performance obligations satisfied over time") measured on the basis of the costs already incurred for a specific project out of the total estimated costs for a specific project (input method). This method of recognition and the contracts with customer on which it is based comply with the requirements of IFRS 15.
This is illustrated in greater detail in the section on inventories.
Revenues from sales and services are recognised in accordance with the provisions of IFRS 15 and of the transfer of control over the goods sold or services rendered and the fulfilment of the "Performance obligation" envisaged by the contractual agreements with the counterparties ("Performance obligations satisfied at a point in time").
Revenues for partially provided services are recognised for the amount of the consideration earned, provided it is possible to reliably determine the stage of completion and there is no significant uncertainty about the amount or existence of the income and relative costs; otherwise they are recognised up to the amount of the recoverable costs incurred.
Revenues are booked net of returns, discounts, allowances and rebates, as well as of directly associated taxes on sales (value added tax).
For all financial instruments valued at amortised cost and interest-bearing financial assets classified as available-for-sale, interest income is entered using the effective interest rate (EIR), which is the rate that discounts estimated future payments and receipts over the expected life of the financial instrument.
Dividends are recognised the year in which they are resolved and the right to their collection arises.

**Costs**

Costs are recognised when they relate to goods and services sold or consumed in the financial year or by systematic allocation or when a useful future life can no longer be determined.
Operating lease instalments are allocated to the income statement over the life of the contract.
Personnel costs include the amount of earnings paid, accruals for pension funds and holidays due but not taken and social security costs, in application of the labour contracts and current legislation.
Costs for the acquisition of new knowledge or discoveries; for research into alternative products or processes, new technologies or models; for design and construction of prototypes or, in any case, for other scientific research or technological development activities are normally treated as research costs and charged to the income statement the year they are incurred.
Development costs incurred relative to a given project are recorded as intangible assets when the company can demonstrate:

i) the technical feasibility of completing the project to make it available for use or sale;
ii) its intention to complete the asset;
iii) its ability to use it or sell it;
iv) the way in which the asset will generate future economic benefits;
v) the existence of available resources to complete the asset; and
vi) the ability to reliably evaluate the cost attributable to the asset during its development.

Borrowing costs directly attributable to the purchase, construction or production of an asset that requires significant time before the asset is available for use (a qualifying asset pursuant to IAS 23 – Borrowing costs) are capitalised as part of the cost of such asset. All other financial charges are recognised as costs the year they are incurred.

**Income taxes**

Current taxes are recognised for the value expected to be paid to the tax authority, in accordance with the provisions and rates in force (24.0% for IRES, corporate tax, and 3.9% for IRAP, regional tax).
Current taxes related to items not reported in the income statement are taken directly to equity or to the statement of comprehensive income, consistently with the recognition of the item to which they refer.
As a consolidating company, the company joined the National Tax Consolidation, which makes it possible to determine IRES on a tax base corresponding to the algebraic sum of the positive and negative tax bases of the individual member companies. In addition to the Parent Company, the following companies adopted the

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consolidation regime: Danieli Automation S.p.A., Danieli Special Cranes S.r.l., Turismo 85 S.r.l., Stem S.r.l., Danieli Centro Cranes S.p.A., Danieli Construction International S.p.A., Corte delle Fucine S.r.l., Sabolarie Haven & Hospitability S.p.A., Scuole e Asili Cecilia Danieli S.r.l. and Zerotredici Educational Hub S.r.l. The economic relations, in addition to the responsibilities and mutual obligations, between the parent company and the aforesaid subsidiaries are defined in the "Danieli Group Regulations on Participation in the National Consolidation Tax Regime". In particular, based on this agreement, the tax losses realised during the tax consolidation procedure are remunerated within the limits of the effective use by the Tax Consolidation.
Deferred tax assets are recorded for all temporary differences to the extent that it is probable that taxable income will be achieved against which the deductible temporary difference can be used. The same principle applies to recording deferred tax assets for any usable tax losses.
The carrying value of deferred tax assets is reviewed at the reporting date and, if necessary, reduced to the extent that it is no longer probable that sufficient taxable income will be generated to permit recovery of all or part of the asset. Such reductions are reversed in the event that the conditions for which they were made no longer apply.
Deferred tax liabilities are calculated using the "liability method" on all temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet, save for specific exceptions.
Deferred tax assets and liabilities are calculated based on the values expected to be recovered from the tax authorities with the rates expected to be applicable during the financial year in which the asset will be realised or the liability extinguished, using tax rates (24% and 3.9% for IRAP, regional tax).

**Use of estimates**

Preparation of the financial statements involves making accounting estimates based on complex and/or subjective opinions, estimates based on past experience and assumptions considered to be reasonable and realistic on the basis of information known at the time of the estimate. The use of accounting estimates influences the carrying value of assets and liabilities, and information on potential assets and liabilities at the date of the financial statements, as well as the amount of income and costs for the period. Actual results may differ due to the uncertainty of the assumptions and the conditions on which the estimates are based.
The following accounting estimates used in drawing up the separate financial statements are considered to be significant because they involve significant recourse to subjective opinions, assumptions and estimates regarding matters that are, by nature, uncertain. Changes in the conditions on which opinions and assumptions are based can have a significant effect on the subsequent results.
In particular, the estimates made for measuring construction contracts are more significant in the preparation of the separate financial statements due to their undoubted complexity and relevance.

*Construction contracts*
Orders managed by the company refer mostly to plants for the steel industry and for those of non-ferrous metals. They can be for very significant amounts and are sometimes concluded with counterparties in countries subject to political instability. These projects with duration exceeding one year are always characterised by a highly technological and often highly innovative level, and include performance guarantees upon the final delivery of the plants, which contribute to making the estimates related to the measurement of the construction contracts particularly complex
The estimate process used by the company envisages the preparation for each job order of a well-structured and rigorous identification and management process of all the cost items required for its completion, broken down in detail for the different types of activities and/or services (grouped by project affinity). This process is aimed at quantifying and monitoring throughout the life of the project all the activities to be carried out for the various stages of production with the relative costs and revenues and the overall margin, by also identifying the gradual stage of completion related to the timely development of each single order. These estimates take into account any additional fee if agreed contractually or if their receipt is considered probable and the amount can be reliably estimated, whereas any additional costs compared to those initially estimated and any penalties are measured in the estimate of construction contracts by using all the information available to the company's management at the time of preparation of the financial statements. Assumptions and estimates are reviewed periodically, and their effects are reflected in the income statement. As part of these assumptions and estimates, the impact of the Covid pandemic, albeit limited, was also considered at the end of the reporting period.
If it is expected that completion of a job order will result in a loss at operating margin level, also deriving from the estimate of any future charges relating to the completion of the job order, this is recognised in full in the financial year in which it becomes reasonably predictable and recognised in a specific provision. In particular, funds totalling 15.3 million euro (39.8 million euro as at June 30, 2022 were determined for the Company's job

orders in progress of the company as at June 30, 2023, which include the estimate of any other related charges that appear probable on the basis of a careful measurement of the overall stage of the construction contracts at the end of the reporting period.
The measurement of construction contracts denominated in currencies (mainly USD) other than the functional currency (euro for the company) envisages that the portion exceeding the advances invoiced at the end of the reporting period be translated at the exchange rate at the end of the reporting period, helping to determine the total job order contractual revenue.
Company policy relative to exchange risk requires contracts whose incoming and outgoing cash flows are significantly affected by exchange rate fluctuations to be monitored to determine the best hedging policy, which may envisage the management of foreign currency purchases in order to obtain a natural hedging effect or the use of derivative contracts. Due to the intrinsic difficulty in preparing a meticulous planning of incoming cash flows to order, derivative contracts on exchange rates used in the period (and in the previous one) do not have the characteristics to qualify for hedging from an accounting point of view (known as hedge accounting). Consequently, the measurement of construction contracts is also affected by the change in the Euro/USD exchange rate occurred in the period.

*Provisions for risks*
The company makes accruals mainly in connection with employee benefits, legal and tax disputes and measurement of the job orders. Estimates for these accruals are the result of a complex process involving the subjective opinions of Company management that vary over time in relation to the information available.

*Write-downs*
Property, plant and equipment and intangible assets are written down in value when events or changed circumstances indicate that the amount recognised in the financial statements is not recoverable. The write-down is calculated by comparing the carrying value with the related recoverable amount, represented by the greater of fair value net of disposal costs and value in use, which is calculated by discounting to present value the expected cash flows deriving from use of the asset, net of disposal costs. Expected cash flows are quantified in light of the information available when the estimate is made, on the basis of subjective opinions on the trend of future variables — such as prices, costs, growth in demand and production profiles — and discounted to present value using a rate that takes into account the risk inherent in the asset in question.

*Deferred tax assets*
Deferred tax assets are recognised on the basis of expected profit in future years. The estimation of future profits for the purpose of recognising deferred tax assets depends on factors that can change over time and significantly impact their measurement. Note that the company did not recognise assets for tax losses in the financial year ended June 30, 2023.

*Estimate of fair value*
The fair value of financial instruments listed on public markets is determined with reference to bid prices at the end of the reporting period.
The fair value of financial instruments not listed on public markets is calculated using financial measurement techniques. Specifically:
- the fair value of Interest Rate Swaps (IRS) is calculated by discounting future cash flows based on interest rate curves;
- the fair value of currency purchase/sale contracts with optional content is calculated by discounting the differentials between contractual forward exchange rates and market forward exchange rates at the end of the reporting period on the basis of the expected forward rates, and taking account of the optional components if inherent in certain types of contract.

**Management of business risks and financial risks**

The company provides continuous management of business risks for all corporate functions by actively monitoring them in accordance with risk management methodology and principles in order to identify, reduce, and eliminate risks and thereby safeguard shareholders' rights.

***Risks related to the general state of the economy***

The earnings and finances of the company are solid, balanced and diversified by segments and product lines, albeit still with the potential to be affected by the various macro-economic situations of the markets it serves around the world. During the financial year ended as at June 30, 2023 the financial markets were characterised

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by growing interest rates and a depreciation of the EUR-USD exchange rate of approximately 10% in favour of the latter compared to June 30, 2022. Real economic performance on a global basis was affected from 2023 by high inflation, mainly caused by the increase in the cost of production and energy factors. The monetary policies implemented by the central banks of the main industrialised countries became more restrictive, while maintaining support for the economies most affected by production restrictions, the fall in consumption caused by COVID-19 and the energy crisis caused by the Russian/Ukrainian conflict.
The increase in the rates will penalise the trend of sovereign debt in Italy, which nevertheless remains under control essentially due to corrective measures promoted by the European Central Bank. The bank credit market therefore looks to be evolving, especially in the USA and EU, with possible positive developments in the global macroeconomic context with the exception of negative effects (of a yet unforeseeable extent) linked to the ongoing Russian/Ukrainian conflict.

***Risk related to market conditions***

This risk consists of the possibility that there may be no demand from the market for Danieli products, either for technological reasons or because of financial problems. We believe that the company's constant focus on research and development to propose solutions to customers to operate with production efficiency is one of our major strengths. Group Management continuously monitors these aspects so as to safeguard our leadership position.
The company operates in the engineering and plant making business, is certified to ISO 14001, and carries out a continuous process of identifying, managing, and mitigating the price risk that might have an economic impact on its business, issuing subcontracting orders that fix the prices of strategic components by nature and in cases of long lead times.

***Risks associated with commodity prices, the cancellation of job orders and relations with suppliers***

Company results can be significantly influenced by fluctuations in commodity prices, insofar as they affect the cost of completing job orders. Management follows an ongoing process for the identification, management and mitigation of price risk.
The company is active in several markets around the world; operating mainly to order, for each individual contract it sets up a policy for the management of the price volatility of subcontracts, negotiating orders with deliveries exceeding six to eight months as soon as job orders become effective.
The management of each individual project is always structured to align the "expenditure curve" with the "receipts curve", so as to limit financial imbalances in the event of a job order being cancelled; in addition, for unusual projects in terms of type or geographical area, suitable insurance or financial coverage is taken out to protect customer solvency.

***Market risk associated with fluctuations in exchange rates and interest rates***

Market risk concerns the possibility that changes in interest rates and exchange rates between the euro and other currencies in which the company operates could negatively affect the value of assets or liabilities or the amount of cash flows.

*Exchange rate risk*
Company policy relative to exchange risk requires contracts whose incoming and outgoing cash flows are significantly affected by exchange rate fluctuations to be monitored to determine the best hedging policy, which may envisage the management of foreign currency purchases in order to obtain a natural hedging effect, or the use of derivative contracts.
Exposure to fluctuations in exchange rates can have the following impacts:

- income risk from the different valuation of costs and income expressed in foreign currencies at different periods of time;
- transaction risk from the conversion of trade and/or financial receivables and payables expressed in foreign currencies.

Exposure to exchange rate risk is closely correlated with future cash flows from the gradual completion of contracts, taking account of contractual advances received, and with the payment of purchases in currencies other than the euro. The effects of such transactions are reflected in revenues and the valuation of current inventory, as well as in purchase cost.
The planning, coordination and management of these activities, and the measurement of exchange rate derivative instruments at fair value, are carried out by the company's finance department that monitors the

correct correlation between derivative instruments and underlying cash flows, systematically basing these on market prices and ensuring proper accounting in compliance with international accounting standards.
The foreign exchange gain reported in the income statement for the period is mostly related to the performance of the US dollar against the euro, which entailed a write-down of foreign currency funds of the company as at June 30, 2023.
Regarding all significant financial assets and liabilities in foreign currencies, a sensitivity analysis was carried out to determine the impact on the income statement and on shareholders' equity in the event of a hypothetical 5% or 10% increase or decrease in the Euro/USD exchange rate compared with exchange rates as at June 30, 2023. This analysis did not consider the impact of exchange rate fluctuations on the measurement of construction contracts (as these are not financial assets according to IAS 32).
The following table summarises the adverse effects on shareholders' equity and on the income statement, before the tax effect, deriving from a possible strengthening of the euro and the positive effects should the US currency strengthen:

| (in thousands of euro) | **-10%** | **-5%** | **5%** | **10%** |
|---|---|---|---|---|
| Foreign exchange gain/(loss) deriving from a fluctuation in the Euro/USD exchange rate | 29,094 | 13,781 | (12,469) | (23,805) |
| **Total** | **29,094** | **13,781** | **(12,469)** | **(23,805)** |

*Interest rate risk*
For the company, the risk associated with interest rate fluctuations essentially concerns floating-rate, long-term loans for which no interest rate swaps have been signed.
A sensitivity analysis has been conducted to measure the profit and loss impact that could arise from a hypothetical increase or decrease by 50 or 100 bp in interest rates. This increase or decrease in interest rates would entail higher or lower financial income and charges before the tax effect as reported below:

| (in thousands of euro) | **-100BP** | **-50BP** | **+50BP** | **+100BP** |
|---|---|---|---|---|
| (Lower)/Higher financial income | (5,760) | (2,880) | 2,880 | 5,760 |
| Lower/(Higher) financial charges | 2,030 | 1,015 | (1,015) | (2,030) |
| **Total** | **(3,730)** | **(1,865)** | **1,865** | **3,730** |

***Credit and country risk***

Credit risk is the company' exposure to potential losses arising from the failure of counterparties to meet their obligations; this activity is monitored continuously by the Group's financial and executive management teams as part of routine business operations starting from the contract negotiation stage for the construction of plants.
The company carries out most of its activities in foreign countries and continuously evaluates political, social and financial risks in the areas in which it does business.
Exposure to counterparty credit risk is minimised by using insurance coverage to protect against the insolvency of customers or the countries in which they operate.
In the current year, there have been no new significant cases of counterparty default, and credit risk is not significantly concentrated by area and/or customer, except for receivables from an important Egyptian customer with which an agreement was signed during the year ended as at June 30, 2023 to write off several financial receivables from the Group, recognised in previous financial years for approximately 28.4 million euro, but which had already been discounted so the net value was 17.4 million euro as at June 30, 2022. At the same time, the agreement redefined the terms of payment on other receivables as part of a payment schedule agreed against the ongoing restructuring project of the Ezz Group and heavy investments planned for new plants, nevertheless subject to current negotiations. The customer has recently presented positive financial data, continuing with the consolidation of its activities using plants with good economic/financial results, again developing a positive cash generation that can be used for new investments and for a progressive, albeit slow reduction in the exposure to the Danieli Group.
The changes in this item are described in note 6).

Adjustment to the EU sanctions against certain Russian customers brought some projects that began prior to February 2022 to a halt and put a stop to many projects, consequently now entirely excluded from the value of the order backlog due to the impossibility to complete them in the upcoming financial years.

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***Liquidity risk***

The company enjoys financial equilibrium by funding its plant making activities essentially with advance payments from customers. Liquidity, bolstered by access to partially utilised credit lines, is managed prudently by investing most temporary cash surpluses in short-term instruments.

**Management of capital**

Capital includes ordinary shares, savings shares and equity attributable to the shareholders of the parent company.
The primary objective of capital management is to obtain a strong credit rating and healthy financial ratios in order to support operating activities and maximise shareholder value.
The company manages and makes adjustments to its capital structure based on changes in general economic conditions. To maintain or adapt the capital structure, the company can adjust dividend payments to shareholders, return capital to shareholders or issue new shares, convert preference shares and buy and sell treasury shares.
There were no changes to the objectives, policies or processes during the financial years ended June 30, 2023, and June 30, 2022, or capital transactions during the two periods, except for the distribution of dividends.
The company monitors capital by following the indebtedness ratio, which compares the amount of net indebtedness with total capital plus net indebtedness. The company includes interest on loans and borrowing and cash and cash equivalents, also with regard to companies of the Group, in net indebtedness.

| (millions of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Gross financial indebtedness | 522,7 | 666,6 |
| Financial assets | (606,6) | (564,1) |
| Net financial position | (83,9) | 102,5 |
| Shareholders' equity | 847,2 | 829,0 |
| Capital and net indebtedness | 763,3 | 931,5 |
| **Indebtedness ratio with third parties** | **n.a** | **11,0%** |

**Risks associated with environmental policy**

The company's activities are subject to many national and international environmental protection laws and regulations.
In the segment in which the company operates, developments in environmental policy should be seen as an opportunity rather than a risk: with the enactment of more stringent rules and regulations (in addition to energy restraints in steel production, applying concepts like SuSteel and GreenSteel), the company can explore new favourable markets for its internally developed technologies and for its innovative plants.

**Risks associated with human resources, safety, management and taxation**

As at June 30, 2023, the company had 2,358 employees (2,297 as at June 30, 2022).
The human resource department has worked to manage normal turnover (with an improvement in education level and a decrease in average employee age), but also to optimise personnel for the company's new international needs.
Measures have been taken to reduce accident risks by implementing plant management policies in line with the best industrial practices, and by turning to the insurance market to make sure our units are well protected against third-party liability even in the event construction is halted and/or as part of the responsibility of directors towards shareholders/creditors.
Action has also been taken to train and motivate executive managers to ensure efficiency and continuity of operations, in the context of a difficult market caused by general reduction in consumption.
In the context of tax risks, note that the Company closed – with integrated and compliant tax returns – all findings disputed to date (only small positions of a negligent value remain open).
The tax dispute pending appeal between the Company and the Trieste Revenue Agency relating to the (alleged) non-existence of some costs incurred in foreign sites was also closed by conciliation. The company had already obtained a ruling entirely in its favour issued in 2019 by the Provincial Tax Commission of Trieste, which had declared that the company was operating correctly.

On the same findings, on February 26, 2021, the Court of Appeal of Trieste had already ruled on the aquittal – which became definitive in late 2021 – of the Chair, the Manager in Charge and other former managers of the Group in relation to the offence of using invoices for operations deemed "non-existent" and of that of the failure to present the statement by the Luxembourg subsidiaries allegedly set up to evade taxes on the basis that "the fact does not exist".

**Classes of financial instruments and hierarchical levels of measurement at fair value**

The following table shows the classes of financial instrument held by the company.

30/06/2023

| (thousands of euro) | Notes | Financial assets at fair value recognised through profit or loss: Initial recognition | Financial assets at fair value recognised through profit or loss: According to IFRS9 | Financial assets measured at amortised costs | Financial assets at fair value recognised through comprehensive income | Equity Instruments (initial recognition) | Total |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Non-current financial assets | 6 | 75.000 | | | | | 75.000 |
| Other non current | 7 | | | 126.576 | | | 126.576 |
| Trade receivables | 9/10 | | | 502.476 | | | 502.476 |
| Current financial assets | 12 | 28.017 | | | | | 28.017 |
| **Total Financial assets** | | 103.017 | 0 | 629.052 | 0 | 0 | 732.069 |

30/06/2023

| (thousands of euro) | Notes | Financial liabilities at fair value recognised through profit or loss: Initial recognition | Financial liabilities at fair value recognised through profit or loss: According to IFRS9 | Financial liabilities measured at amortised costs | Total |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| Bank debts and other financial liabilities | 15/22 | 0 | | 480.278 | 480.278 |
| Trade payables | 18/19 | | | 1.603.186 | 1.603.186 |
| Other current liabilities | 20 | | | 59.869 | 59.869 |
| **Total Financial liabilities** | | 0 | 0 | 2.143.333 | 0 2.143.333 |

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| (thousands of euro) | Notes | Financial assets at fair value recognised through profit or loss: Initial recognition | Financial assets at fair value recognised through profit or loss: According to IFRS9 | Financial assets measured at amortised costs | Financial assets at fair value recognised through comprehensive income | Equity Instruments (initial recognition) | Total |
|---|---|---|---|---|---|---|---|
| **Financial assets** | | | | | | | |
| Other non current | 7 | | | 100.031 | | | 100.031 |
| Trade receivables | 9/10 | | | 504.737 | | | 504.737 |
| Current financial assets | 12 | 10.522 | | | | | 10.522 |
| **Total Financial assets** | | **10.522** | **0** | **604.768** | **0** | **0** | **615.290** |

30/06/2022

| (thousands of euro) | Notes | Financial liabilities at fair value recognised through profit or loss: Initial recognition | Financial liabilities at fair value recognised through profit or loss: According to IFRS9 | Financial liabilities measured at amortised costs | Total |
|---|---|---|---|---|---|
| **Financial liabilities** | | | | | |
| Bank debts and other financial liabilities | 15/22 | 5.354 | | 564.885 | 570.239 |
| Trade payables | 18/19 | | | 1.279.438 | 1.279.438 |
| Other current liabilities | 20 | | | 62.960 | 62.960 |
| **Total Financial liabilities** | | **5.354** | **0** | **1.907.283** | **0 1.912.637** |

Among these financial instruments, the company measured at fair value through OCI current financial assets, as detailed in note 11) Current financial assets, and derivative contracts, whose essential aspects are summarised below. For the other financial instruments, the carrying value represents a reasonable approximation of fair value.

## INFORMATION ON THE BALANCE SHEET

## NON-CURRENT ASSETS

### 1) Property, plant and equipment

The net value of 66,553 thousand euro as at June 30, 2023, increased by 1,531 thousand euro compared to 65,022 thousand euro as at June 30, 2022, due to the difference between investments in the financial year, net of depreciations charged for the year.

| (thousands of euro) | Land | Industrial buildings Light constructions | Plant and machinery | Industrial and commercial equipment | Other tangible assets | Asset under construction | Total |
|---|---|---|---|---|---|---|---|
| **Historical cost** | **3.220** | **80.866** | **163.209** | **29.701** | **38.706** | **3.652** | **319.354** |
| **Accumulated depreciation** | **0** | **(48.889)** | **(148.421)** | **(27.388)** | **(35.228)** | **0** | **(259.926)** |
| **Balance at June, 30 2021** | **3.220** | **31.977** | **14.788** | **2.313** | **3.478** | **3.652** | **59.428** |
| Changes during the period | | | | | | | |
| Increase | 0 | 924 | 11.104 | 957 | 659 | (15) | 13.629 |
| Transfers and disposals | 0 | 0 | 0 | 0 | (1) | 0 | (1) |
| Depreciation | 0 | (2.137) | (3.748) | (1.067) | (1.081) | 0 | (8.033) |
| **Historical cost** | **3.220** | **81.790** | **173.006** | **30.573** | **39.340** | **3.637** | **331.566** |
| **Accumulated depreciation** | **0** | **(51.026)** | **(150.862)** | **(28.371)** | **(36.285)** | **0** | **(266.544)** |
| **Balance at June, 30 2022** | **3.220** | **30.764** | **22.144** | **2.202** | **3.055** | **3.637** | **65.022** |
| Changes during the period | | | | | | | |
| Increase | 0 | 663 | 6.206 | 1.330 | 2.344 | 593 | 11.136 |
| Reclassification | 0 | 61 | 3.513 | 0 | 0 | (3.574) | 0 |
| Transfers and disposals | 0 | (2) | (139) | (8) | 0 | 0 | (149) |
| Ammortamenti | 0 | (2.041) | (5.050) | (1.145) | (1.220) | 0 | (9.456) |
| **Historical cost** | **3.220** | **82.511** | **181.254** | **31.717** | **41.630** | **656** | **340.988** |
| **Accumulated depreciation** | **0** | **(53.067)** | **(154.580)** | **(29.338)** | **(37.450)** | **0** | **(274.435)** |
| **Balance at June, 30 2023** | **3.220** | **29.444** | **26.674** | **2.379** | **4.180** | **656** | **66.553** |

Depreciations charged to the income statement amounted to 9,456 thousand euro, calculated at rates considered to be representative of the estimated useful life of the assets.
The main investments in the financial year concerned new plants, models and electronic machines included in the general company plan for the technological updating of plants.
No write-downs were charged to the value of property, plant and equipment in current and previous financial years.

### 2) Right of use

This amounted to 7,878 thousand euro as at June 30, 2023 (8,840 as at June 30, 2022) and referred to the right of use (ROU) underlying the application of IFRS 16 net of the depreciation charge calculated for the period. Changes as at June 30, 2023, are shown below:

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| | Industrial buildings in leasing | Plant and machinery in leasing | Industrial and commercial equipment in leasing | Other tangible assets in leasing | Total |
|---|---|---|---|---|---|
| Historical cost | 13.444 | 35 | 130 | 1.211 | 14.820 |
| Accumulated depreciation | (4.873) | (9) | (127) | (971) | (5.980) |
| **Balance at June, 30 2022** | **8.571** | **26** | **3** | **240** | **8.840** |
| **Changes during the period** | | | | | |
| **Increase** | 128 | 0 | 111 | 531 | 770 |
| **Transfers and disposals** | | | | | |
| **Other movements** | | | | | |
| **Depreciation ROU benefit to employees** | (144) | | | (130) | (274) |
| **Depreciation** | (1.354) | (7) | (24) | (72) | (1.457) |
| Historical cost | 13.571 | 35 | 241 | 1.742 | 15.589 |
| Accumulated depreciation | (6.371) | (16) | (151) | (1.173) | (7.711) |
| **Balance at June, 30 2023** | **7.200** | **19** | **90** | **569** | **7.878** |

## 3) Intangible assets

The balance of 14,328 thousand euro as at June 30, 2023 is higher than the total of 11,516 thousand euro as at June 30, 2022, mainly due to higher investments in the period compared to amortisation charged as represented below:

| (thousands of euro) | Intellectual property rights | Concessions, licences and trademarks | Other intangible assets | Asset under development and advances | Total |
|---|---|---|---|---|---|
| **Historical cost** | **24.190** | **83.317** | **2** | **209** | **107.718** |
| **Accumulated amortisation** | **(22.792)** | **(73.113)** | **(2)** | | **(95.907)** |
| **Balance at June, 30 2021** | **1.398** | **10.204** | **0** | **209** | **11.811** |
| Changes during the period | | | | | |
| Increase | 1.078 | 3.727 | 0 | 645 | 5.450 |
| Transfers and disposals | 0 | 0 | 0 | | 0 |
| Amortisation | (1.247) | (4.500) | 0 | 0 | (5.747) |
| **Historical cost** | **25.268** | **87.046** | **2** | **854** | **113.170** |
| **Accumulated amortisation** | **(24.039)** | **(77.613)** | **(2)** | **0** | **(101.654)** |
| **Balance at June, 30 2022** | **1.229** | **9.433** | **0** | **854** | **11.516** |
| Changes during the period | | | | | |
| Increase | 1.253 | 5.417 | 0 | 2.044 | 8.714 |
| Transfers and disposals | 0 | 0 | 0 | | 0 |
| Amortisation | (1.227) | (4.673) | 0 | 0 | (5.900) |
| **Historical cost** | **26.520** | **92.463** | **2** | **2.898** | **121.883** |
| **Accumulated amortisation** | **(25.266)** | **(82.287)** | **(2)** | | **(107.555)** |
| **Balance at June, 30 2023** | **1.254** | **10.176** | **0** | **2.898** | **14.328** |

"Intellectual property rights" include the cost of purchasing and finalising new patents for process solutions, machinery and equipment.
"Concessions, licences and trademarks" consist mainly of the costs of acquiring licences and of developing management software and programs used in the company's operations.
Assets under development refer to some investment projects for management software programmes not yet completed.

The balance sheet does not include any intangible assets with indefinite useful lives.

***Impairment of property, plant and equipment and intangible assets***

As at June 30, 2023, there were no indications that property, plant and equipment and intangible assets might be impaired. In accordance with IAS 36, no impairment test was carried out at said date.

## 4) Equity investments

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Investment in subsidiaries | 1.170.798 | 1.170.798 |
| Other equity investments | 51 | 51 |
| **Total** | **1.170.849** | **1.170.849** |

The list of investments and changes in the various items are shown in attachment I.
There were no significant changes with respect to the balance as at June 30, 2022.
Considering the performance of Danieli & C. Officine Meccaniche S.p.A.'s indirect subsidiaries and the absence of specific indications that they may be impaired, given that as at June 30, 2023, the carrying values of the investments in Industrielle Beteiligung SA were lower than the corresponding shares of net equity, the company's directors have found it unnecessary to conduct any further analysis demonstrating the recoverability of the value of equity investments.
Comparison between the value recognised in the financial statements of investments and the corresponding proportion of shareholders' equity showed a higher net value of directly held investments, as shown in detail in attachment III. It also shows the higher value of the shareholders' equity stake compared to the value recognised in the financial statements also of indirect investments, except for a few situations specifically mentioned in the note, for which the higher value of cost compared to the shareholders' equity is justified by the value attributable to specific assets and liabilities identified during the acquisition, or seems to refer to temporary situations.
Key data from the financial statements of Group companies as at June 30, 2023, is provided in attachment II.

## 5) Deferred tax assets and liabilities

They are calculated on temporary differences between carrying values and values reported for tax purposes.
The amounts of deferred tax assets and deferred tax liabilities for which recovery is expected within or beyond the next financial year are as follows:

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| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| *Deferred tax assets* | | |
| - Recoverable within next fiscal year | 4.041 | 13.179 |
| - Recoverable beyond next fiscal year | 23.088 | 19.715 |
| **Total** | **27.129** | **32.894** |
| Deferred tax liabilities | | |
| - Recoverable within next fiscal year | 2.245 | 6.096 |
| **Total** | **2.245** | **6.096** |
| **Net position** | **24.884** | **26.798** |

The attachment to the explanatory notes no. IX shows the initial and final composition, the impact on income statement and shareholders' equity and the reclassifications of the asset and liability items related to deferred tax assets and liabilities, respectively.

## 6) Non-current financial assets

These amounted to 75,000 thousand euro and refer entirely to the loan disbursed to the subsidiary Acciaierie Bertoli Safau.
Loans to the Group companies are detailed in attachment X.

## 7) Trade and other receivables

Trade and other receivables amounted to 126,576 thousand euro as at June 30, 2023 (100,031 thousand euro as at June 30, 2022) and are broken down as follows:

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Trade receivables from customers | 51.468 | 43.861 |
| Other receivables | 75.108 | 56.170 |
| **Total** | **126.576** | **100.031** |

Non-current trade receivables from customers related to terms of sale negotiated for the supply of complex plants with long start-up times, the increase in the year is mainly due to the restructuring of some existing receivables.
In the period ended as at June 30, 2023 the Company agreed with the Ezz Group on an amnesty write-off of several financial receivables for approximately 37.6 million US dollars (mostly subject to discounting in the previous financial years and the carrying value of which as at June 30, 2022 was 17.4 million euro) to allow for the repayment of other receivables still pending, in a viable manner that took account of the restructuring of the Ezz Group and the heavy investments planned for new plants including those under negotiation with Danieli.
Other receivables include 43,756 thousand euros in tax credits purchased from third parties in 2023 and to be used to offset the upcoming financial years.

Receivables are broken down below by maturity at the end of this and the previous year:

| (thousands of euro) | 30/06/2023 | | |
|---|---|---|---|
| **Deadlines** | **Trade receivables from customers** | **Other receivables** | **Total** |
| 2024/2025 | 41.281 | 35.712 | 76.993 |
| 2025/2026 | 10.187 | 16.867 | 27.054 |
| 2026/2027 | 0 | 22.529 | 22.529 |
| 2027/2028 and beyond | 0 | (1) | (1) |
| **Total** | **51.468** | **75.107** | **126.575** |

| (thousands of euro) | 30/06/2022 | | |
|---|---|---|---|
| **Deadlines** | **Trade receivables from customers** | **Other receivables** | **Total** |
| 2023/2024 | 42.193 | 17.365 | 59.558 |
| 2024/2025 | 325 | 15.000 | 15.325 |
| 2025/2026 | 1.344 | 0 | 1.344 |
| 2026/2027 and beyond | 0 | 23.804 | 23.804 |
| **Total** | **43.862** | **56.169** | **100.031** |

## CURRENT ASSETS

### 8) Inventories and construction contracts

The balance of 436,922 thousand euro as at June 30, 2023, was 111,650 thousand euro higher than the amount of 325,272 thousand euro as at June 30, 2022.

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Raw materials, consumables and supplies | 25.370 | 24.602 |
| Work in progress and semi-finished products | 62.054 | 48.067 |
| Contract Assets | 230.072 | 166.775 |
| Advances to Group companies | 43.318 | 29.638 |
| Advances to suppliers | 76.108 | 56.190 |
| **Total** | **436.922** | **325.272** |

The balance of 230,072 thousand euro for construction contracts can be broken down as follows:

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| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Construction contracts with third parties valued using the cost to cost method | 493.976 | 464.579 |
| Invoicing on job orders in progress with third parties | (342.145) | (317.759) |
| **Contract assets with third parties** | **136.545** | **128.033** |
| Work in prog. group companies | 172.017 | 139.880 |
| Less invoicing on WIP group companies | (78.490) | (101.138) |
| **Contract assets with Group parties** | **93.527** | **38.742** |
| **Total** | **230.072** | **166.775** |

Construction contracts with a negative net value, resulting, for each individual job order, from the sum between work progress and amounts invoiced, have been reclassified to "Contracts Liabilities and customer advance payments" in current liabilities (see also note 18).
They are broken down as follows:

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Construction contracts third parties - gross | 3.083.581 | 2.921.895 |
| Contracts liabilities | **(121.051)** | **(97.951)** |
| Group companies WIP with negative balance | 820.028 | 766.459 |
| Less invoicing on WIP group companies | (868.844) | (815.684) |
| Contracts liabilities to Group Companies | **(48.816)** | **(49.225)** |
| **Total** | **(169.867)** | **(147.176)** |

Contracts Liabilities and customer advance payments refer to amounts paid by third-party customers and by Group companies prior to the start or at the beginning of works and are related to job orders in progress. These advance payments, intended to be reabsorbed in proportion to the invoices issued as job order progresses, are broken down in note 18).

## 9) Trade receivables

The balance of 477,045 thousand euro as at June 30, 2023 was 9,012 thousand euro lower than the amount of 486,057 thousand euro as at June 30, 2022.
There are no significant concentrations of counterparty credit risk.
Trade receivables are recognised net of the provision for doubtful accounts that came to 49,288 thousand euro as at June 30, 2023 (48,556 thousand euro as at June 30, 2022).

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Customers | 292.612 | 296.540 |
| Collection order and bills | 937 | 900 |
| Provision for doubtful accounts | (49.288) | (48.556) |
| **Total trade receivables from third parties** | **244.261** | **248.884** |
| Trade receivables from Group companies | 232.784 | 237.173 |
| **Total trade receivables** | **477.045** | **486.057** |

Trade receivables from Group companies are detailed in attachment X.
In the financial year, trade receivables were not factored without recourse as at June 30, 2022.
Changes in the provisions for doubtful accounts were as follows:

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| **Opening balance** | **48.556** | **35.550** |
| Provision | 2.884 | 14.327 |
| Reverse | (2.152) | (1.321) |
| **Closing balance** | **49.288** | **48.556** |

Regarding the provision for doubtful accounts, the risk of loss on receivables is often a combination of technical risk (arising from design changes and/or delays in execution), customer risk and country risk. Credit risk and the appropriateness of this provision should therefore be viewed together with the write-down provision for construction contracts described in note 18).
The company determines the amount of expected credit losses through the use of a matrix of provisions, estimated on the basis of the historical experience of losses on receivables based on the past due of creditors, adjusted to reflect current conditions and estimates of future economic conditions. As a result, the credit risk profile (including technical risk as explained above) is presented according to the past due brackets according to the provision matrix.

## 10) Other receivables

These amounted to 25,431 thousand euro as at June 30, 2023, showing a decrease of 6,751 thousand euro compared to the balance of 18,680 thousand euro as at June 30, 2022, and comprising:

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Prepaid SACE fees | 30 | 36 |
| ST Prepaid expense | 5.676 | 3.523 |
| Due from social security institutions | 1.239 | 606 |
| Foreign tax receivables | 558 | 658 |
| Travel expenses advances to employees, consultants and sites | 627 | 597 |
| Indirect tax receivables | 8.253 | 5.999 |
| Other Receivables | 9.048 | 7.261 |
| **Total** | **25.431** | **18.680** |

## 11) Current tax assets

This item is made up as follows:

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Foreign tax receivables | 5.824 | 13.490 |
| Direct tax receivables | 18.141 | 2.689 |
| Other current tax receivables | 1.539 | 10 |
| **Total** | **25.504** | **16.189** |

Direct tax receivables as at June 30, 2023 include the advance payments for direct taxes including related to the tax consolidation and the IRAP advance payments during the year and receivables for taxes paid abroad, recoverable in accordance with relevant Italian and/or foreign laws and regulations.

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## 12) Current financial assets

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Financial Receivables ST | 98.686 | 9.565 |
| Accrued interest | 3.716 | 957 |
| Derivative financial instruments | 616 | 0 |
| **Total** | **103.018** | **10.522** |

These totalled 103,018 thousand euro as at June 30, 2023, with an increase of 92,496 thousand euro compared to the balance of 10,522 thousand euro as at June 30, 2022 and refer for 98,686 thousand euro to intra-group financing operations regulated through an intercompany current account at market rates and conditions, for 3,716 thousand euro to accruals and deferrals on financial transactions.

## 13) Cash and cash equivalents

The balance of 578,605 thousand euro as at June 30, 2023, increased by 25,049 thousand euro compared to the amount of 553,556 thousand euro as at June 30, 2022, and included cash in hand of 733 thousand euro and short-term bank deposits of 577,873 thousand euro.
The company's cash remained stable, allowing it to manage on its own a possible extraordinary expenditure connected with the start-up of innovative plants and with the financing of defined research programmes.
See the statement of cash flows for further details.

## 14) Shareholders' equity

Shareholders' equity at 30 June 2023 amounted to 847,171 thousand euro, an increase of 18,216 thousand euro compared to 828,955 thousand euro at 30 June 2022.
Dividends paid in the last two financial years related to the results achieved in the financial years ended June 30, 2022 and June 30, 2021, in accordance with Art. 7 of the Articles of Association, were as follows:

| | Dividends paid at 30/06/2023 | | Dividends paid at 30/06/2022 | |
|---|---|---|---|---|
| (thousands of euro) | euro per share | | euro per share | |
| Ordinary shares | 0,2793 | 10.508 | 0,1700 | 6.395 |
| N.C. Saving shares | 0,3000 | 10.941 | 0,1907 | 6.955 |
| **Total dividends paid** | | **21.449** | | **13.350** |

Changes in shareholders' equity items are summarised in the "Statement of changes in shareholders' equity".

### 14.1) Share capital

Share capital is fully paid in and amounted to 81,305 thousand euro as at June 30, 2023, 81,304,566 shares with a par value of 1 euro each, comprised of 40,879,533 ordinary shares and 40,425,033 savings shares.

### 14.2) Treasury shares

The value of treasury shares amounted to 88,913 thousand euro as at June 30, 2023, an increase of 1,775 thousand euro compared to June 30, 2022. The portfolio was made up of 3,333,192 ordinary shares and 3,953,863 savings shares, with a unit par value of 1 euro each and a total par value of 7,287 thousand euro (8.96% of the share capital). Note that during the year, 77,589 treasury shares were purchased.

### 14.3) Share premium account

As at June 30, 2023, this amounted to 22,523 thousand euro (unchanged from June 30, 2022) and concerns the share premiums paid on the exercise of warrants associated with the conversion of the bonds that matured in November 1999 and on July 1, 2003, and the gains/losses realised from the sale of treasury shares.

### 14.4) Other reserves

These totalled 791,051 thousand euro as at June 30, 2023, and increased by 8,617 thousand euro compared to 782,434 thousand euro as at June 30, 2022. They are comprised as follows:

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| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Legal reserve | 18.576 | 18.576 |
| Extraordinary reserve | 758.433 | 750.050 |
| IAS 19 actuarial gains/(losses) reserve | (2.619) | (2.853) |
| Revaluation reserve | 7.634 | 7.634 |
| Merger surplus | 11.036 | 11.036 |
| Effect of adoption of IFRS9 at 01.07.2018 | (2.009) | (2.009) |
| **Total** | **791.051** | **782.434** |

The table in attachment IV shows the situation of reserves and capital funds indicating their origin, availability and utilisation in previous years. In the attached table, the items of shareholders' equity are also broken down according to the tax system applicable in case of distribution.

*Legal reserve*
The legal reserve totalled 18,576 thousand euro as at June 30, 2023 and is unchanged since the value as at June 30, 2022. The amount of the legal reserve as at June 30, 2023 exceeded the requirement stated in Art. 2430 of the Italian Civil Code, so a further allocation of the net profit for the year was no longer mandatory.

*Other reserves*
The remaining reserves consist of:

*Extraordinary reserves*
Extraordinary reserves totalled 758,433 thousand euro and increased by a total of 8,383 thousand euro compared to the balance of 750,050 thousand euro as at June 30, 2022 following the allocation of the profit for financial year 2021/2021 and the distribution of dividends for 21,449 thousand euro as resolved by the Shareholders' Meeting on October 28, 2022.

*Gains (losses) from IAS 19*
They comprise the recognition in the comprehensive income of the actuarial gains and losses deriving from application of IAS 19 (Employee benefits).

*Revaluation reserves*
Totalling 7,634 thousand euro (unchanged since June 30, 2022), these represent revaluations of assets carried out in accordance with the law.

*Merger surplus*
This amounted to 11,036 thousand euro as at June 30, 2023, unchanged since June 30, 2022.

**14.5) Profit (loss) for the year**

This amounted to a positive balance of 41,206 thousand euro as at June 30, 2023 (a positive balance of 29,832 thousand euro as at June 30, 2022).

## NON-CURRENT LIABILITIES

### 15) Loans

Non-current financial liabilities, which amounted to 159,990 thousand euro as at June 30, 2023 (66,768 thousand euro as at June 30, 2022, with an increase of 93,222 thousand euro), consisted of the medium and long-term portions of the loan arranged with the European Investment Bank and disbursed during the year and the non-current portion of the financial liabilities recognised in accordance with IFRS 16 for 6,989 thousand euro.
A detailed list of debts and interest rates and their breakdown by current/non-current portion is provided in attachment V.
There continue to be contractual covenants on loans. Based on the results of the financial statements for the year ended June 30, 2023, the economic and equity parameters set out in the loan agreements have been complied with.

The maturity dates of the non-current portions of the loan were as follows:

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| 2023/2024 | - | 49.632 |
| 2024/2025 | 18.289 | 11.667 |
| 2025/2026 | 18.140 | 1.014 |
| 2026/2027 | 18.096 | 4.455 |
| 2027/2028 and beyond | 105.465 | - |
| **Total** | **159.990** | **66.768** |

The breakdown of the company's net financial position as at June 30, 2023, is shown below, which includes financial payables and receivables with Group companies, compared to the previous financial year, is set below:

| (thousands of euro) | 30/06/2023 | 30/06/2022 | Variation |
|---|---|---|---|
| **Current financial assets** | | | |
| Securities and other financial assets | 28.017 | 10.522 | 17.495 |
| Cash and cash equivalents | 578.605 | 553.556 | 25.049 |
| **Total** | **606.622** | **564.078** | **42.544** |
| **Non-current financial liabilities** | | | |
| Non-current financial liabilities | 153.000 | 59.028 | 93.972 |
| Lease liabilities non-current IFRS 16 | 6.989 | 7.740 | (751) |
| **Total** | **159.989** | **66.768** | **93.221** |
| **Current financial liabilities** | | | |
| Bank debts and other financial liabilities | 361.270 | 598.211 | (236.941) |
| Lease liabilities current IFRS 16 | 1.387 | 1.549 | (162) |
| **Total** | **362.657** | **599.760** | **(237.103)** |
| **Current net financial position** | **243.965** | **(35.682)** | **279.647** |
| **Non-current net financial position** | **(159.989)** | **(66.768)** | **(93.221)** |
| **Net financial position(*)** | **83.976** | **(102.450)** | **186.426** |

(*) The net financial position would amount to approximately 158 million euro considering the value of the non-current loan for 75 million euro disbursed in favour of the subsidiary ABS SpA.
The net financial position includes, as "Bank debts and other financial liabilities", customer advance payments on job orders not yet in production amounting to 42,369 thousand euro (96,288 thousand euro as at June 30, 2022). These amounts are included among Contracts Liabilities and customer advance payments in the balance sheet.
The remaining advances from customers and from companies of the Group, still recognised under Contracts Liabilities and customer advance payments and amounting to 691,693 thousand euro as at June 30, 2023,

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and 457,540 thousand euro as at June 30, 2022, respectively, were instead included in working capital as they are used to finance job orders in progress, together with advances to suppliers.
The diagram shown above includes all the components envisaged for the calculation of the net financial position as indicated in CONSOB communication no. 5-21 of April 29, 2021, which refers to ESMA guideline 32-382-1138. The item trade payables and other non-current liabilities envisaged by the aforesaid guideline, which is a significant component of implicit or explicit financing, is included in the column "Bank debts and other financial liabilities" as outlined above.
Note that the net financial position of the Parent Company stated in accordance with ESMA guideline 32-382-1138 does not include non-current financial receivables for 75 million euro from the subsidiary ABS SpA.
Part of the loan disbursed to the Company by the European Investment Bank was allocated to the subsidiary ABS SpA through this intra-group financing since it was intended for the financing of its significant CAPEX, as described in the Directors' Report.

## 16) Post-employment benefits

The balance of 10,567 thousand euro decreased by 509 thousand euro compared to 11,076 thousand euro as at June 30, 2022.
Changes were as follows:

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| **Opening balance** | **11.076** | **13.570** |
| Cost relating to employee compensation with defined benefits | 0 | 0 |
| Benefits paid | (499) | (1.598) |
| Actuarial (gains)/losses recognized in the statement of comprehensive income | (307) | 508 |
| Other accruals for employee benefits | 297 | (1.404) |
| **Closing balance** | **10.567** | **11.076** |

The cost relating to employee compensation with defined benefits was recognised in the income statement among financial charges, whilst payments to complementary pension funds were recognised among personnel costs, as indicated in Note 25). As shown in the table, actuarial losses and gains are recorded in the statement of comprehensive income, among those items that will not be reclassified subsequently to the result for the year.

The main actuarial assumptions used were the following:

| | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Discount rate | 3,67% | 2,74% |
| Rate of increase in management salaries | 1,0% | 1,0% |
| Rate of increase in wages and salaries | 1,0% | 1,0% |
| Turnover rate | 5,0% | 5,0% |

The sensitivity analysis of the main evaluation parameters is as follows:

(in thousands of euro)

| Turnover rate +1% | Turnover rate -1% | Inflation rate +0.25% | Inflation rate -0.25% | Discount rate +0.25% | Discount rate -0.25% |
|---|---|---|---|---|---|
| 40 | -44 | 107 | -106 | -167 | 171 |

## 17) Provisions for risks

Totalling 44,605 thousand euro as at June 30, 2023, this item increased compared to the balance of 28,504 thousand euro as at June 30, 2022, as shown in the following changes:

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| **Opening balance** | **28.504** | **23.717** |
| Provision | 12.601 | 4.800 |
| Release of unused provisions | 0 | 0 |
| Utilisations and other changes | 3.500 | (13) |
| **Closing balance** | **44.605** | **28.504** |

Provisions for risks are set up to cover costs and expenses that may arise from the settlement of positions whose outcome, at June 30, 2023, was still uncertain.
The provision for risks includes the provision for the entire expected loss at operating margin level of a job order including the estimate of any future charges related to its completion as well as to the possible recognition of contractual penalties and/or expenses to be paid against disputes.
The provision also includes extraordinary charges for closing a job order of the parent company and related to a dispute with a Malaysian customer, reflecting in full the potential liabilities for legal expenses, scheduled interest and any charges present in the systems that the company could be required to repurchase. The provision nevertheless remains prudential, covering the costs required, though there is still a good chance that the company will reach an agreement with the customer.
Estimates for these accruals and the amount of the provisions resulting at the end of the period are the result of a detailed assessment by the Company management which takes into account the information available on various elements, by their nature uncertain, that influence the estimate, historical experience and assumptions considered reasonable. Because of the uncertainty that characterises the assumptions and conditions on which the estimates are based, the outcomes of the situations for which these estimates and assumptions have been used may differ from those reported in the financial statements and may therefore give rise to impacts on the results of operations in subsequent periods.

## CURRENT LIABILITIES

### *18) Trade payables*

Trade payables are broken down as follows:

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| ST payables to suppliers | 319.774 | 274.477 |
| Payables to group companies | 379.483 | 303.956 |
| **Total** | **699.257** | **578.433** |

Amounts due to suppliers increased by 45,297 thousand euro compared to the balance as at June 30, 2022. The amount includes payables in foreign currencies totalling 21.6 million euro (of which 21 million USD, equivalent to 19.3 million euro and 138 million Algerian dinars equivalent to approximately 0.9 million euro) at the financial year-end exchange rate. At the end of the previous year, payables in foreign currencies totalled 41.2 million euro, of which 35.5 million USD equivalent to 32.7 million euro and 150 million Algerian dinars equivalent to approximately 1.1 million euro, at the exchange rate at the end of the previous financial year. There are no significant concentrations of payables on one or a small number of suppliers. Trade payables also include positions subject matter of Reverse Factoring with leading national operators for an amount of approximately 21.3 million euro as at June 30, 2022, with different maturities but less than 12 months (23.7 million euro as at 30 June 2022).
These liabilities maintain their original nature as trade payables in consideration of the fact that there are no financial charges borne by the Company, they do not fall within the financial credit lines used by the Company and the terms of payment follow the normal conditions of supply for the types of business in which the Company is active.

Payables to Group companies, which increased by 75,527 thousand euro compared to the value as at June 30, 2022, are broken down in attachment X.

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## 19) Contracts Liabilities and customer advance payments

Contracts Liabilities and customer advance payments, totalling 903,928 thousand euro as at June 30, 2023, increased by 202,923 thousand euro from 701,005 thousand euro as at June 30, 2022, comprise:

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| ST Advances from customers | 539.567 | 351.130 |
| Advances from Group Companies | 152.125 | 106.410 |
| Contracts liabilities | 121.051 | 97.951 |
| Contracts liabilities to Group Companies | 48.816 | 49.225 |
| Other advances on job orders not yet in production | 42.369 | 96.289 |
| **Total** | **903.928** | **701.005** |

"Current customer advance payments" and "Group company advance payments" represent amounts paid by customers prior to the start or at the beginning of works and related job orders in progress. These are reabsorbed in proportion to the invoices issued as job order progresses. The change in this item relates to the volume of orders acquired and job orders in progress.
"Other advances on job orders not yet in production" (42,369 as at June 30, 2023) include amounts paid by some customers as guarantee deposits relating to job orders, not yet in force, included in the net financial position (96,289 thousand euro as at June 30, 2022).
"Contracts Liabilities" and "Contracts Liabilities to Group companies" include the negative net value resulting, for each individual job order, from the sum between work progress and amounts invoiced in advance. The items are shown in more detail in Note 7.
Advance payments and trade payables to Group companies are detailed in attachment X.

## 20) Other current liabilities

Other current liabilities amounted to 59,869 thousand euro as at June 30, 2023 (62,960 thousand euro as at June 30, 2022) and they are mainly comprised of:

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Due to employees | 32.450 | 29.741 |
| Indirect tax payables | 0 | 3.333 |
| Withholding tax due | 4.866 | 4.303 |
| Guarantee deposits | 724 | 13.547 |
| Due to supplementary pension funds | 768 | 690 |
| Due to social security institutions | 7.082 | 6.273 |
| Due to company boards and committees | 232 | 328 |
| Other ST liabilities | 13.747 | 4.745 |
| **Total** | **59.869** | **62.960** |

Amounts due to employees consist mainly of the payable for holidays earned but not taken at the end of the year.
"Payables for guarantee deposits" include amounts paid by some customers as guarantee deposits relating to job orders.

## 21) Current tax liabilities

As at June 30, 2023 the net balance of current taxes includes provisions set aside for current taxes on the economic results of the company, taking into account the National Tax Consolidation.

## 22) Bank debts and other financial liabilities

These referred to the current portion of non-current borrowing and loans, bank current account overdrafts, the short-term portion of financial payables recognised in accordance with IFRS 16 and intra-group financing operations, at market rates and conditions, through an intercompany current account, and to existing derivative financial instruments. As at June 30, 2023, the liability item totalled 320,288 thousand euro, compared to 498,117 thousand euro as at June 30, 2022.

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| ST Bank financial Loan | 0 | 303.611 |
| ST Loans from subsidiaries | 318.626 | 192.463 |
| Accruals on financial payables | 275 | 494 |
| Lease liabilities current IFRS 16 | 1.387 | 1.549 |
| **Total** | **320.288** | **498.117** |

The stark reduction in short-term bank debt was carried out during the period as a result of the repayments made thanks to the cash generated during the year.

## 23) Guarantees and commitments

These show commitments and guarantees given by the company to third parties and were made up as follows:

| (thousands of euro) | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Bank guarantees and liens to third parties | 1.761.325 | 1.595.128 |
| Bank guarantees and liens to third parties on behalf of Group companies | 212.477 | 202.617 |
| **Total** | **1.973.802** | **1.797.745** |

Guarantees given by banks to third parties on the company's behalf consist mainly of guarantees linked to the carrying-out of various job orders. Items in foreign currencies are entered at the year-end exchange rates.
At June 30, 2023, guarantees from third parties in the company's favour amounted to 65,659 thousand euro.

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## INFORMATION ON THE INCOME STATEMENT

### 24) Revenues

Revenues are broken down as follows:

| (thousands of euro) | 30/06/2023 | of which with related parties | 30/06/2022 | of which with related parties |
|---|---|---|---|---|
| Revenues from sales and services | 1.142.067 | 321.797 | 847.816 | 284.907 |
| Changes in finished products and construction contracts | 13.987 | 0 | 207 | 0 |
| Other operating income | 31.225 | 23.213 | 24.626 | 18.601 |
| **Total revenues** | **1.187.279** | **345.010** | **872.649** | **303.508** |

The different composition between revenues from sales and changes in construction contracts depends on how much progress has been made on job orders in progress and to what extent they have been completed.
Revenues from Group companies are detailed in attachment X.
There are no significant concentrations of revenues from the same extra-Group counterparties that exceed 10% of the company's total revenues.

### 25) Purchase costs of raw materials and consumables

| (thousands of euro) | 30/06/2023 | of which with related parties | 30/06/2022 | of which with related parties |
|---|---|---|---|---|
| Purchase of raw materials | 48.215 | 0 | 33.372 | 0 |
| Purchase of finished products | 633.945 | 234.019 | 437.777 | 197.166 |
| Other purchases | 528 | | 213 | |
| **Purchase cost of raw materials and consumables** | **682.688** | **234.019** | **471.362** | **197.166** |

Purchase costs of raw materials and consumables, of finished products and goods, net of the respective changes in inventories, are directly related to the composition and type of job orders included under "Revenues".

### 26) Personnel costs

Personnel costs are broken down as follows:

| (thousands of euro) | 30/06/2023 Managers and staff | 30/06/2023 Blue collars | 30/06/2022 Managers and staff | 30/06/2022 Blue collars |
|---|---|---|---|---|
| Wages and salaries | 105.483 | 18.475 | 97.380 | 17.622 |
| Social security contributions | 29.012 | 6.020 | 26.919 | 5.640 |
| Employee Termination Indemnity | 6.767 | 1.322 | 6.451 | 1.329 |
| Other personnel costs | 3.276 | 130 | 2.746 | 189 |
| **Personnel costs** | **170.485** | | **158.276** | |

The average number of personnel during the last two financial years was as follows:

| | 30/06/2023 | 30/06/2022 |
|---|---|---|
| Executives | 82 | 82 |
| White collars / Managers | 1.620 | 1.569 |
| Blue collars | 476 | 474 |
| Apprentices | 165 | 153 |
| **Total** | **2.343** | **2.277** |

Changes in "Personnel costs" relate to the size of the organisation and the natural trend in earnings.

## 27) Other operating costs

These amounted to 275,312 thousand euro as at June 30, 2023 (231,517 thousand euro as at June 30, 2022) and consisted of:

| (thousands of euro) | 30/06/2023 | of which with related parties | 30/06/2022 | of which with related parties |
|---|---|---|---|---|
| Cost for services | 241.044 | 51.319 | 212.215 | 49.815 |
| Use of third parties assets | 12.163 | 510 | 10.531 | 512 |
| Provisions | 12.600 | | 2.450 | |
| ~Costi operativi diversi | 9.505 | 669 | 6.321 | 571 |
| **Total Other costs** | **275.312** | **52.498** | **231.517** | **50.898** |

## 26.1) Cost of services

Cost of services included in "Other operating costs" amounted to 241,044 thousand euro as at June 30, 2023, and 212,215 thousand as at June 30, 2022, thus increasing by 28,829 thousand euro. They are made up as follows:

| (thousands of euro) | 30/06/2023 | of which with related parties | 30/06/2022 | of which with related parties |
|---|---|---|---|---|
| Outsourcing | 120.819 | 51.319 | 100.349 | 49.815 |
| Energy and motive power | 4.707 | | 4.333 | |
| Utilities | 2.331 | | 2.675 | |
| Plant management, repairs and mantenance | 3.549 | | 5.916 | |
| Travel and living expenses | 13.925 | | 10.500 | |
| Commissions and premiums | 1.846 | | 1.214 | |
| Despatch, transportations and porterage | 70.384 | | 63.370 | |
| Insurances | 3.699 | | 3.437 | |
| Legal and administrative consultancy | 9.002 | | 6.707 | |
| Cleaning and security expenses | 1.006 | | 958 | |
| Bank services | 3.757 | | 6.975 | |
| Postal and communication costs | 1.297 | | 1.379 | |
| Advertising and promotion expenses | 894 | | 734 | |
| Other services | 3.828 | | 3.668 | |
| **Total Cost for services** | **241.044** | **51.319** | **212.215** | **49.815** |

Outsourcing to Group companies is detailed in attachment X, under operating costs.
"Other cost of services" include emoluments to the Board of Statutory Auditors, amounting to 148 thousand euro (236 thousand euro as at June 30, 2022).

## 26.2) Cost for use of third party assets

These totalled 12,163 thousand euro as at June 30, 2023, and increased by 1,632 thousand euro compared to 10,531 thousand euro as at June 30, 2022. They refer mainly to the rental of electronic equipment, civil and industrial motor vehicles and software which do not fall under the scope of application of IFRS 16.

| (thousands of euro) | 30/06/2023 | of which with related parties | 30/06/2022 | of which with related parties |
|---|---|---|---|---|
| **Use of third parties assets** | **12.163** | **510** | **10.531** | **512** |

## 26.3) Other operating costs

These amounted to 9,505 thousand euro as at June 30, 2023, compared to 6,321 thousand euro as at June 30, 2022, with an increase of 3,184 thousand euro and includes:

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| (thousands of euro) | 30/06/2023 | of which with related parties | 30/06/2022 | of which with related parties |
|---|---|---|---|---|
| Loss on disposal of tangible assets | 9 | | 1 | |
| Sundry taxes | 2.137 | | 913 | |
| Other charges | 11 | | 0 | |
| Contributions | 1.804 | | 1.023 | |
| Other operating costs | 2.874 | 669 | 2.415 | 571 |
| Extraordinary expense | 2.670 | | 1.969 | |
| **Total ~Costi operativi diversi** | **9.505** | **669** | **6.321** | **571** |

## 27) Depreciation, amortisation and write-downs

In detail:

| (thousands of euro) | | |
|---|---|---|
| Depreciation of property, plant and equipment | 9.456 | 8.033 |
| Depreciation of right of use | 1.457 | 1.540 |
| Amortisation of intangible assets | 5.900 | 5.747 |
| **Total depreciation and amortisation** | **16.813** | **15.320** |
| Write-down/(Reversal) of impairment losses | 2.884 | 13.292 |
| **Write-downs** | **2.884** | **13.292** |
| **Total write-downs, depreciation and amortisation** | **19.697** | **28.612** |

## 28) Financial income

This amounted to 57,742 thousand euro as at June 30, 2023, and consisted mainly of:

| (thousands of euro) | | of which with related parties | | of which with related parties |
|---|---|---|---|---|
| Dividends from subsidiares | 40.000 | 40.000 | 0 | 0 |
| Interest income on bank deposits | 16.679 | | 2.280 | |
| Interest from customers | 333 | | 543 | |
| Other financial income | 730 | 317 | 46 | 0 |
| **Total** | **57.742** | **40.317** | **2.869** | **0** |

## 29) Financial charges

These consisted of:

| (thousands of euro) | | of which with related parties | | of which with related parties |
|---|---|---|---|---|
| Interest on loans and debts with banks and lessors | 5.584 | 4.557 | 218 | 93 |
| Charges for discounting of receivables | 3.459 | | 22.543 | |
| Other financial charges | 10.478 | | 270 | |
| **Total** | **19.521** | **4.557** | **23.031** | **93** |

Note that interest expense for leases amounting to 131 thousand euro are also included.
Other financial charges included 9.6 million euro for the expense of the write-off of the financial receivable from the Ezz Group (gross of the exchange rate effect classified in "Gains (losses) on foreign exchange transactions" mentioned previously.
Charges for discounting receivables implement the updated discounting of expected cash flows, as already commented in Note 6.

Financial charges on the employee severance indemnity relate to the recognition as a result of the application of the amendments to IAS 19 - Employee Benefits.

## 30) Gains (losses) on foreign exchange transactions

| (thousands of euro) | | |
|---|---|---|
| Exchange gains | 42.143 | 102.181 |
| Exchange losses | (61.801) | (23.063) |
| **Total** | **(19.658)** | **79.118** |

This item reflects both exchange differences realised in the period and the effects of translating items in foreign currencies at year-end spot exchange rates.
The overall negative result is mainly linked to the performance of the exchange rate of the US dollar against the euro. The exchange loss relating to the adjustment on items of a financial nature is equal to around 23,164 thousand euro, while the exchange gain on items of an operating nature is equal to around 3,506 thousand euro.

## 31) Income taxes

These amounted to 16,454 thousand euro and were broken down as follows:

| (thousands of euro) | | |
|---|---|---|
| Income taxes | 1.800 | 394 |
| (Income)/charges from tax consolidation | 12.500 | 17.539 |
| Prior year income taxes | 313 | 0 |
| Deferred tax assets | 5.692 | (10.346) |
| Deferred tax liabilities | (3.851) | 4.419 |
| **Total** | **16.454** | **12.006** |

They include the estimate of current and deferred taxes commensurate with results for the year.
"Income/charges from tax consolidation" includes the benefits deriving from the fact that the company opted for the national tax consolidation.
The Italian tax rates for IRES (corporate tax) and IRAP (regional tax) applied by the company on the estimated taxable income for the year and on deferred tax assets and liabilities were 24.0% and 3.9%, respectively.
There are no other deferred tax assets to be recognised in the financial statements relating to temporary differences between carrying values and values for tax purposes or related to previous years' losses.
The reconciliation between the theoretical tax charge and that actually shown in the income statement is provided in attachment VIII.

## 32) Related party transactions

Transactions carried out by Danieli & C. Officine Meccaniche S.p.A. with related parties basically concerned the supply of services, the trading of goods, and the contracting and use of financial resources with other companies in which shares are held directly or indirectly; they form part of standard operations and are governed by normal market conditions, equivalent to those that would apply between two independent parties.

The following is reported with regard to the fees of directors, statutory auditors and general managers of Danieli & C. Officine Meccaniche S.p.A.:

| *(thousands of euro)* | **30/06/2023** | **30/06/2022** |
|---|---|---|
| Fixed fees | 2.531 | 2.314 |
| Variable fees | 280 | 245 |
| Benefits in kind | 58 | 59 |
| **Total** | **2.869** | **2.618** |

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## 33) Disclosure of public funds pursuant to Italian Law 124/2017

Grants and contributions received in the period from July 1, 2022, to June 30, 2023, from public administrations, from companies controlled by them and from publicly-owned companies, as required by the annual law for the market and competition (Italian Law 124/2017, art. 1, paragraphs 125 – 129), are shown below:

| Identification data of the disbursing subject | Amount of the economic benefit received (euro) | Description of the type of benefit |
|---|---|---|
| Revenue Agency | 974,905 | CRED. NEW CAPITAL GOODS INDUSTRY 4.0 2022/2023 - Tax credit for the purchase of new capital goods destined for production facilities located in the territory of the Italian State (Italian Law 160/2019 - Italian Law 178/2020) |
| Revenue Agency | 82,656 | Tax credit for gas-intensive companies (Q2 2022) – Art. 5 Decree Law no. 17/2022 |
| Revenue Agency | 98,935 | Tax credit for gas-intensive companies (Q3 2022) – Art.6 P.2 Decree Law no. 115/2022 |
| Revenue Agency | 79,776 | Tax credit for gas-intensive companies (Oct-Nov 2022) – Art.1 P.2 Decree Law no. 144/2022 |
| Revenue Agency | 121,875 | Tax credit for gas-intensive companies – Art.1 Decree Law no. 176/2022 – DEC 2022 |
| Revenue Agency | 227,363 | Tax credit for gas-intensive companies Q1 2023 – Art. 1, P. 4, Law no. 197/2022 |
| Revenue Agency | 28,703 | Tax credit for gas-intensive companies Q2 2023 – Art. 4, P. 4, Decree Law no. 34/2023 |
| Revenue Agency | 123,854 | Tax credit for non-energy-intensive companies (Q2 2022) – Art.3 Decree Law no. 21/2022 |
| Revenue Agency | 175,293 | Tax credit for non-energy-intensive companies (Q3 2022) – Art.6 P.3 Decree Law no. 115/2022 |
| Revenue Agency | 189,665 | Tax credit for non-energy-intensive companies (Oct-Nov 2022) – Art.1 P.3 Decree Law no. 144/2022 |
| Revenue Agency | 121,546 | Tax credit for non-energy-intensive companies – Art.1 Decree Law no. 176/2022 – DEC 2022 |
| Revenue Agency | 335,567 | Tax credit for non-energy-intensive companies Q1 2023 – Art. 1, P. 3, Law no. 197/2022 |
| Revenue Agency | 67,753 | Tax credit for non-energy-intensive companies Q2 2023 – Art. 4, P. 3, Law no. 34/2023 |
| Revenue Agency | 10,000 | Art Bonus – tax credit to promote donations in support of culture |
| Formazienda (national interprofessional joint fund for continuing education) | 307,609 | Contributions for employee training |
| Friuli-Venezia Giulia Region | 421,742 | Contribution collected by the FVG Region relating to the POR FESR 2014-2020 call for applications for execution of the project "NEW INTEGRATED SYSTEM FOR SMART AND DYNAMIC MANAGEMENT OF SECONDARY METALLURGY IN AN ELECTRIC STEELWORKS" |

## Disclosures pursuant to art. 114 of Italian Legislative Decree 58/1998

Pursuant to Legislative Decree and Consob letter 6064293 of July 28, 2006, the disclosures concerning related party transactions, significant, non-recurring and/or atypical and unusual events and transactions, and the net financial position were presented in these Explanatory notes, in the corresponding sections of these notes and in some attachments to the financial statements.

**Events occurring after the reporting period**

Operations continued with no significant events occurring since June 30, 2023.

There are no other significant unknown factors for the year ahead, barring unforeseeable events beyond the control Danieli & C., SpA.
The conversion of currency items at the spot exchange rate prevailing on September 26, 2023 would result in an increase of approximately 7 million euro in unrealised exchange differences for the year compared to the figure recorded considering the exchange rate as at June 30, 2023.
Except for what has already been discussed, no other events occurred after June 30, 2023, that could have had an impact on the economic, equity and financial position as shown in the balance sheet, the income statement, the statement of comprehensive income and the statement of cash flows at said date, or required further adjustments or additional notes to the separate financial statements.
The allocation of the profits for the year proposed by the Board of Directors is shown in the Directors' Report, part of this same document.

ATTACHMENT No. I

**Schedule of equity investments**

**Italian companies**

| (thousands of euro) | Balance as at 30/06/2021 | Purchases and subscriptions | Sales or decreases | Write-down | Balance as at 30/06/2022 | Purchases and subscriptions | Sales or decreases | Write-down | Balance as at 30/06/2023 | Number of shares held | % |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Direct subsidiaries and other equity investments** | | | | | | | | | | | |
| Danieli Finance Solutions SA Luxembourg (LUX) | 667.705 | | | | 667.705 | | | | 667.705 | 10.080.173 | 83,83 |
| Industrielle Beteiligung SA Luxembourg (LUX) | 502.945 | | | | 502.945 | | | | 502.945 | 13.148.000 | 100,00 |
| Dana Petro Foulad Pasargad Co. Esfahan (IRN) | 148 | | | | 148 | | | | 148 | 5.100.000 | 51,00 |
| Other equity investments | 36 | 15 | | | 51 | | | | 51 | 43 | 1,75 |
| | **1.170.834** | **15** | **-** | **-** | **1.170.849** | **-** | **-** | **-** | **1.170.849** | | |
| **Total** | **1.170.834** | **15** | **-** | **-** | **1.170.849** | **-** | **-** | **-** | **1.170.849** | | |

ATTACHMENT No. II

**Schedule summarising the key data from the financial statements approved by the administrative bodies of the subsidiaries**

## Balance Sheet

(valori in migliaia)

| Consolidated Companies | Original currency | Last approved fin. statement | Non-current assets | Currents assets | Total shareholders' equity | Non Current Liabilities | Current liabilities |
|---|---|---|---|---|---|---|---|
| ABS Centre Métallurgique SaS - Metz (FRA) | EURO | 30/06/2023 | 3.019 | 4.068 | 6.744 | - | 344 |
| ABS Deutschland GmbH - Ratinger (DEU) | EURO | 30/06/2023 | 53 | 197 | 72 | 37 | 141 |
| Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP) | EURO | 30/06/2023 | 3 | 93 | 72 | - | 23 |
| Acciaierie Bertoli Safau S.p.A. - Pozzuolo (UD) | EURO | 30/06/2023 | 703.780 | 788.457 | 831.404 | 195.402 | 465.432 |
| Acciaierie Bertoli Safau Scandinavia AB - Orebro (SWE) | SEK | 30/06/2023 | - | 1.373 | 831 | - | 542 |
| Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV) | EURO | 30/06/2023 | 70.084 | 60.012 | 56.808 | 30.164 | 43.124 |
| Corte delle Fucine S.r.l. - Buttrio (UD) | EURO | 30/06/2023 | 183 | 1.757 | 1.242 | 44 | 653 |
| Danieli Automation S.p.A. - Buttrio (UD) | EURO | 30/06/2023 | 173.132 | 210.533 | 167.482 | 12.491 | 203.692 |
| Danieli Automation Co. Ltd. - Rayong (THA) | THB | 30/06/2023 | 35.601 | 129.556 | 51.328 | 2.589 | 111.240 |
| Danieli Finance Solutions S.A. - Luxembourg (LUX) | EURO | 30/06/2023 | 548 | 1.085.676 | 1.080.880 | - | 5.344 |
| Danieli Canada Inc. - Toronto (CAD) | CAN | 30/06/2023 | 24 | 2.687 | 1.395 | - | 1.316 |
| Danieli Centro Combustion India Pvt. Ltd. - Pune (IND) | INR | 30/06/2023 | 33.850 | 1.802.243 | 379.875 | 298.884 | 1.157.333 |
| Danieli Centro Combustion S.p.A. - Cinisello Balsamo (MI) | EURO | 30/06/2023 | 2.037 | 124.993 | 16.066 | 1.970 | 108.994 |
| Danieli Centro Cranes S.p.A. in liquidazione - Rezzato (BS) | EURO | 30/06/2023 | 60 | 5.498 | 5.352 | - | 206 |
| Danieli Changsu Trading Co. Ltd - Changshu (CHN) | CNY | 30/06/2023 | - | 108.470 | 12.404 | (2.328) | 98 394 |
| Danieli Co. Ltd. - Rayong (THA) | THB | 30/06/2023 | 2.315.254 | 15.457.655 | 4.728.667 | 112.259 | 12.931 983 |
| Danieli Construction International S.p.A. - Buttrio (UD) | EURO | 30/06/2023 | 3.932 | 58.645 | 29.890 | 519 | 32.167 |
| Danieli Corporation - Wilmington, Delaware (USA) | USD | 30/06/2023 | 19.312 | 502.274 | 16.862 | 5.638 | 499.086 |
| Danieli Corus BV - Ijmuiden (NLD) | EURO | 30/06/2023 | 15.147 | 70.027 | 58.212 | - | 26.963 |
| Danieli Corus India (Pvt) Ltd. - New Delhi (IND) | INR | 30/06/2023 | 95.717 | 2.129.522 | 575.395 | - | 1.649.844 |
| Danieli Corus Refractory Solutions (pvt.) Ltd. - Georgia (USA) | USD | 30/06/2023 | 57.389 | 155.243 | 31.915 | - | 180.716 |
| Danieli Hoogovens Steel Making Technology Ltd. - Shanghai (CHN) | CNY | 30/06/2023 | 51 | 92.968 | 33.121 | - | 59.898 |
| Danieli Czech Engineering AS - Praha (CZE) | CZK | 30/06/2023 | 5.419 | 46.391 | 48.086 | 2.500 | 1.225 |
| Danieli Do Brasil LTDA - Diadema (BRA) | BRL | 30/06/2023 | 22.000 | 89.533 | 68.272 | - | 43.261 |
| Danieli Engineering & Services GmbH - Völkermarkt (AUT) | EURO | 30/06/2023 | 8.330 | 73.802 | 49.425 | - | 32.708 |
| Danieli Engineering Japan Co. Ltd. - Yokohama (JPN) | JPY | 30/06/2023 | 61.904 | 4.738.443 | (105.185) | - | 4.905.532 |
| Danieli Engineering Rom Srl - Cluj Napoca (ROU) | RON | 30/06/2023 | 130 | 8.317 | 7 536 | 232 | 680 |
| Danieli Germany Gmbh - Duisburg (DEU) | EURO | 30/06/2023 | 12.208 | 130.079 | 6.674 | 7.599 | 128 015 |
| Danieli Heavy Machinery Eng. LLC - Dnepropetrovsk (UKR) | UAH | 30/06/2023 | 7.847 | 177.578 | 158.028 | 23.230 | 4 168 |
| Danieli Henschel SAS - Méry (FRA) | EURO | 30/06/2023 | 361 | 1.729 | 791 | 140 | 1.159 |
| Danieli Henschel Service OOO in liquidazione - Moscow (RUS) | RUB | 30/06/2023 | 1.358 | 8.387 | (17.970) | - | 27.716 |
| Danieli High Technology (Changshu) Co., Ltd - Changshu (CHN) | CNY | 30/06/2023 | 648 | 222.459 | 44.755 | 2.925 | 175.427 |
| Danieli Holdings Inc. - Wilmington, Delaware (USA) | USD | 30/06/2023 | 66.610 | 2.757 | 60.866 | - | 10.500 |
| Danieli Industrial Automation (Suzhou) Co., Ltd - Suzhou (CHN) | CNY | 30/06/2023 | 10.857 | 201.000 | 75.407 | 2 416 | 134.035 |
| Danieli India Ltd. - Kolkata (IND) | INR | 30/06/2023 | 3.896.203 | 11.165.595 | 5.396.606 | 25.315 | 9.639.877 |
| Danieli Malaysia Sdn Bhd - Kuala Lumpur (MYS) | MYR | 30/06/2023 | - | 2 275 | 1.712 | - | 564 |
| Danieli Metall. Equip. & Service (China) Co Ltd.Changshu (CHN) | CNY | 30/06/2023 | 898.696 | 7.150.409 | 1.768.586 | 112.564 | 6 167.955 |
| Danieli Metallurgical Industry (China) Co., Ltd - Beijing (CHN) | CNY | 30/06/2023 | 490 | 20.305 | 20.404 | (19) | 409 |
| Danieli Middle East and North Africa LLC - Cairo (EGY) | EGP | 30/06/2023 | 41 | 6.770 | 4.307 | - | 2.504 |
| Danieli Middle East for Eng. Services (LMTD) - Cairo (EGY) | EGP | 30/06/2023 | 322 | 3.317 | (67.515) | - | 71.155 |
| Danieli Procome Iberica SA - Dondika (ESP) | EURO | 30/06/2023 | 1.050 | 10.892 | 11.071 | 85 | 786 |
| Danieli Special Cranes S.r.l. in liquidazione - Gradisca d'Is. (GO) | EURO | 30/06/2023 | 669 | 2.103 | 2 645 | - | 126 |
| Danieli Systec Technology Doo - Nova Gorica (SLV) | EURO | 30/06/2023 | 331 | 1.131 | 1.381 | - | 81 |
| Danieli Systec Engineering Doo - Smederevo (SRB) | RSD | 30/06/2023 | 12.401 | 307.317 | 280.601 | - | 39.117 |
| Danieli Systec Doo - Labin (HRV) | EURO | 30/06/2023 | 3.281 | 13.065 | 9.533 | 14 | 6.799 |
| Danieli Taranis LCC (USA) | USD | 30/06/2023 | 582 | 14.835 | 2.058 | 89 | 13.269 |
| Danieli Tongchuang Information Technology (Beijing) Co.Ltd - Beijing (CHN) | CNY | 30/06/2023 | 514 | 51.371 | 22.715 | - | 29.171 |
| Danieli UK Holding Ltd. - Rotherham (GBR) | GBP | 30/06/2023 | 7.463 | 31.790 | 12.674 | 1.642 | 24.937 |
| Danieli Volga LLC - Dzerdzhinsk (RUS) | RUB | 30/06/2023 | 1.233.931 | 5.767.747 | 1.699.292 | 121.545 | 5.180.840 |
| *DWU Engineering Polska - Wroclaw (POL)* | *PLZ* | *30/06/2023* | *235* | *5.254* | *4.205* | *545* | *739* |
| Elsid Cheda Ltd. - Moscow (RUS) | RUB | 30/06/2023 | 102 | 188.173 | 125.982 | - | 62.292 |
| ESW Röhrenwerke GmbH - Eschweiler (DEU) | EURO | 30/06/2023 | 123 | 568 | (80) | 450 | 320 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Fata Gulf Co. WLL - Doha (QAT) | QAR | 30/06/2023 | 22 | 1.147 | 332 | - | 838 |
| Fata S p A. - Pianezza (TO) | EURO | 30/06/2023 | 18.506 | 189.984 | (6.168) | 11.042 | 203.616 |
| Findan S.p A. - Pradamano (UD) | EURO | 30/06/2023 | 38.157 | 49.535 | 27.620 | 60.000 | 72 |
| *Industrial Beteiligung Serv. & Contracting Co. LLC - Al Khobar (SAU)* | SAR | 30/06/2023 | 21 | 5.937 | 2.757 | 1.008 | 2.193 |
| Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM) | VND | 30/06/2023 | 109.412.733 | 127.236.020 | 170.064.786 | - | 66.585.968 |
| Industrielle Beteiligung SA - Luxembourg (LUX) | EURO | 30/06/2023 | 714.112 | 38.963 | 741.460 | - | 11.594 |
| Innoval Technology Ltd.- Rotherham (GBR) | GBP | 30/06/2023 | 320 | 1.271 | 1.223 | - | 368 |
| Sabolarie Haven & Hospitability S.p.A. Buttrio (UD) | EURO | 30/06/2023 | 27.175 | 4.787 | 30.013 | - | 1.949 |
| More S.r.l. - Gemona del Friuli (UD) | EURO | 30/06/2023 | 7.343 | 35.468 | 30.096 | 3.415 | 9.301 |
| More North America Corp. - Kennesaw, Georgia (USA) | USD | 30/06/2023 | | | | | |
| Morgårdshammar AB - Smedjebacken (SWE) | SEK | 30/06/2023 | 872 | 102.230 | 94.885 | - | 8.216 |
| Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS - Eshtehard (IRN) | IRR | 30/06/2023 | 1.136.950.666 | 2.695.051.924 | 879.129.376 | 6.280.907 | 2.946.592.307 |
| Rotetec SA - St. Quentin (FRA) | EURO | 30/06/2023 | 570 | 18.130 | 13.570 | 71 | 5.060 |
| Zhuozhou Ruixin Metallurgy Equipment Co,. Ltd - (CHN) | CNY | 30/06/2023 | 2.354 | 26.268 | 25.693 | 2.750 | 179 |
| Scuole e Asili Cecilia Daniel S.r.l. - Buttrio (UD) | EURO | 30/06/2023 | 5.469 | 897 | 1.328 | 4.215 | 824 |
| Stem S.r.l. in liquidazione - Magnago (MI) | EURO | 30/06/2023 | 109 | 1.264 | 1.331 | - | 42 |
| Sund Birsta AB - Sundsvall (SWE) | SEK | 30/06/2023 | 7.484 | 529.146 | 392.410 | 7.310 | 136.911 |
| Sund Birsta Beijing Metallurgical Equipment Co. Ltd. - Beijing (CHN) | CNY | 30/06/2023 | 2.908 | 57.267 | 52.420 | - | 7.754 |
| Sund Birsta Inc. - Jacksonville, Florida (USA) | USD | 30/06/2023 | 464 | 12.141 | 10.045 | - | 2.560 |
| Sund Strap AB - Sundsvall (SWE) | SEK | 30/06/2023 | - | 116 | 116 | - | - |
| Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN) | CNY | 30/06/2023 | 146 | 17.969 | 7.486 | 323 | 10.306 |
| Termo Makina Sanayi Ve Tic. AS - Duzce (TUR) | TRY | 30/06/2023 | 12.961 | 77.885 | 16.622 | - | 74.224 |
| Turismo 85 S.r.l. - Buttrio (UD) | EURO | 30/06/2023 | 582 | 4.901 | 1.389 | 630 | 3.464 |
| Zerotredici Educational Hub S.r.l. - Buttrio (UD) | EURO | 30/06/2023 | 5 | 404 | 127 | 35 | 248 |

ATTACHMENT No. II

**Schedule summarising the key data from the financial statements approved by the administrative bodies of the subsidiaries**

## Income Statement

(valori in migliaia)

| Consolidated Companies | Value of production | Costs of production | Financial Income and charges | Income taxes | Net profit (loss) of the period | Number of employees |
|---|---|---|---|---|---|---|
| ABS Centre Métallurgique SaS - Metz (FRA) | 3.481 | (2.747) | (0) | (61) | 673 | 16 |
| ABS Deutschland GmbH - Ratinger (DEU) | 719 | (684) | (1) | (13) | 21 | 3 |
| Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP) | 194 | (186) | - | (4) | 5 | 1 |
| Acciaierie Bertoli Safau S.p.A. - Pozzuolo (UD) | 1.477.919 | (1.372.053) | (2.414) | (2.022) | 101.430 | 1 334 |
| Acciaierie Bertoli Safau Scandinavia AB - Örebro (SWE) | 2.550 | (2.429) | 0 | (25) | 97 | 1 |
| Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV) | 82.438 | (82.245) | (837) | - | (643) | 184 |
| Corte delle Fucine S.r.l. - Buttrio (UD) | 1.948 | (3.109) | (14) | 279 | (896) | 41 |
| Danieli Automation S.p.A. - Buttrio (UD) | 218.715 | (206.735) | (1.133) | (3.131) | 7.717 | 484 |
| Danieli Automation Co. Ltd. - Rayong (THA) | 158.731 | (148.446) | 159 | - | 10.444 | 25 |
| Danieli Finance Solutions S.A. - Luxembourg (LUX) | 7 | (4.802) | 34.887 | (2.540) | 27.552 | 4 |
| Danieli Canada Inc. - Toronto (CAD) | 5.836 | (5.100) | (145) | - | 591 | 4 |
| Danieli Centro Combustion India Pvt. Ltd. - Pune (IND) | 1.165.277 | (1.006.475) | 26.586 | (59.797) | 125.591 | 64 |
| Danieli Centro Combustion S.p.A. - Cinisello Balsamo (MI) | 69.406 | (66.357) | 472 | (1.052) | 2.469 | 117 |
| Danieli Centro Cranes S.p.A. in liquidazione - Rezzato (BS) | 0 | (41) | 82 | 18 | 59 | |
| Danieli Changsu Trading Co. Ltd - Changshu (CHN) | 70.268 | (64.498) | 5.581 | (2.838) | 8.513 | |
| Danieli Co. Ltd. - Rayong (THA) | 8.415.117 | (7.596.930) | (6.166) | (81.519) | 730.502 | 960 |
| Danieli Construction International S.p.A. - Buttrio (UD) | 14.262 | (14.483) | 612 | (105) | 306 | 20 |
| Danieli Corporation - Wilmington, Delaware (USA) | 407.814 | (396.187) | 2.125 | (787) | 12.965 | 177 |
| Danieli Corus BV - Ijmuiden (NLD) | 85.265 | (78.328) | 295 | (256) | 6.976 | 136 |
| Danieli Corus India (Pvt) Ltd. - New Delhi (IND) | 3.252.846 | (2.953.746) | 1.157 | (78.681) | 221.576 | 95 |
| Danieli Corus Refractory Solutions (pvt.) Ltd. - Georgia (USA) | - | (1.460) | (16.289) | (336) | (18.085) | |
| Danieli Hoogovens Steel Making Technology Ltd. - Shanghai (CHN) | 116 422 | (104.535) | 4.663 | (3.256) | 13.295 | 11 |
| Danieli Czech Engineering AS - Praha (CZE) | 43.689 | (35.968) | (2.731) | 2.620 | 7.609 | 5 |
| Danieli Do Brasil LTDA - Diadema (BRA) | 138.626 | (104.913) | 2.770 | (12.380) | 24.103 | 27 |
| Danieli Engineering & Services GmbH - Volkermarkt (AUT) | 94.297 | (74.550) | (161) | (4.742) | 14.845 | 78 |
| Danieli Engineering Japan Co. Ltd. - Yokohama (JPN) | 1.255.908 | (1.237.511) | 87.175 | (12.740) | 92.832 | 9 |
| Danieli Engineering Rom Srl - Cluj Napoca (ROU) | 5.563 | (5.317) | 31 | (12) | 266 | 32 |
| Danieli Germany Gmbh - Duisburg (DEU) | 108.845 | (104.664) | 899 | (2.521) | 2.559 | 88 |
| Danieli Heavy Machinery Eng. LLC - Dnepropetrovsk (UKR) | 49.935 | (45.764) | 45.364 | (10.739) | 38 795 | 62 |
| Danieli Henschel SAS - Méry (FRA) | 123 | (17) | - | - | 106 | |
| Danieli High Technology (Changshu) Co., Ltd - Changshu (CHN) | 283.041 | (246.233) | 1.660 | (9.617) | 28.851 | 34 |
| Danieli Holdings Inc. - Wilmington, Delaware (USA) | - | (9) | 2.321 | (256) | 2.056 | |
| Danieli Industrial Automation (Suzhou) Co., Ltd - Suzhou (CHN) | 234.885 | (193.294) | (774) | (9.994) | 30.822 | 73 |
| Danieli India Ltd. - Kolkata (IND) | 8.155.300 | (7.624.230) | (137.217) | (91.774) | 302.079 | 570 |
| Danieli Malaysia Sdn Bhd - Kuala Lumpur (MYS) | - | (36) | - | - | (36) | |
| Danieli Metall. Equip. & Service (China) Co Ltd.Changshu (CHN) | 3.597.701 | (3.334.101) | 77.089 | (51.103) | 289.586 | 1.019 |
| Danieli Metallurgical Industry (China) Co., Ltd - Beijing (CHN) | 14.738 | (15.002) | 73 | 5 | (186) | |
| Danieli Middle East and North Africa LLC - Cairo (EGY) | 18.103 | (15.199) | 1.505 | (1.085) | 3.323 | 11 |
| Danieli Middle East for Eng. Services (LMTD) - Cairo (EGY) | 20.388 | (293) | (28.447) | - | (8.352) | |
| Danieli Procome Iberica SA - Dondika (ESP) | 3.125 | (2.595) | 127 | (158) | 499 | 13 |
| Danieli Special Cranes S.r.l. in liquidazione - Gradisca d'Is. (GO) | 7 | (54) | 30 | 10 | (6) | |
| Danieli Systec Technology Doo - Nova Gorica (SLV) | 905 | (876) | - | (2) | 27 | 16 |
| Danieli Systec Engineering Doo - Smederevo (SRB) | 477.940 | (464.774) | (6.826) | (1.840) | 4.500 | 79 |
| Danieli Systec Doo - Labin (HRV) | 13.694 | (13.010) | (2) | (31) | 651 | 79 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Danieli Taranis LCC (USA) | - | - | - | - | - | |
| Danieli Tongchuang Information Technology (Beijing) Co.Ltd - Beijing (CHN) | 41.670 | (43.668) | 754 | 50 | (1.195) | 41 |
| Danieli UK Holding Ltd. - Rotherham (GBR) | 45.511 | (45 824) | 1.376 | (239) | 823 | 64 |
| Danieli Volga LLC - Dzerdzhinsk (RUS) | 1.775.772 | (1.756.192) | (34.756) | 15.511 | 335 | 165 |
| DWU Engineering Polska - Wroclaw (POL) | 13.800 | (13.192) | 386 | (264) | 729 | 77 |
| Elsid Cheda Ltd. - Moscow (RUS) | 139 745 | (96.355) | 2.901 | (9.258) | 37.033 | 27 |
| ESW Rohrenwerke GmbH - Eschweiler (DEU) | - | - | - | - | 2.359 | 2 |
| Fata Gulf Co. WLL - Doha (QAT) | 2.320 | (2.320) | 12 | (34) | (22) | 1 |
| Fata S.p.A. - Pianezza (TO) | 124.277 | (141.594) | 5.431 | (21) | (11.911) | 122 |
| Findan S.p.A. - Pradamano (UD) | 408 | (1.090) | 341 | (11) | (352) | |
| Industrial Beteiligung Serv. & Contracting Co. LLC - Al Khobar (SAU) | 4.432 | (4.085) | (6) | (86) | 255 | 10 |
| Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM) | 250.579 212 | (237.934.737) | 5.944.370 | (3.717.769) | 14.871.076 | 243 |
| Industrielle Beteiligung SA - Luxembourg (LUX) | - | (53.852) | 101.947 | (994) | 47.101 | 1 |
| Innoval Technology Ltd.- Rotherham (GBR) | 2 052 | (1.973) | (25) | 12 | 67 | 22 |
| Sabolane Haven & Hospitability S.p.A. Buttrio (UD) | 955 | (889) | (21) | 54 | 100 | |
| More S.r.l. - Gemona del Friuli (UD) | 28.970 | (22.656) | 210 | (1.861) | 4.662 | 92 |
| More North America Corp. - Kennesaw, Georgia (USA) | 4.077 | (3 825) | 1 | (68) | 185 | 1 |
| Morgårdshammar AB - Smedjebacken (SWE) | 49.569 | (51.278) | 7.703 | - | 5.994 | 21 |
| Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS - Eshtehard (IRN) | 482.347.021 | (458.373 714) | 127.265.138 | (36.141.964) | 115.096.482 | 78 |
| Rotelec SA - St. Quentin (FRA) | 17.936 | (13.956) | 192 | (991) | 3.182 | 34 |
| Zhuozhou Ruixin Metallurgy Equipment Co., Ltd - (CHN) | 11.160 | (7.887) | (97) | (1.065) | 2.110 | 25 |
| Scuole e Asili Cecilia Danieli S.r.l. - Buttrio (UD) | 517 | (430) | (155) | 19 | (49) | |
| Stem S.r.l. in liquidazione - Magnago (MI) | 0 | (31) | 15 | 4 | (12) | |
| Sund Birsta AB - Sundsvall (SWE) | 501.131 | (450.524) | 46.098 | (11.237) | 85.468 | 91 |
| Sund Birsta Beijing Metallurgical Equipment Co, Ltd. - Beijing (CHN) | 50.398 | (37.393) | 948 | (4.552) | 9.401 | 25 |
| Sund Birsta Inc. - Jacksonville, Florida (USA) | 12.383 | (8.044) | 72 | (740) | 3.672 | 9 |
| Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN) | 29.550 | (23.431) | (192) | (1.482) | 4.445 | 5 |
| Termo Makina Sanayi Ve Tic. AS - Duzce (TUR) | 58.348 | (50.871) | (2.582) | - | 4.896 | 25 |
| Turismo 85 S.r.l. - Buttrio (UD) | 8.428 | (7 707) | (16) | (202) | 502 | 32 |
| Zerotredici Educational Hub S.r.l. - Buttrio (UD) | 1.052 | (1.009) | 1 | (30) | 13 | 16 |

## ATTACHMENT No. III

### Schedule summarising investments in subsidiary and associated companies

| (thousands of euro) | Financial year-end date | Interest held % | (A) Shareholders' equity | (B) Cost value as at 30/06/2023 | (C) = (A-B) Difference | Notes |
|---|---|---|---|---|---|---|
| **Subsidiary companies** | | | | | | |
| **Direct** | | | | | | |
| Danieli Finance Solutions S.A. - Luxembourg (LUX) | 30,06 | 100,00 | 1.080.880 | 824.303 | 256.577 | |
| Industrielle Beteiligung S.A. - Luxembourg (LUX) | 30,06 | 100,00 | 741.480 | 502.945 | 238.535 | |
| **Indirect** | | | | | | |
| ABS Centre Métallurgique SaS - Metz (FRA) | 30,06 | 100,00 | 6.744 | 5.000 | 1.744 | |
| ABS Deutschland GmbH - Ratinger (DEU) | 30,06 | 100,00 | 72 | 225 | (153) | 2) |
| Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP) | 30,06 | 100,00 | 72 | 42 | 31 | |
| Acciaierie Bertoli Safau S.p.A. - Pozzuolo (UD) | 30,06 | 100,00 | 831.404 | 348.989 | 482.415 | |
| Acciaierie Bertoli Safau Scandinavia AB - Örebro (SWE) | 30,06 | 100,00 | 70 | 6 | 65 | |
| Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV) | 30,06 | 100,00 | 56.808 | 73.033 | (16.225) | 2) |
| Corte delle Fucine S.r.l. - Buttrio (UD) | 30,06 | 100,00 | 1.242 | 2.600 | (1.358) | 2) |
| *Danieli Automation S.p.A. - Buttrio (UD)* | *30,06* | *100,00* | *167.482* | *12.664* | *154.818* | |
| Danieli Automation Co. Ltd. - Rayong (THA) | 30,06 | 100,00 | 1.334 | 1.112 | 221 | |
| Danieli Canada Inc. - Toronto (CAD) | 30,06 | 100,00 | 968 | 1.040 | (72) | 2) |
| Danieli Centro Combustion India Pvt. Ltd. - Pune (IND) | 31.03 | 100,00 | 4.258 | 366 | 3.892 | |
| Danieli Centro Combustion S.p.A. - Cinisello Balsamo (MI) | 30,06 | 100,00 | 16.066 | 3.292 | 12.774 | |
| Danieli Centro Cranes S.p.A. in liquidazione - Rezzato (BS) | 30,06 | 100,00 | 5.352 | 5.279 | 74 | |
| Danieli Changsu Trading Co. Ltd - Changshu (CHN) | 31.12 | 100,00 | 1.570 | 127 | 1.443 | |
| Danieli Co. Ltd. - Rayong (THA) | 30,06 | 100,00 | 122.880 | 29.918 | 92.962 | |
| Danieli Construction International S.p.A. - Buttrio (UD) | 30,06 | 100,00 | 29.890 | 24.769 | 5.122 | |
| Danieli Corporation - Wilmington, Delaware (USA) | 30,06 | 100,00 | 15.518 | 49.869 | (34.351) | 2) |
| Danieli Corus BV - Ijmuiden (NLD) | 30,06 | 100,00 | 58.212 | 32.200 | 26.012 | |
| Danieli Corus India (Pvt) Ltd. - New Delhi (IND) | 30,06 | 100,00 | 6.450 | 1.502 | 4.948 | |
| Danieli Corus Refractory Solutions (pvt.) Ltd. - Georgia (USA) | 30,06 | 100,00 | 358 | 286 | 72 | |
| Danieli Hoogovens Steel Making Technology Ltd. - Shanghai (CHN) | 30,06 | 100,00 | 4.193 | 3.375 | 818 | |
| Danieli Czech Engineering AS - Praha (CZE) | 30,06 | 100,00 | 2.025 | 116 | 1.910 | |
| Danieli Do Brasil LTDA - Diadema (BRA) | 31.12 | 100,00 | 12.933 | 2.486 | 10.447 | |
| Danieli Engineering & Services GmbH - Völkermarkt (AUT) | 30.06 | 100,00 | 49.425 | 4.000 | 45.425 | |
| Danieli Engineering Japan Co. Ltd. - Yokohama (JPN) | 30.06 | 100,00 | (669) | (1.399) | 730 | |
| Danieli Engineering Rom Srl - Cluj Napoca (ROU) | 31.12 | 100,00 | 1.518 | 5 | 1.513 | |
| Danieli Germany Gmbh - Duisburg (DEU) | 30.06 | 100,00 | 6.674 | 2.915 | 3.759 | |
| Danieli Heavy Machinery Eng. LLC - Dnepropetrovsk (UKR) | 31.12 | 100,00 | 3.981 | 3.280 | 702 | |
| Danieli Henschel SAS - Méry (FRA) | 31.12 | 100,00 | 791 | 792 | (1) | |
| Danieli Henschel Service OOO in liquidazione - Moscow (RUS) | 31.12 | 100,00 | (189) | 2 | (191) | 2) |
| Danieli High Technology (Changshu) Co., Ltd - Changshu (CHN) | 30.06 | 100,00 | 5.666 | 1.500 | 4.166 | |
| Danieli Holdings Inc. - Wilmington, Delaware (USA) | 30.06 | 100,00 | 56.015 | 16.026 | 39.990 | |
| Danieli India Ltd. - Kolkata (IND) | 31.03 | 100,00 | 60.496 | 52.225 | 8.271 | |
| Danieli Industrial Automation (Suzhou) Co., Ltd (CHN) | 31.12 | 100,00 | 9.547 | 6.330 | 3.217 | |
| Danieli Malaysia Sdn Bhd - Kuala Lumpur (MYS) | 31.12 | 100,00 | 338 | 111 | 226 | |
| Danieli Metall. Equip. & Service (China) Co Ltd.Changshu (CHN) | 31.12 | 100,00 | 223.920 | 30.000 | 193.920 | |
| Danieli Metallurgical Industry China Co Ltd (CHN) | 31.12 | 100,00 | 2.583 | 2.584 | (1) | |
| Danieli Special Cranes S.r.l. in liquidazione - Gradisca d'Is. (GO) | 30.06 | 100,00 | 2.645 | 2.645 | 0 | |
| Danieli Systec Doo - Labin (HRV) | 30.06 | 100,00 | 9.533 | 12 | 9.521 | |
| Danieli Systec Technology Doo - Nova Gorica (SLV) | 30.06 | 100,00 | 1.381 | 13 | 1.367 | |
| *Danieli Systec Engineering Doo - Smederevo (SRB)* | 31.12 | 100,00 | 2.395 | 0 | 2.394 | |
| Danieli Taranis LLC - Chelsea (USA) | 30.06 | 100,00 | 1.894 | 13.272 | (11.378) | 3) |
| Danieli Tongchuang Information Technology (Beijing) Co.Ltd - Beijing (CHN) | 30.06 | 100,00 | 2.876 | 1.615 | 1.261 | |
| Danieli UK Holding Ltd. - Rotherham (GBR) | 30.06 | 100,00 | 14.767 | 10.129 | 4.638 | |
| Danieli Volga LLC - Dzerdzhinsk (RUS) | 31.12 | 100,00 | 17.868 | 20.137 | (2.269) | 2) |
| DWU Engineering Polska - Wroclaw (POL) | 30.06 | 100,00 | 947 | 122 | 825 | |
| Elsid Cheda Ltd. - Moscow (RUS) | 31.12 | 100,00 | 1.325 | 79 | 1.246 | |
| ESW Röhrenwerke GmbH - Eschweiler (DEU) | 30.06 | 100,00 | (80) | 8.633 | (8.713) | 3) |
| Fata S.p.A. - Pianezza (TO) | 31.12 | 100,00 | (6.168) | 56.169 | (62.337) | 3) |
| Findan S.p.A. - Pradamano (UD) | 30.06 | 100,00 | 27.620 | 27.270 | 350 | |
| Industrial Beteiligung Serv. & Contracting Co. LLC - Al Khobar (SAU) | 30.06 | 100,00 | 677 | 678 | (1) | |
| Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM) | 30.06 | 100,00 | 6.638 | 2.514 | 4.125 | |
| Innoval Technology Ltd.- Rotherham (GBR) | 30.06 | 100,00 | 1.425 | 4.009 | (2.584) | 3) |
| Sabolarie Haven & Hospitability S.p.A. Buttrio (UD) | 30.06 | 100,00 | 30.013 | 30.000 | 13 | |
| More S.r.l. - Gemona del Friuli (UD) | 30.06 | 100,00 | 30.096 | 3.346 | 26.749 | |
| More North America Corp. - Kennesaw, Georgia (USA) | 30.06 | 100,00 | 988 | 900 | 88 | |
| Morgårdshammar AB - Smedjebacken (SWE) | 30.06 | 100,00 | 8.037 | 6.953 | 1.085 | |
| Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS - Eshtehard (IRN) | 30.06 | 100,00 | 19.264 | 27.043 | (7.779) | 2) |
| Scuole e Asili Cecilia Danieli S.r.l. - Buttrio (UD) | 30.06 | 100,00 | 1.328 | 500 | 828 | |
| Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN) | 30.06 | 100,00 | 948 | 607 | 341 | |
| Stem S.r.l. in liquidazione - Magnago (MI) | 30.06 | 100,00 | 1.331 | 1.345 | (13) | 2) |
| Sund Birsta AB - Sundsvall (SWE) | 30.06 | 100,00 | 33.240 | 3.217 | 30.022 | |
| Sund Birsta Beijing Metallurgical Equipment Co. Ltd. - Beijing (CHN) | 30,06 | 100,00 | 6.637 | 438 | 6.199 | |

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| | | | | | |
|---|---|---|---|---|---|
| Sund Birsta Inc. - Jacksonville, Florida (USA) | 30.06 | 100,00 | 9.244 | 7 | 9.237 |
| Sund Strap AB - Sundsvall (SWE) | 30.06 | 100,00 | 10 | 4 | 6 |
| Termo Makina Sanayi Ve Tic. AS - Duzce (TUR) | 31.12 | 100,00 | 587 | 588 | (1) |
| Turismo 85 S.r.l. - Buttrio (UD) | 30.06 | 100,00 | 1.389 | 57 | 1.332 |
| Zerotredici Educational Hub S.r.l. - Buttrio (UD) | 30.06 | 100,00 | 127 | 100 | 27 |
| Danieli Procome Iberica SA - Dondika (ESP) | 30.06 | 99,99 | 11.071 | 218 | 10.853 |
| Rotelec SA - St. Quentin (FRA) | 30.06 | 99,99 | 13.570 | 341 | 13.229 |
| Danieli Middle East and North Africa LLC - Cairo (EGY) | 31.12 | 99,80 | 128 | 3 | 125 |
| Danieli Middle East for Eng. Services (LMTD) - Cairo (EGY) | 31.12 | 99,80 | (2.011) | (3.029) | 1.018 |
| Zhuozhou Ruixin Metallurgy Equipment Co., Ltd - Zhuozhou (CHN) | 30.06 | 51,00 | 3.253 | 323 | 2.930 |
| Fata Gulf Co. WLL - Doha (QAT) | 31.12 | 49,00 | 84 | 20 | 64 |
| **Associates** | | | | | |
| **Indirect** | | | | | |
| Inter-Rail S.p.A. - Udine | 31.12 | 50,00 | 9.642 | 5.206 | 4.436 |
| Telefriuli S.p.A. - Udine | 31.12 | 31,51 | 110 | 88 | 22 |
| *D.S.R. Sider Engineering Group S.p.A. - Pozzuolo del Friuli (UD)* | 31.12 | *30,00* | *596* | 2.776 | (2.181) |
| **Others** | | | | | |
| **Indirect** | | | | | |
| Metal Interconnettor S.c.p.A. - Milano | 31.12 | 3,80 | 6.848 | 6.848 | - |
| **Total higher value** | | | | | **1.581.523** |

Key to letters:

1) Proportion attributable at the date of the last approved financial statement or interim position prepared for the purposes of the consolidated financial statements, converted at the financial year-end exchange rate

2) Non-permanent losses because their relate to temporary situations; there are well-founded reasons to believe that this situations will not continue, as shown in company budgets.

3) Differences on companies acquired in previous years recognised, at the consolidation level, in goodwill when not specifically attributed to specific assets and liabilities.

**ATTACHMENT No. IV**

**Tax regime of capital and reserves (Italian Presidential Decree No. 917 of December 22, 1986)**

| (thousands of euro) | Total | Reserves or other funds which, in the event of distribution, form part of the taxable income of the company | Reserves or other funds which, in the event of distribution, do not form part of the taxable income of the shareholders | Profit reserves or other funds | Allowed uses | Available portion |
|---|---|---|---|---|---|---|
| Share capital | 22.492 | | | 22.492 | | |
| Legal reserve (1) | 58.813 | 750 | 15.122 | 42.941 | | |
| **Total Share capital** | **81.305** | **750** | **15.122** | **65.433** | | |
| Legal reserve | 18.576 | | | 18.576 | B | |
| Share premium account | 22.397 | | 22.397 | | A B | 22.397 |
| *Treasury shares at cost* | (88.913) | | | (88.913) | | |
| Extraordinary reserve | 740.266 | | | 740.266 | A B C | 740.266 |
| Merger difference | 11.036 | | | 11.036 | A B C | 11.036 |
| Revaluation reserve per law no. 72/1983 | 2.825 | 2.825 | | | A B C | 2.825 |
| Revaluation reserve per law no. 413/1991 | 4.809 | 4.809 | | | A B C | 4.809 |
| VAT allowances on investments Laws no. 526/82 and no. 130/83 | 126 | 126 | | | A B C | 126 |
| Research grant law no. 46/1982 | 4.639 | 4.264 | | 375 | A B C | 4.639 |
| *Non-opted rights reserve* | 125 | | 125 | | A B C | 125 |
| IAS transition impact | 13.404 | | | 13.404 | | |
| Actuarial reserves from IAS 19 | (2.620) | | | (2.620) | | |
| Reserve of first time adoption of IFRS 9 | (2.009) | | | (2.009) | | |
| **Total reserves** | **724.660** | **12.024** | **22.522** | **690.114** | | **786.223** |
| **Profit (loss) of the period** | **41.206** | | | | | |
| **Grand total** | **847.171** | **12.774** | **37.644** | **755.547** | | **786.223** |

Key: A: for capital increase; B: to cover losses; C: for distribution to shareholders
(1) - Scrip issues in previous financial years made by use of the Legal Reserve

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ATTACHMENT No. V

## LOANS

| (thousands of euro) | Original amounts | Current portions due by 30/06/2024 | Current portions due after 30/06/2024 | Total |
|---|---|---|---|---|
| **Payables to banks for loans** | | | | |
| **- Danieli Finance Solutions SA Loan**<br>(Annual floating rate 3,2930% last instalment by September 2024, in euro) | 50.000 | 50.000 | - | 50.000 |
| **- BEI Loan**<br>(Annual floating rate 4,835% last instalment by June 2035, in euro)<br>(Covenants: cons. NFP < 400 mio euro; Ebitda/cons. financial charges >5; cons. shareholders equity/cons. gross financial indebtedness >1,75; cons. gross financial indebtedness/Ebitda < 3,5 as of 31/12/26 included, beyond 31/12/26 < 3) | 153.000 | - | 153.000 | 153.000 |
| **Total** | **203.000** | **50.000** | **153.000** | **203.000** |
| **Other loans** | | | - | - |
| | **203.000** | **50.000** | **153.000** | **203.000** |
| **Short-term payables to banks** | | **(50.000)** | | **(50.000)** |
| **Financial payables IFRS 16** | | - | - | - |
| GRAND TOTAL | 203.000 | - | 153.000 | 153.000 |

**ATTACHMENT No. VI**

***Equity investments higher than 10% in unlisted c 30/06/2023***

**Italian companies**

| no. | Investee company | % as at 30/06/2023 | dir. | ind. | through | % | Share capital (thousands) Currency | Amount |
|---|---|---|---|---|---|---|---|---|
| 1 | Acciaierie Bertoli Safau S.p.A. - Via Buttrio 28 - 33050 Pozzuolo (UD) | 100,00 | | x | Industrielle Beteiligung S.A.<br>Findan S.p.A. | 99,919<br>0,081 | EUR | 290.000 |
| 2 | Corte delle Fucine S.r.l. - Via Nazionale 41 - 33042 Buttrio (UD) | 100,00 | | x | Findan S.p.A. | 100,00 | EUR | 100 |
| 3 | Danieli Automation S.p.A. - Via B. Stringher 4, 33042 Buttrio (UD) | 100,00 | | x | Industrielle Beteiligung S.A.<br>Findan S.p.A. | 99,95<br>0,05 | EUR | 10.000 |
| 4 | Danieli Centro Combustion S.p.A. - Via G. Galilei 40 - 20092 Cinisello Balsamo (MI) | 100,00 | | x | Industrielle Beteiligung S.A.<br>Findan S.p.A. | 99,80<br>0,20 | EUR | 2.500 |
| 5 | Danieli Centro Cranes S.p.A. in liquidazione - Via Gardesana 22 - 25086 Rezzato (BS) | 100,00 | | x | Industrielle Beteiligung S.A.<br>Findan S.p.A. | 75,00<br>25,00 | EUR | 120 |
| 6 | Danieli Construction International S.p.A. - Via Nazionale 41 - 33042 Buttrio (UD) | 100,00 | | x | Industrielle Beteiligung S.A.<br>Findan S.p.A. | 99,999<br>0,001 | EUR | 6.000 |
| 7 | Danieli Special Cranes S.r.l. in liquidazione - Via dell'Industria 6 - 34072 Gradisca d'Is. (GO) | 100,00 | | x | Findan S.p.A. | 100,00 | EUR | 2.700 |
| 8 | Fata S.p.A. - Strada Statale n. 24 Km 12 10044 Pianezza (TO) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | EUR | 5.000 |
| 9 | *Findan S.p.A. - Via Dante 56 - 33040 Pradamano (UD)* | *100,00* | | x | Industrielle Beteiligung S.A.<br>Danieli Constr. Intern. S.p.A. | 99,96<br>0,04 | EUR | 2.500 |
| 10 | More S.r.l. - Via Santa Lucia 7 - 33013 Gemona del Friuli (UD) | 100,00 | | x | Industrielle Beteiligung S.A.<br>Findan S.p.A. | 79,16<br>20,84 | EUR | 240 |
| 11 | Sabolarie Haven & Hospitability S.p.A. - Via Nazionale 41 - 33042 Buttrio (UD) | 100,00 | | x | Findan S.p.A. | 100,00 | EUR | 2.100 |
| 12 | Scuole e Asili Cecilia Danieli S.r.l. - Via Nazionale 41 - 33042 Buttrio (UD) | 100,00 | | x | Turismo S.r.l.<br>Findan S.p.A. | 99,000<br>1,0000 | EUR | 500 |
| 13 | Stem S.r.l. in liquidazione - Via G. Galilei 7 - 21052 Busto Arsizio (VA) | 100,00 | | x | Industrielle Beteiligung S.A.<br>Findan S.p.A. | 99,00<br>1,00 | EUR | 265 |
| 14 | Turismo 85 S.r.l. - Via Nazionale 71 - 33042 Buttrio (UD)) | 100,00 | | x | Industrielle Beteiligung S.A.<br>Findan S.p.A. | 99,00<br>1,00 | EUR | 10 |
| 15 | Zerotredici Educational Hub S.r.l. - Via Nazionale 41 - 33042 Buttrio (UD) | 100,00 | | x | Findan S.p.A. | 100,00 | EUR | 100 |
| 16 | Absolute Scarl - via Buttrio 28 - 33050 Pozzuolo del Friuli (UD) | 50,00 | | x | Acc. Bertoli Safau S.p.A. | 50,00 | EUR | 50 |
| 17 | Inter-Rail S.p.A. - via Carducci 44 - 33100 Udine | 50,00 | | x | Acc. Bertoli Safau S.p.A. | 50,00 | EUR | 120 |
| 18 | Editoriale il Friuli S.r.l. - via Nazionale 120 - 33010 Tavagnacco (UD) | 31,51 | | x | Telefriuli S.p.A. | 100,00 | EUR | 100 |
| 19 | Euronews S.r.l. - via Nazionale 120 - 33010 Tavagnacco (UD) | 31,51 | | x | Editoriale il Friuli S.r.l. | 100,00 | EUR | 15 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 20 | Telefriuli S.p.A. - via Nazionale 120 - 33010 Tavagnacco (UD) | 31,51 | x | Findan S.p.A. | 31,51 | EUR | 227 |
| 21 | D.S.R. Sider Engineering Group S.p.A. - Pozzuolo del Friuli (UD) | 30,00 | x | Industrielle Beteiligung S.A. | 30,00 | EUR | 1.000 |
| 22 | In-Rail S.p.A. - via M. Boccanegra 15 - 16126 Genova | 18,47 | x | Inter-Rail S.p.A. | 36,93 | EUR | 1.850 |

**Foreign companies**

| no. | Investee company | % as at 30/06/2023 | dir. | ind. | through | % | Share capital (thousands) Currency | Amount |
|---|---|---|---|---|---|---|---|---|
| 23 | ABS Centre Métallurgique Sas - Metz (FRA) | 100,00 | | x | Acc. Bertoli Safau S.p.A. | 100,00 | EUR | 5.000 |
| 24 | ABS Deutschland GmbH - Ratinger (DEU) | 100,00 | | x | Acc. Bertoli Safau S.p.A. | 100,00 | EUR | 25 |
| 25 | Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP) | 100,00 | | x | Acc. Bertoli Safau S.p.A. | 100,00 | EUR | 3 |
| 26 | Acciaierie Bertoli Safau Scandinavia AB - Örebro(SWE) | 100,00 | | x | Acc. Bertoli Safau S.p.A. | 100,00 | SEK | 50 |
| 27 | Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV) | 100,00 | | x | Acc. Bertoli Safau S.p.A. | 100,00 | EUR | 60.341 |
| 28 | Danieli Automation Co. Ltd. - Rayong (THA) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | THB | 82.000 |
| 29 | Danieli Finance Solutions SA - Luxembourg (LUX) | 100,00 | x | x | Danieli & C. Off. Mecc. S.p.A.<br>Danieli Automation S.p.A. | 83,83<br>16,17 | EUR | 400.000 |
| 30 | Danieli Canada Inc. - Toronto (CAD) | 100,00 | | x | Danieli Corporation | 100,00 | CAD | 7.922 |
| 31 | Danieli Centro Combustion India Pvt. Ltd. - Pune (IND) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | INR | 24.000 |
| 32 | Danieli Changsu Trading Co. Ltd - Changshu (CHN) | 100,00 | | x | Danieli Metall. Equip. & Service (China) Co Ltd. | 100,00 | CNY | 1.000 |
| 33 | Danieli Co. Ltd. - Rayong (THA) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | THB | 1,445.000 |
| 34 | Danieli Corporation - Cranberry Twp PA (USA) | 100,00 | | x | Danieli Holdings Inc. | 100,00 | USD | 1 |
| 35 | Danieli Corus BV - Ijmuiden (NLD) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | EUR | 136 |
| 36 | Danieli Corus India (Pvt) Ltd. - New Delhi (IND) | 100,00 | | x | Danieli Corus BV<br>Industrielle Beteiligung S.A. | 99,95<br>0,05 | INR | 875 |
| 37 | Danieli do Brasil LTDA - Diadema (BRA) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | BRL | 10.558 |
| 38 | Danieli Engineering & Services GmbH - Völkermarkt (AUT) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | EUR | 4.000 |
| 39 | Danieli Engineering Japan Co. Ltd. - Yokohama (JPN) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | JPY | 40.000 |
| 40 | Danieli Czech Engineering AS - Praha (CZE) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | CZK | 3.000 |
| 41 | Danieli Engineering Rom Srl - Cluj Napoca (ROU) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | RON | 10 |
| 42 | Danieli Germany GmbH - Duisburg (DEU) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | EUR | 10.000 |
| 43 | Danieli Heavy Machinery Engineering LLC- Dnipro (UKR) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | UAH | 177.882 |
| 44 | Danieli Henschel SAS - Méry (FRA) | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | EUR | 192 |
| 45 | Danieli Henschel Service LLC - Moscow in liquidazione (RUS) | 100,00 | | x | Danieli Henschel SAS | 100,00 | RUB | 50 |
| 46 | Danieli High Technology (Changshu) Co., Ltd | 100,00 | | x | Industrielle Beteiligung S.A. | 100,00 | CNY | 11.710 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 47 | Danieli Holdings Inc. - Wilmington, Delaware (USA) | 100,00 | x | Industrielle Beteiligung S.A. | 100,00 | USD | 8.825 |
| 48 | Danieli Hoogovens Steel Making Technology Ltd. - Shanghai (CHN) | 100,00 | x | Danieli Corus BV | 100,00 | CNY | 3.627 |
| 49 | Danieli India Ltd. - Kolkata (IND) | 100,00 | x | Industrielle Beteiligung S.A. | 100,00 | INR | 5.649.416 |
| 50 | Danieli Industrial Automation (Suzhou) Co., Ltd | 100,00 | x | Danieli Metall. Equip. & Service (China) Co Ltd. | 100,00 | CNY | 50.000 |
| 51 | Danieli Malaysia Sdn. Bhd. - Perai (MYS) | 100,00 | x | Danieli Constr. International S.p.A. | 100,00 | MYR | 500 |
| 52 | Danieli Metall. Equip. & Service (China) Co Ltd.Changshu (CHN) | 100,00 | x | Industrielle Beteiligung S.A. | 100,00 | CNY | 280.111 |
| 53 | Danieli Metallurgical Industry (China) Co., Ltd - Beijing (CHN) | 100,00 | x | Industrielle Beteiligung S.A. | 100,00 | CNY | 20.000 |
| 54 | Danieli Systec doo - Labin (HRV) | 100,00 | x | Danieli Automation S.p.A. | 100,00 | EUR | 99 |
| 55 | Danieli Systec Engineering Doo - Smederevo (SRB) | 100,00 | x | Danieli Automation S.p.A. | 100,00 | RSD | 51 |
| 56 | Danieli Systec Technology Doo - Nova Gorica (SLV) | 100,00 | x | Danieli Automation S.p.A. | 100,00 | EUR | 38 |
| 57 | Danieli Taranis LLC - Chelsea, Alabama (USA) | 100,00 | x | Danieli Holdings Inc. | 100,00 | USD | 1 |
| 58 | Danieli UK Holding Ltd. - Rotherham (GBR) | 100,00 | x | Industrielle Beteiligung S.A. | 100,00 | GBP | 12.489 |
| 59 | Danieli Volga LLC - Dzerdzhinsk (RUS) | 100,00 | x | Industrielle Beteiligung S.A. | 100,00 | RUB | 305.383 |
| 60 | DWU Engineering Polska SP.z.o.o.- Wroclaw (POL) | 100,00 | x | Industrielle Beteiligung S.A. | 100,00 | PLN | 900 |
| 61 | Elsid Cheda Ltd. - Moscow (RUS) | 100,00 | x | Danieli Automation S.p.A. | 100,00 | RUB | 10 |
| 62 | ESW Röhrenwerke GmbH - Eschweiler (DEU) | 100,00 | x | Industrielle Beteiligung S.A. | 100,00 | EUR | 25 |
| 63 | Industrial Beteiligung for Serv. & Contracting Co. LLC - Al Khobar (SAU) | 100,00 | x | Industrielle Beteiligung S.A.<br>Findan S.p.A. | 99,00<br>1,00 | SAR | 500 |
| 64 | Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM) | 100,00 | x | Industrielle Beteiligung S.A. | 100,00 | VND | 80.183.393 |
| 65 | Industrielle Beteiligung S.A. - Luxembourg (LUX) | 100,00 | x | Danieli & C. Off. Mecc. S.p.A. | 100,00 | EUR | 328.700 |
| 66 | Innoval Technology Ltd.- Rotherham (GBR) | 100,00 | x | Danieli UK Holding Ltd. | 100,00 | GBP | 1 |
| 67 | More North America Corp. - Kennesaw, Georgia (USA) | 100,00 | x | More S.r.l. | 100,00 | USD | 80 |
| 68 | Morgårdshammar AB - Smedjebacken (SWE) | 100,00 | x | Industrielle Beteiligung S.A. | 100,00 | SEK | 25.000 |
| 69 | Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS - Eshtehard (IRN) | 100,00 | x | Danieli Metall. Equip. & Service (China) Co Ltd. | 100,00 | IRR | 521.344.600 |
| 70 | Sund Birsta (Beijing) Metallurgical Equipment Co. Ltd. - Beijing (CHN) | 100,00 | x | Sund Birsta AB | 100,00 | CNY | 5.000 |
| 71 | Sund Birsta AB - Sundsvall (SWE) | 100,00 | x | Industrielle Beteiligung S.A. | 100,00 | SEK | 10.000 |
| 72 | Sund Birsta Inc. - Plantation, Florida (USA) | 100,00 | x | Sund Birsta AB | 100,00 | USD | 10 |
| 73 | Sund Strap AB - Sundsvall (SWE) | 100,00 | x | Sund Birsta AB | 100,00 | SEK | 100 |
| 74 | Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN) | 100,00 | x | More S.r.l. | 100,00 | CNY | 1.961 |
| 75 | Termo Makina Sanayi Ve Tic. AS - Duzce (TUR) | 100,00 | x | Industrielle Beteiligung S.A. | 100,00 | TRY | 134.037 |
| 76 | Danieli Procome Iberica SA - Sondica (ESP) | 99,99 | x | Industrielle Beteiligung S.A. | 99,99 | EUR | 108 |
| 77 | Rotelec SA - St Quentin Fallavier (FRA) | 99,99 | x | Industrielle Beteiligung S.A. | 99,99 | EUR | 600 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 78 | Danieli Middle East for Eng. Services LLC - Cairo (EGY) | 99,80 | | x | Industrielle Beteiligung S.A. | 99,80 | EGP | 50 |
| 79 | Danieli Middle East and North Africa LLC - Cairo (EGY) | 99,80 | | x | Industrielle Beteiligung S.A. | 99,80 | EGP | 50 |
| 80 | Danieli Tongchuang Information Technology (Beijing) Co., Ltd | 51,00 | | x<br>x | Danieli Metall. Equip. & Service (China) Co Ltd.<br>Danieli Automation S.p.A. | 49,00<br>2,00 | CNY | 25.000 |
| 81 | International Engineering Dana Petro Foulad Passargad (PJSCO) - Esfahan (IRAN) | 51,00 | x | | Danieli & C. Off. Mecc. S.p.A. | 51,00 | IRR | 3.500.000 |
| 82 | Zhuozhou Ruixin Metallurgy Equipment Co., Ltd - Zhuozhou (CHN) | 51,00 | | x | Sund Birsta (Beijing) Metallurgical Equipment Co. Ltd. | 51,00 | CNY | 5.000 |
| 83 | Fata Gulf Co. WLL - Doha (QAT) | 49,00 | | x | Fata S.p.A. | 49,00 | QAR | 200 |
| 84 | Ghadir Energy Fata Company (IRAN) | 40,00 | | x | Fata S.p.A. | 40,00 | IRR | 7.000.000 |

**ATTACHMENT No. VII**

**Reconciliation between the tax charge (IRES) in the financial statements and the theoretical tax charge**

| | As 30/06/2023 | | | As 30/06/2022 | | |
|---|---|---|---|---|---|---|
| (thousands of euro) | Taxable income | Rate | Tax | Taxable income | Rate | Tax |
| Profit before taxes (A) | 51.660 | | | 41.838 | | |
| Theoretical income tax charge/(benefit) of(A) | | 24% | 12.398 | | 24% | 10.041 |
| Taxable income (B) (B) | 32.286 | | | 62.371 | | |
| Effective tax rate of (B) | | 24% | 7.749 | | 24% | 14.969 |
| Effective tax rate & on (A) | | | 15% | | | 36% |
| Use of past year tax losses (80%) | | | - | | | - |
| Use of past years ACE | (5.539) | | (1.329) | 576 | | 138 |
| **Current Ires (Italian income tax)** | **26.747** | | **6.419** | **576** | **0** | **15.107** |
| (Deductable) and taxable in next fiscal years temporary changes and tax rate change effect | 10.374 | 24%/3,9% | 1.775 | 21.808 | 24% | 5.939 |
| Entry of tax benefit on past year losses due to the partecipation to the National Tax Consolidation (*) | 27.083 | 24% | 6.500 | (62.500) | 24% | (15.000) |
| Entry of deferred tax assets on past year tax losses | | | | n.a. | | |
| Other tax changes and IRAP | | | 2.179 | n.a. | | (2.946) |
| **Total taxes recognised in the financial statements** | | | **10.454** | | | **(12.008)** |

(*) The company joined the National Tax Consolidation with some Group companies.

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ATTACHMENT No. VIII

**Information on deferred tax assets and liabilities and consequent effects**

(thousands of euro)

| Deferred tax assets | 30/06/2022 | | | | 30/06/2023 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | IRES | IRAP | Taxable income | Deferred tax assets | IRES | IRAP | Taxable income | Deferred tax assets | A Income Statement | A Shareholders' equity |
| Taxed provision | 24,00% | 3,90% | 42.237 | 11.784 | 24,00% | 3,90% | 55.587 | 15.509 | 3.725 | |
| Taxed provision | 24,00% | | 47.011 | 11.283 | 24,00% | | 31.642 | 7.594 | (3.688) | |
| Tax losses that may be carried forward | 24,00% | | - | - | 24,00% | | | - | - | |
| Reserve for doubtful debts | 24,00% | | 44.728 | 10.735 | 24,00% | | 45.213 | 10.851 | 116 | |
| Rettifiche pluriennali IAS | 24,00% | | 478 | 133 | 24,00% | 3,90% | 478 | 133 | - | |
| Other tax changes | 24,00% | | (3.683) | (1.009) | 24%/27,9% | | (28.152) | (6.790) | (5.784) | |
| Discounting of employee sev. indemnity | 24,00% | | (133) | (32) | 24,00% | | (694) | (167) | (61) | (74) |
| **Total Deferred tax assets** | | | **130.638** | **32.894** | | | **104.074** | **27.131** | **(5.692)** | **(74)** |

| Deferred tax liabilities | 30/06/2022 | | | | 30/06/2023 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | IRES | IRAP | Taxable income | Deferred tax liabilities | IRES | IRAP | Taxable income | Deferred tax liabilities | A Income Statement | A Shareholders' equity |
| Change in constructions contracts | 24,00% | 3,90% | - | - | 24,00% | 3,90% | | - | | |
| Discounting of employee sev. indemnity | 24,00% | | - | - | 24,00% | | | - | | |
| Recovery of unrealised exchange gains | 24,00% | | 25.400 | 6.096 | 24,00% | | 9.354 | 2.245 | (3.851) | |
| **Total Deferred tax liabilities** | | | **25.400** | **6.096** | | | **9.354** | **2.245** | **(3.851)** | **-** |

**ATTACHMENT No. IX**

**Summary of balance sheet and income statement relations with subsidiary and associated companies**

| (thousands of euro) | Inventories e Advances | Trade receivables e Other Receivables | Financial receivables | Advances received | Trade payables e other payables | Financial payables |
|---|---|---|---|---|---|---|
| **Subsidiary companies e Associates** | | | | | | |
| **Indirect, residing in Italy** | | | | | | |
| Acciaierie Bertoli Safau S.p.A. - Pozzuolo (UD) | 1.402 | 2.057 | 75.000 | 6.343 | 113 | - |
| Corte delle Fucine S.r.l. - Buttrio (UD) | - | 10 | - | - | 287 | 683 |
| Danieli Automation S.p.A. - Buttrio (UD) | 16.883 | 15.063 | 8.909 | - | 91.703 | - |
| Danieli Centro Combustion S.p.A. - Cinisello Balsamo (MI) | 8.468 | 1.714 | - | 14 | 22.197 | 49.617 |
| Danieli Centro Cranes S.p.A. in liquidazione - Bedizzole (BS) | - | 1 | - | - | 83 | 5.105 |
| Danieli Construction International S.p.A. - Buttrio (UD) | - | 145 | - | - | 1.047 | 45.556 |
| Danieli Special Cranes S.r.l. in liquidazione - Gradisca d'Is. (GO) | - | 1 | - | - | 21 | 1.841 |
| Fata S.p.A. - 10044 Pianezza (TO) | 5 | 196 | 8.659 | - | 524 | - |
| Findan S.p.A. - Pradamano (UD) | - | 14 | - | - | 208 | 48.834 |
| More S.r.l. - Gemona del Friuli (UD) | 996 | 45 | - | - | 1.778 | 8.500 |
| Sabolarie Haven & Hospitability S.p.A. - Buttrio (UD) | - | 2 | - | - | 78 | 1.811 |
| Scuole e Asili Cecilia Danieli S.r.l. - Buttrio (UD) | - | 7 | 771 | - | 169 | - |
| Stem S.r.l. in liquidazione - Busto Arsizio (VA) | - | 0 | - | - | 11 | 894 |
| Turismo 85 S.r.l. - Buttrio (UD) | - | 187 | 5 | - | 292 | - |
| Zerotredici Educational Hub S.r.l. - Buttrio (UD) | - | 12 | - | - | 152 | 168 |
| D.S.R. Sider Engineering Group S.p.A. - Pozzuolo del Friuli (UD) | - | 2.241 | - | - | 1.339 | - |
| **Total companies residing in Italy** | **27.754** | **21.693** | **93.344** | **6.357** | **120.000** | **163.009** |
| **Direct, not residing in Italy** | | | | | | |
| Danieli Finance Solutions SA - Luxembourg (LUX) | - | 15 | - | - | - | 50.000 |
| Industrielle Beteiligung S.A. - Luxembourg (LUX) | - | 2 | - | - | - | - |
| **Indirect, not residing in Italy** | | | | | | |
| ABS Centre Métallurgique Sas - Metz (FRA) | - | 4 | - | - | 45 | - |
| ABS Deutschland GmbH - Ratinger (DEU) | - | 2 | - | - | - | - |
| Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP) | - | - | - | - | - | - |
| Acciaierie Bertoli Safau Scandinavia AB - Örebro(SWE) | - | - | - | - | - | - |
| Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV) | - | 126 | - | - | - | - |
| Danieli Automation Co. Ltd. - Rayong (THA) | - | 50 | - | - | - | - |
| Danieli Canada Inc. - Toronto (CAD) | - | 306 | - | - | - | - |
| Danieli Centro Combustion India Pvt. Ltd. - Pune (IND) | 3.046 | 487 | - | - | 3.689 | - |
| Danieli Changsu Trading Co. Ltd - Changshu (CHN) | 1.534 | - | - | - | 1.791 | - |
| Danieli Co. Ltd. - Rayong (THA) | 4.231 | 4.023 | - | 1.731 | 107.764 | - |
| Danieli Corporation - Cranberry Twp (USA) | 24.652 | 120.978 | - | 127.963 | 2.555 | - |
| Danieli Corus BV - Ijmuiden (NLD) | 72 | 172 | - | - | 55 | - |
| Danieli Corus India (Pvt) Ltd. - New Delhi (IND) | 651 | - | - | - | - | - |
| Danieli Czech Engineering AS - Praha (CZE) | (632) | 2 | - | - | 60 | 513 |
| Danieli do Brasil LTDA - Diadema (BRA) | - | 526 | - | 12 | 550 | - |
| Danieli Engineering & Services GmbH - Völkermarkt (AUT) | - | 1.645 | 3.446 | - | 2.803 | - |
| Danieli Engineering Japan Co. Ltd. - Yokohama (JPN) | - | 1.348 | - | - | 266 | - |
| Danieli Engineering Rom Srl - Cluj Napoca (ROU) | - | 22 | - | - | 197 | - |
| Danieli Germany GmbH - Duisburg (DEU) | 8.685 | 7.086 | - | 11.559 | 3.268 | 77.179 |
| Danieli Heavy Machinery Engineering LLC- Dnipro (UKR) | - | 25 | - | - | 293 | - |
| Danieli Henschel SAS - Méry (FRA) | - | 312 | - | - | - | - |
| Danieli Henschel Service LLC - Moscow in liquidazione (RUS) | - | - | - | - | - | - |
| Danieli High Technology (Changshu) Co., Ltd | 2 | 12 | - | - | 4 | - |
| Danieli Holdings Inc. - Wilmington, Delaware (USA) | - | - | - | - | - | - |
| Danieli Hoogovens Steel Making Technology Ltd. - Shanghai (CHN) | - | - | - | - | - | - |
| Danieli India Ltd. - Kolkata (IND) | 9.071 | 18.844 | - | - | 5.851 | - |
| Danieli Industrial Automation (Suzhou) Co., Ltd | - | 33 | - | - | 81 | - |
| Danieli Malaysia Sdn. Bhd. - Perai (MYS) | - | 110 | - | - | - | - |
| Danieli Metall. Equip. & Service (China) Co Ltd.Changshu (CHN) | 5.341 | 30.003 | - | - | 105.213 | - |
| Danieli Metallurgical Industry (China) Co., Ltd - Beijing (CHN) | - | 5 | - | - | - | - |
| Danieli Systec doo - Labin (HRV) | - | 294 | - | - | 1.339 | - |
| Danieli Systec Engineering Doo - Smederevo (SRB) | - | 34 | - | - | 405 | - |
| Danieli Systec Technology Doo - Nova Gorica (SLV) | - | 6 | - | - | 26 | - |
| Danieli UK Holding Ltd. - Rotherham (GBR) | (57) | 6.534 | 1.895 | - | 1.539 | - |
| Danieli Volga LLC - Dzerdzhinsk (RUS) | 3.520 | 13.037 | - | 4.286 | 8.956 | - |
| DWU Engineering Polska SP.z.o.o.- Wroclaw (POL) | - | 50 | - | - | 371 | 238 |
| Elsid Cheda Ltd. - Moscow (RUS) | - | - | - | - | - | - |
| ESW Röhrenwerke GmbH - Eschweiler (DEU) | - | - | - | - | - | - |
| Industrial Beteiligung for Serv. & Contracting Co. LLC - Al Khobar (SAU) | - | 2 | - | - | 146 | - |
| Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM) | - | 797 | - | - | 1.668 | - |
| Innoval Technology Ltd.- Rotherham (GBR) | - | 4 | - | - | 17 | - |
| More North America Corp. - Kennesaw, Georgia (USA) | - | 0 | - | - | - | - |
| Morgårdshammar AB - Smedjebacken (SWE) | 1 | 53 | - | - | 271 | 5.155 |

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| | | | | | | |
|---|---|---|---|---|---|---|
| Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS - Eshtehard (IRN) | - | 3.320 | - | - | 1.117 | 2.171 |
| Sund Birsta (Beijing) Metallurgical Equipment Co. Ltd. - Beijing (CHN) | - | - | - | - | - | - |
| Sund Birsta AB - Sundsvall (SWE) | 688 | 403 | - | - | 7.119 | 11.152 |
| Sund Birsta Inc. - Plantation, Florida (USA) | - | (0) | - | - | - | - |
| Sund Strap AB - Sundsvall (SWE) | - | - | - | - | - | - |
| Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN) | - | - | - | - | - | - |
| Termo Makina Sanayi Ve Tic. AS - Duzce (TUR) | 556 | 461 | - | - | 540 | - |
| Danieli Procome Iberica SA - Sondica (ESP) | 15 | 33 | - | - | 1.527 | 8.053 |
| Rotelec SA - St Quentin Fallavier (FRA) | (1.773) | - | - | - | 164 | 1.156 |
| Danieli Middle East for Eng. Services LLC - Cairo (EGY) | - | 1.207 | - | - | - | - |
| Danieli Middle East and North Africa LLC - Cairo (EGY) | - | 50 | - | - | 156 | - |
| Danieli Tongchuang Information Technology (Beijing) Co., Ltd | - | 38 | - | - | - | - |
| Zhuozhou Ruixin Metallurgy Equipment Co., Ltd - Zhuozhou (CHN) | - | - | - | - | - | - |
| Fata Gulf Co. WLL - Doha (QAT) | - | 1 | - | - | - | - |
| Danieli Taranis LLC. - Chelsea (USA) | 672 | 165 | - | 218 | 23 | - |
| **Total companies not residing in Italy** | **60.274** | **212.629** | **5.342** | **145.769** | **259.868** | **155.618** |
| **Total** | **88.028** | **234.323** | **98.686** | **152.125** | **379.868** | **318.626** |

**ATTACHMENT No. IX continued**

**Summary of balance sheet and income statement relations with subsidiary and associated companies**

| (thousands of euro) | Revenues | Operating costs | Financial income | Financial charges |
|---|---|---|---|---|
| **Subsidiary companies e Associates** | | | | |
| ***Indirect, residing in Italy*** | | | | |
| Acciaierie Bertoli Safau S.p.A. - Pozzuolo (UD) | 9.590 | 238 | 21 | 237 |
| Corte delle Fucine S.r.l. - Buttrio (UD) | 3 | 155 | 14 | 0 |
| Danieli Automation S.p.A. - Buttrio (UD) | 10.680 | 109.150 | 75 | 25 |
| Danieli Centro Combustion S.p.A. - Cinisello Balsamo (MI) | 1.401 | 11.589 | - | 792 |
| Danieli Centro Cranes S.p.A. in liquidazione - Bedizzole (BS) | 1 | - | - | 83 |
| Danieli Construction International S.p.A. - Buttrio (UD) | 425 | 1.425 | - | 567 |
| Danieli Special Cranes S.r.l. in liquidazione - Gradisca d'Is. (GO) | 1 | - | - | 30 |
| Danieli Telerobot Labs Srl a s.u. - Genova | - | 510 | - | - |
| Fata S.p.A. - 10044 Pianezza (TO) | 263 | 740 | 100 | - |
| Findan S.p.A. - Pradamano (UD) | 14 | 408 | - | 98 |
| More S.r.l. - Gemona del Friuli (UD) | 77 | 2.612 | - | 159 |
| Sabolarie Haven & Hospitability S.p.A. - Buttrio (UD) | 11 | - | 54 | 33 |
| Scuole e Asili Cecilia Danieli S.r.l. - Buttrio (UD) | - | 480 | 16 | - |
| Stem S.r.l. in liquidazione - Busto Arsizio (VA) | 0 | - | - | 15 |
| Turismo 85 S.r.l. - Buttrio (UD) | 71 | 32 | 0 | 0 |
| Zerotredici Educational Hub S.r.l. - Buttrio (UD) | 2 | 150 | 0 | 2 |
| D.S.R. Sider Engineering Group S.p.A. - Pozzuolo del Friuli (UD) | - | - | - | - |
| **Total companies residing in Italy** | **22.538** | **127.489** | **281** | **2.039** |
| ***Direct, not residing in Italy*** | | | | |
| Danieli Finance Solutions SA - Luxembourg (LUX) | 15 | - | - | 1.144 |
| Industrielle Beteiligung S.A. - Luxembourg (LUX) | 2 | - | 40.000 | - |
| ***Indirect, not residing in Italy*** | | | | |
| ABS Centre Métallurgique Sas - Metz (FRA) | 4 | 146 | - | - |
| ABS Deutschland GmbH - Ratinger (DEU) | - | - | - | - |
| Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP) | - | - | - | - |
| Acciaierie Bertoli Safau Scandinavia AB - Örebro(SWE) | - | - | - | - |
| Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV) | 94 | - | - | - |
| Danieli Automation Co. Ltd. - Rayong (THA) | 12 | 612 | - | - |
| Danieli Canada Inc. - Toronto (CAD) | 499 | 3 | - | - |
| Danieli Centro Combustion India Pvt. Ltd. - Pune (IND) | 114 | 4.723 | - | - |
| Danieli Changsu Trading Co. Ltd - Changshu (CHN) | - | 2.477 | - | - |
| Danieli Co. Ltd. - Rayong (THA) | 11.530 | 60.076 | - | - |
| Danieli Corporation - Cranberry Twp (USA) | 225.977 | 4.652 | - | - |
| Danieli Corus BV - Ijmuiden (NLD) | 201 | 246 | - | - |
| Danieli Corus India (Pvt) Ltd. - New Delhi (IND) | 652 | - | - | - |
| Danieli Czech Engineering AS - Praha (CZE) | 396 | 204 | - | 8 |
| Danieli do Brasil LTDA - Diadema (BRA) | 762 | 928 | - | - |
| Danieli Engineering & Services GmbH - Völkermarkt (AUT) | 8.314 | 3.995 | 18 | 22 |
| Danieli Engineering Japan Co. Ltd. - Yokohama (JPN) | 1.034 | 455 | - | - |
| Danieli Engineering Rom Srl - Cluj Napoca (ROU) | 42 | 802 | - | - |
| Danieli Germany GmbH - Duisburg (DEU) | 25.011 | 3.017 | - | 862 |
| Danieli Heavy Machinery Engineering LLC- Dnipro (UKR) | - | 1.193 | - | - |
| Danieli Henschel SAS - Méry (FRA) | 2 | - | - | - |
| Danieli Henschel Service LLC - Moscow in liquidazione (RUS) | - | - | - | - |
| Danieli High Technology (Changshu) Co., Ltd | 245 | 14 | - | - |
| Danieli Holdings Inc. - Wilmington, Delaware (USA) | - | - | - | - |
| Danieli Hoogovens Steel Making Technology Ltd. - Shanghai (CHN) | - | - | - | - |
| Danieli India Ltd. - Kolkata (IND) | 5.553 | 10.032 | - | - |
| Danieli Industrial Automation (Suzhou) Co., Ltd | 68 | 254 | - | - |
| Danieli Malaysia Sdn. Bhd. - Perai (MYS) | - | - | - | - |
| Danieli Metall. Equip. & Service (China) Co Ltd.Changshu (CHN) | 26.839 | 35.638 | - | - |
| Danieli Metallurgical Industry (China) Co., Ltd - Beijing (CHN) | 13 | 25 | - | - |
| Danieli Systec doo - Labin (HRV) | 131 | 2.490 | - | - |

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| | | | | |
|---|---|---|---|---|
| Danieli Systec Engineering Doo - Smederevo (SRB) | 74 | 1.418 | - | - |
| Danieli Systec Technology Doo - Nova Gorica (SLV) | 13 | 150 | - | - |
| Danieli UK Holding Ltd. - Rotherham (GBR) | 10.538 | 2.885 | 19 | 1 |
| Danieli Volga LLC - Dzerdzhinsk (RUS) | 2.657 | 3.859 | - | - |
| DWU Engineering Polska SP.z.o.o.- Wroclaw (POL) | 117 | 1.885 | 0 | 2 |
| Elsid Cheda Ltd. - Moscow (RUS) | - | - | - | - |
| ESW Röhrenwerke GmbH - Eschweiler (DEU) | - | - | - | - |
| Industrial Beteiligung for Serv. & Contracting Co. LLC - Al Khobar (SAU) | 2 | 464 | - | - |
| Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM) | 651 | 5.225 | - | - |
| Innoval Technology Ltd.- Rotherham (GBR) | 13 | 85 | - | - |
| More North America Corp. - Kennesaw, Georgia (USA) | 2 | - | - | - |
| Morgårdshammar AB - Smedjebacken (SWE) | 87 | 185 | - | 73 |
| Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS - Eshtehard (IRN) | 11 | 501 | - | - |
| Sund Birsta (Beijing) Metallurgical Equipment Co. Ltd. - Beijing (CHN) | - | - | - | - |
| Sund Birsta AB - Sundsvall (SWE) | 438 | 5.548 | - | 237 |
| Sund Birsta Inc. - Plantation, Florida (USA) | 1 | - | - | - |
| Sund Strap AB - Sundsvall (SWE) | - | - | - | - |
| Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN) | 2 | - | - | - |
| Termo Makina Sanayi Ve Tic. AS - Duzce (TUR) | 161 | 1.384 | - | - |
| Danieli Procome Iberica SA - Sondica (ESP) | 62 | 1.723 | - | 132 |
| Rotelec SA - St Quentin Fallavier (FRA) | 21 | 1.081 | - | 37 |
| Danieli Middle East for Eng. Services LLC - Cairo (EGY) | - | - | - | - |
| Danieli Middle East and North Africa LLC - Cairo (EGY) | - | 632 | - | - |
| Danieli Tongchuang Information Technology (Beijing) Co., Ltd | 28 | - | - | - |
| Zhuozhou Ruixin Metallurgy Equipment Co., Ltd - Zhuozhou (CHN) | - | - | - | - |
| Fata Gulf Co. WLL - Doha (QAT) | 1 | - | - | - |
| Danieli Taranis LLC. - Chelsea (USA) | 78 | 19 | - | - |
| **Total companies not residing in Italy** | **322.472** | **159.028** | **40.037** | **2.518** |
| **Total** | **345.010** | **286.517** | **40.317** | **4.557** |

**Declaration pursuant to Art. 154 bis c.5 of the Consolidated Law on Finance (TUF) (as per Art. 81-*ter* of Consob Regulation 11971 of May 14, 1999, and subsequent amendments and additions)**

**1.** We, the undersigned Gianpietro Benedetti, Chairman of the Board of Directors, and Alessandro Brussi, officer in charge of preparing the accounting documents of Danieli & C. Officine Meccaniche S.p.A., hereby certify, also taking into account the provisions of Art.154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 dated February 24, 1998:

- the adequacy of the company's characteristics and

- the actual application of the administrative and accounting procedures in preparing the financial statements, during the period from July 1, 2022, to June 30, 2023.

The adequacy assessment of the administrative and accounting procedures for the preparation of the financial statements for the year ended June 30, 2023, is based on a model formulated by Danieli & C. Officine Meccaniche S.p.A. in keeping with the CoSO framework, and also takes into account the document *"internal control over financial reporting – Guidance for Smaller Public Companies*", both drawn up by the Committee of Sponsoring Organizations of the Treadway Commission, that constitute a generally accepted international reference framework.

**2.** We also declare that the financial statements for the year ended June 30, 2023,

a) have been drawn up in accordance with the applicable international accounting standards recognized within the European Community, pursuant to EC regulation 1606/2002 of the European Parliament and Council, dated July 19, 2002;

b) match the accounting records and entries;

c) represent a true and fair view of the issuer's balance sheet, income statement and financial situation.

**3.** The directors' report includes a reliable analysis of the performance and operating result together with a description of the principal risks and uncertainties to which the company is exposed.

September 26, 2023

*The Chairman of the Board of Directors*
*Gianpietro Benedetti*
*Signed*

*The Officer in charge of drawing up*
*the corporate accounting documents*
*Alessandro Brussi*
*Signed*

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# DANIELI & C. OFFICINE MECCANICHE SPA

Registered offices at VIA NAZIONALE, N. 41 - 33042 BUTTRIO (UD)
Fully paid-up share capital of euro 81,304,566.00
Number of registration with the Register of Companies of Udine and tax number: 00167460302

**REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS PURSUANT TO ART. 153 OF LEGISLATIVE DECREE N. 58/98 AND ART. 2429, C. 2 OF THE CIVIL CODE**

To the shareholders of
**DANIELI & C. OFFICINE MECCANICHE S.P.A.**

Dear Shareholders,
In this report, drawn up in accordance with Art. 153 of Legislative Decree 58/98 and Art. 2429 of the Civil Code, the Board of Statutory Auditors of Danieli & C. Officine Meccaniche S.p.A. made up of Barbieri Davide, President, Vincenza Bellettini and Gaetano Terrin, Standing Auditors, intends to inform you of the supervisory and control activities that were carried out in fulfillment of our duties during the year ended June 30, 2023.

## LEGAL, REGULATORY AND ETHICS SOURCES

During the year ended June 30, 2023, the Board of Statutory Auditors performed the supervisory activity that falls under its responsibility pursuant to Art. 149 of Legislative Decree 58/98, according to the code of conduct for Boards of Statutory Auditors in listed companies issued by the National Council of Chartered Accountants and Certified Public Accountants in a document dated April 2015 and updated in April 2018, and according to Consob's recommendations regarding corporate controls and the activities of the Board of Statutory Auditors.
The Board of Statutory Auditors also acts as Internal Control and Auditing Committee as per Art. 19 of Legislative Decree 39/2010, taking into account the modifications and additions made to it in accordance with Legislative Decree 135 of July 17, 2016, implementing EU Directive 2014/56/EU.

## ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors scheduled its activities based on the reference regulatory framework, performing the controls considered to be the most opportune given the Company's business and size.
The Board performed the following activities:
- periodical meetings with the heads of the various company departments, alternating between in-person and virtual meetings;
- participation in company board meetings, alternating between in-person and virtual meetings, particularly the meetings of the Board of Directors, the Executive Committee and the annual shareholders' meeting;
- periodical exchange of information with the auditing company in accordance with regulations:
- exchange of information with the Boards of Statutory Auditors of the principal subsidiaries;
- acquisition of significant information and assessment of the results of Supervisory Committee operations as per Legislative Decree 231/2001;

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We attended all five meetings of the Board of Directors and the meeting of the Executive Committee held during the 2022/2023 tax year, obtaining, in compliance with Art. 2381, *paragraph 5 of the Civil Code and the corporate by-laws, prompt, adequate information* concerning the general performance of operations and how they are expected to evolve, as well as information on major transactions in terms of size and characteristics carried out by the Company. In particular, the decision-making process of the Board of Directors appeared to be in compliance with the fundamental principle of acting in an informed manner. During the year in question, the Board of Statutory Auditors held eleven board meetings for which minutes were duly kept, while also periodically meeting with colleagues from the Boards of Statutory Auditors of the principal subsidiary companies.

The meetings alternated between virtual (audio and videoconferences) and in-person meetings held at the headquarters of Danieli & C. Officine Meccaniche S.p.A..

At least every six months, the Board of Statutory Auditors met with the representatives of the Company tasked with performing the statutory audit.

The Board of Statutory Auditors requested and obtained comparisons and periodical reports from the members of the Board of Directors, the Auditing Company, Individuals involved in the Internal Control and Risk Management System, the Head of Internal Audit and Compliance, the Head of Management Control and the Supervisory Committee.

The Board of Statutory Auditors also examined the company's accounting and other documentation provided by the heads of the various departments.

Based on the information acquired in the course of its supervisory activity, the Board of Statutory Auditors did not encounter any omissions and/or reprehensible actions and/or irregularities or otherwise significant facts that should be reported to the monitoring bodies or mentioned in this report; the Board of Statutory Auditors also declares that it did not receive any complaints according to Art. 2408 of the Civil Code, or petitions.

## ADOPTION OF SUITABLE MEASURES TO CONTAIN THE CORONAVIRUS PANDEMIC

Regarding the Covid-19 pandemic emergency that also affected the 2022 solar year, the Board of Statutory Auditors continued to monitor the application of the measures needed to prevent and contain the spread of the virus in the workplace, in accordance with the indications provided by the competent Authorities to allow the company to carry on with its business activities.

The Company implemented suitable prevention and containment measures, developing all those measures aimed at safeguarding the health and safety of workers. We continued to adopt measures to mitigate the real and potential impacts of Covid-19 on the financial situation and economic performance.

The Company did not find any criticalities in relation to the requirement of continuity.

## ADOPTION OF SUITABLE MEASURES REGARDING THE RUSSIA-UKRAINE CONFLICT

The Board constantly monitored the effects and impact of the Russia-Ukraine conflict on the performance of the Company and its business, and on its balance sheet, income statement and financial situation, through an exchange of information with company representatives and with the Auditing Company.

The Company pays constant attention to the potential effects connected with an escalation of the conflict, including those consequent to the spike in energy prices and inflation.

The Company does not feel that the Group is exposed to significant risk deriving from its business activities in the Russian and Ukrainian markets, and has adopted adequate measures to monitor and assess risks, in accordance with the regulations issued by the EU on this matter.

## SUPERVISORY ACTIVITY

***Monitoring compliance with the law and the bylaws***

The Board notes that the internal and external information flows were implemented by the Company through coordination among the concerned subjects in compliance with the law and bylaws, as stated in the Report on Corporate Governance and Ownership Structures drawn up by the Board of Directors pursuant to Art.123-bis of the Consolidated Law on Finance (TUF).

The Board also declares that:

- the Group register of people with access to Insider Information is managed according to a specific procedure;
- the reporting requirements deriving from Internal Dealing regulations are managed according to a specific Internal Dealing Procedure;
- information and privacy protection systems according to the provisions of EU regulation 679/2016 (GDPR) and the subsequent Legislative Decree 101/2018 are managed by an organizational model adopted by resolution of the Board of Directors on May 10, 2018;
- cyber risks are managed according to specific group policies;
- related-party transactions are regulated by a specific procedure last approved by resolution of the Board of Directors on September 27, 2021;

Based on the information gathered during its supervisory duties, the Board of Statutory Auditors acknowledges that each Company board or department duly fulfilled its reporting obligations as required by law.

Based on the information acquired, we note that neither the Company nor its boards violated any laws or bylaws, nor were any complaints submitted by the shareholders.

***Monitoring compliance with the principles of good administration***

Based on the information acquired through its supervisory activity, especially information provided by the Board of Directors at least on a quarterly basis, regarding the activities and the major economic, financial and equity transactions carried out by the Company or its subsidiaries, as well as information found in consulted company documentation, the Board of Statutory Auditors declares that it is not aware of:

- any transactions that do not comply with the principles of good administration;
- any deliberated and implemented transactions that are not in compliance with the law and/or the bylaws;
- any transactions that are not in the Company's interest;
- any transactions that run counter to the resolutions of the shareholders or that could jeopardize the company's assets;
- any transactions that could represent a potential conflict of interest.

The Board of Statutory Auditors also states that it was properly informed by the directors concerning the status of pending legal actions and disputes and the consequences that could still affect the company and its subsidiaries; this matter is adequately covered in the explanatory note.

We obtained information and monitored, within the scope of our responsibilities, compliance with the fundamental criterion of healthy and prudent management of the Company and with the principle of diligence in general, all based on our participation in the meetings of the Board of Directors and the Executive Committee, on the documentation and information promptly received from the various management boards concerning Group transactions. The information we obtained allowed us to ascertain that the deliberated and implemented actions are in

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compliance with the law and bylaws and are not manifestly imprudent or risky.
The CEOs acted within the limits of their powers. The Board of Directors received adequate reports from the CEOs concerning the management of the Company and its subsidiaries.
The Board of Directors followed the fundamental rule of acting in an informed manner.

***Monitoring the adequacy of the organizational structure***

The Board of Statutory Auditors monitored the adequacy of the organizational structure by gathering information from the organizational function managers and through periodical discussions with the auditing company.
The Board of Statutory Auditors does not have any particular observations to make concerning the Company's organizational structure, which, as regards structure, procedures, duties and responsibilities, currently appears to be suited to the size of the Company as well as to the nature of and procedures through which the corporate purpose is pursued.
The Board of directors is made up of ten members, one of which was co-opted on September 26, 2023.
The Board of Directors comprises three independent directors, whose requirements of independence were ascertained by the Company as per Art. 147-ter, paragraph 4 of Legislative Decree 58/98. Regarding this matter, the Board of Statutory Auditors confirms that the Company has complied with the laws and regulations.
The Board of Directors has conferred powers on its members.
For operating reasons, the Board of Directors has also set up an Executive Committee made up of four members tasked with deliberating on all corporate matters and affairs, especially those that require urgent decision-making.
The Executive Committee was vested with all the powers of the Board of Directors with the exception of those that cannot be conferred in accordance with the civil code and the bylaws.
The Board of Statutory Auditors is made up of three standing members and three alternate members. The Board of Statutory Auditors also checked that the requirements set forth in Art. 2397 of the civil code were in place during its period in office (as per the report on results submitted on July 21, 2023), and that there were no reasons for forfeiture, ineligibility and incompatibility as per Articles 2382 and 2399 of the civil code and Art. 148, paragraph 3 of Legislative Decree 58/98. The members of the Board of Statutory Auditors have complied with the limit on the number of positions a person can hold as per Art.148-bis of Legislative Decree 58/98 and Articles 144-duodecies and subsequent articles of the Issuers' Regulation.
Pursuant to Art. 2364 of the Civil Code, the statutory audit of the financial statements and the consolidated annual report as well as the limited audit of the six-monthly report have been assigned to the auditing company Deloitte & Touche S.p.A., which will hold this position until the approval of the financial statements for the year ending June 30, 2028.
Said auditing company was appointed at the shareholders' meeting of October 26, 2018.

***Monitoring the adequacy of the internal control system and risk management systems***

The Board of Statutory Auditors acknowledges that the Company has determined the type and level of risk that is compatible with the strategic goals of the Company; this was illustrated in the financial report for the year ended June 30, 2023, regarding which the Board does not have any observations or comments to make.
The individuals, boards and departments involved in the Internal Control and Risk Management System are:

- the Board of Directors;
- the Board of Statutory Auditors;
- the Supervisory Committee;

- the Internal Audit and Compliance Department;
- the Officer in charge of drawing up the corporate accounting documents;
- the Risk and Sustainability Committee set up by resolution of the Board of Directors on December 14, 2022;

The Board of Statutory Auditors states that during the fiscal year in question, it:

- monitored the activities of the Internal Control Officers;
- met periodically with the individuals involved in the Internal Control and risk management system;
- examined the company documents;
- analyzed the results of the work done by the auditing company;
- verified the results of the work done by the Supervisory Committee.

Throughout the year, the Board of Statutory Auditors received from the Supervisory Committee all the information needed to verify aspects concerning the autonomy, independence and professionalism needed to perform its assigned tasks.

The Board of Statutory Auditors then obtained from the Supervisory Committee information regarding the Organization and Management Model adopted by the Company in accordance with Legislative Decree 231/2001, as well as its actual operation and implementation.

Based on the checks that were done, the Board of Statutory Auditors noted a continuous, consistent strengthening of the internal control system and its adaptation to regulatory developments and changes.

Based on the information acquired through its supervisory activity, the coordination mechanism among individuals involved in the internal control and risk management system makes it possible for the boards who have these responsibilities to share information, and based on this information, there are no evident inadequacies in the internal control system.

## MONITORING THE ADEQUACY OF THE ADMINISTRATIVE AND ACCOUNTING SYSTEM AND THE STATUTORY AUDIT

### *Monitoring the administrative and accounting system*

The Board of Statutory Auditors monitored the ability of the administrative and accounting system to properly represent management-related issues through direct observation, information obtained from the various departments, examination of corporate documents and analysis of the results of the work done by the auditing company.

We inform you that Danieli & C. Officine Meccaniche S.p.a. has adopted an integrated administrative and accounting risk management system as a valuable support to evaluate financial disclosure and compliance with the adopted processes and procedures (whose adequacy is thus verified); all in compliance with Law 252/2005 and according to the provisions of Art. 19, c. 1, lett. C) of Legislative Decree 39/2010.

The Board of Statutory Auditors has not noted any shortcomings that could invalidate the adequacy and actual application of the administrative and accounting procedures.

During their periodical meetings with the Board of Statutory Auditors, the auditing company managers did not report any critical situations that could invalidate the internal control system regarding the administrative and accounting procedures.

### *Monitoring the statutory audit*

The Board of Statutory Auditors monitored the operations of the Auditing Company, which, as already mentioned, is Deloitte & Touche S.p.A.

During the year, the Board of Statutory Auditors met several times with the Auditing Company for

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the purpose of exchanging data and information regarding the activities they carried out to fulfill their respective duties. The Board of Statutory Auditors acknowledges that Deloitte & Touche S.p.A. performed the audit of the financial statements in accordance with the international standards on auditing (ISA Italy) drawn up according to Art.11 of Legislative Decree 39/2010, and in the consequent report pursuant to Art. 14, paragraph 2, Legislative Decree 39/2010, issued on October 5, 2023, did not highlight any reprehensible facts or irregularities that need to be reported pursuant to Art. 155 of TUF.
The appointed auditing company performed the agreed auditing services during the year.
During the year, the Board did not receive any requests for opinions either from the Auditing Company or from companies belonging to its network, concerning other services that are "disallowed" according to the provisions of Art. 19, c. 1, lett.
e) of Legislative Decree 39/2010.

***Observations on the financial statements of the Parent Company and the Group***
The Board of Statutory Auditors examined the draft of the separate and consolidated financial statements for the year ended June 30, 2023, which was submitted on time.
Since this Board is not required to analytically check the content of the financial statements, the Board of Statutory Auditors monitored compliance with the procedures concerning the development and planning of the separate and consolidated draft statements for the year ended June 30, 2023, and declares that it has no particular observations to make.
As regards the separate annual report for the year ended June 30, 2023, the Board of Statutory Auditors verified compliance with the laws that govern its planning and development, by means of checks and by taking into account the information provided by the auditing company, within the limits of the Board of Statutory Auditors' authority as per Art. 149 of Legislative Decree 58/98.
The Board of Statutory Auditors also verified that the statements matched the facts and the information it became aware of in the course of performing its duties, and has no comments to make on this subject.
The Board of Statutory Auditors does not have any particular remarks to make concerning the directors' report, which was prepared in accordance with the law.
The Board of Statutory Auditors acknowledges that the directors' report contains the directors' assessment of "company risks", in accordance with the provisions of Legislative Decree 32/2007, which transposes European Community directive 51/2003/Ce.
The Board of Statutory Auditors acknowledges that the directors' report contains (according to the examined procedures) a specific paragraph concerning the "consolidated non-financial declaration of the company", drawn up pursuant to Legislative Decree 254/2016, together with a certificate of conformity issued by the auditing company Deloitte & Touche S.p.A.

***Implementation of Corporate Governance Rules***
The Board of Statutory Auditors acknowledges that Danieli & C. Officine Meccaniche S.p.a. does not adhere to the Self-Regulatory Code established by the Committee for Corporate Governance of listed companies, and has provided a justification for this.
The Board Of Statutory Auditors also notes that the annual report on corporate governance was drawn up pursuant to Art. 123-bis of Legislative Decree 58/98, according to the instructions found in the Rules for Markets Organized and Managed by Borsa Italiana S.p.a..

***Monitoring relations with subsidiaries and transactions with related parties***
The Board of Statutory Auditors acknowledges that the periodical inspections and controls to which the company was subjected did not reveal any atypical and/or unusual transactions with

third parties, related parties or among group companies.
The Board has no comments to make concerning the adequacy of the instructions given to the subsidiary companies pursuant to Art. 114, paragraph 2 of Legislative Decree 58/98;
Finally, the Board of Statutory Auditors points out that on November 12, 2010, the Company adopted the procedure for related-party transactions, which was last amended by the Board of Directors on September 27, 2021.

***Opinions, Proposals and Observations issued during the year in accordance with the law***
The Board declares that during the 2022/2023 tax year, it issued 8 preliminary opinions concerning the conferral of mandates for services other than auditing, in addition to a favorable opinion regarding the fees paid to the members of the Board of Directors.

***Role of the Internal Control and Auditing Committee***
According to Art.19 of Legislative Decree 39/2010, as amended by Legislative Decree 135/2016, which transposes EU Directive 201/56/UE and EU regulation 537/2014, the Board of Statutory Auditors also acts as Internal Control and Auditing Committee (CCIRC) and therefore performed the required supervisory activities of the statutory audits for the annual report and the consolidated report, confirming their compliance with current regulations.
The Board of Statutory Auditors periodically met with the auditing company Deloitte & Touche S.p.A., also pursuant to Art. 150, paragraph 3 of TUF, for the purpose of exchanging information. During these meetings, the Auditing Company did not mention any actions or facts considered to be reprehensible or irregularities requiring specific warnings pursuant to Art. 155, paragraph 2 of TUF.

***Self-assessment of the Board of Statutory Auditors***
The Board of Statutory Auditors performed an assessment of its composition, size and operation, the results of which were submitted to the Board of Directors.
In reference to the requirements and skills of people and boards, it particularly emerged that:
- all the standing auditors, in addition to possessing the requirements of good standing and professionalism and not being in a situation of incompatibility under current regulations, also possess the requirements of independence;
- the Board of Statutory Auditors guarantees the gender and generational diversity of its members;
- each standing auditor has a good level of knowledge and experience in several fields;
- the overall competencies of the Board of Statutory Auditors are adequate.

**OBSERVATIONS ON THE CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements for the year ended June 30, 2023 were handed over to us within the required deadline, together with the schedules, attachments and Directors' Report.
The external auditing company Deloitte & Touche S.p.a. is required to check that the consolidated financial statements match the accounting records and are in compliance with the regulations that govern them; the Auditors' Report states that the consolidated financial statements of the Danieli Group for the year ended June 30, 2023, comply with the International Financial Reporting Standards adopted by the European Union and that the items in the Consolidated Balance Sheet and Income Statement match the information provided by the companies included in the scope of consolidation.

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As part of the duties that the law assigns to the Board of Statutory Auditors, and taking into account the principles of conduct recommended by the National Council of Accountants and Accounting Experts, we analyzed the form and content of the financial statements in question, which appear to have been prepared by applying the criteria set forth in the Explanatory Note; we examined the most significant matters and the economic performance of the principal subsidiaries.

The information and data in the Directors' Report on consolidated operations appear to match the results of the consolidated financial statements; the Report adequately illustrates the Group's performance during the financial year and shows the income statement, balance sheet and financial position of the companies included in the scope of consolidation; the consolidation criteria and accounting standards applied, as well as the scope of consolidation, are clearly indicated in the Explanatory Note.

We therefore declare that the consolidated financial statements can be reasonably considered correct and that as a whole they comply with specific regulations.

**CONCLUSIONS**

The Board of Statutory Auditors, also considering the results of the work performed by the company tasked with the statutory audit, which can be found in the auditing report for the separate and consolidated financial statements, has no observations to make pursuant to Art. 153 of Legislative Decree 58/98 concerning the separate and consolidated financial statements and associated explanatory notes and directors' report.

The Board of Statutory Auditors has not encountered any impediments to your approval of the as-presented financial statements for the year ended June 30, 2023, and to the adoption of the draft resolutions that were submitted.

Udine, October 6, 2023,

Board of Statutory Auditors

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| President of the Board of Statutory Auditors | Davide Barbieri | (Signed) |
| Standing auditor | Gaetano Terrin | (Signed) |
| Standing auditor | Vincenza Bellettini | (Signed) |

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# INDEPENDENT AUDITOR'S REPORT
# PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Danieli & C. Officine Meccaniche S.p.A.

## REPORT ON THE AUDIT OF THE SEPARATE FINANCIAL STATEMENTS

### *Opinion*

We have audited the separate financial statements of Danieli & C. Officine Meccaniche S.p.A. (the "Company"), which comprise balance sheet as at June 30, 2023, income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at June 30, 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent with respect to the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona*

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*Evaluation of Construction Contracts*

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| Description of the key audit matter | The separate financial statements of Danieli & C. Officine Meccaniche S.p.A. as of June 30, 2023 include Construction contracts assets for Euro 230.1 million and Construction contracts liabilities for Euro 169.9 million.<br>Construction contracts are evaluated based on the percentage of completion, estimating the progress of works with the input method. The evaluation of Construction contracts under this methodology requires the estimate of total revenues, total costs and costs to complete for each project. Those estimates are periodically updated and request significant and complex assumptions from Management, that could be influenced by various factors such as:<br>• management's capability to develop reasonable estimates at the beginning of the projects and at subsequent updates,<br>• multi-annual duration of the projects,<br>• projects' technological complexity and degree of innovation,<br>• warranties issued by the Company on the plants' performances,<br>• possible critical geopolitical context in the countries in which the customers operate.<br>Taking into consideration the relevance of Construction contracts on total Company's activities and the complexity of assumptions used in the estimates about costs to complete the projects, we deemed the evaluation of Construction contracts to be a key audit matter for the Company's separate financial statements at June 30, 2023.<br>Disclosures related to Construction contracts assets and Construction contracts liabilities are included in notes 8 and 19 of the separate financial statements as well as in the description of Accounting Standards used by the Company and in the paragraph "Accounting Estimates - Construction Contracts". |
| Audit procedures performed | The audit procedures addressing this key audit matter included, among others:<br>• understanding of criteria and procedures adopted by Management in determining the percentage of completion of the projects;<br>• comprehension of relevant internal controls pertaining to both initial estimates and subsequent periodical updates on total revenues, total costs and costs to complete the projects;<br>• analysis, on a sample base, of reasonableness of estimates of projects' costs to complete through:<br>  o analysis of contracts signed with counterparties,<br>  o tests on projects costs incurred,<br>  o inquiries with project managers, controllers and/or head of business lines; |

- retrospective analysis on results of previous estimates related to Construction contracts;
- analysis on updates of Management's estimates related to total revenues and costs of projects;
- critical discussion with head of legal department of the Company and, if relevant, obtaining information from external legal counsels on lawsuits related to projects;
- examination of appropriateness of disclosure included in the explanatory notes of the separate financial statements and its compliance with applicable accounting standards.

**Responsibilities of the Directors and the Board of Statutory Auditors for the financial statements**

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Danieli & C. Officine Meccaniche S.p.A. appointed us on October 26, 2018 as auditors of the Company for the years from June 30, 2020 to June 30, 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the separate financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Danieli & C. Officine Meccaniche S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the separate financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

**Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of the Company are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Danieli & C. Officine Meccaniche S.p.A. as at June 30, 2023, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the separate financial statements of Danieli & C. Officine Meccaniche S.p.A. as at June 30, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

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In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the separate financial statements of Danieli & C. Officine Meccaniche S.p.A. as at June 30, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Barbara Moscardi
Partner

Udine, Italy
October 5, 2023

*This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.*