20241218037748

ÅRSREDOVISNING FÖR SUND BIRSTA AB

FÖRVALTNINGSBERÄTTELSE

Styrelsen och verkställande direktören för Sund Birsta AB får härmed avge årsredovisning för verksamheten under räkenskapsåret 2023-07-01--2024-06-30. 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. En särskild viktig händelse under året för företagets långsiktiga utveckling att lyfta fram är etableringen av Sund Birsta India Private Ltd. Detta innebär att Sund Birsta koncernen nu även finns på plats i det för stålbranschen viktiga landet, Indien.

Verksamhet inom forskning och utveckling

Företaget har framgångsrikt levererat många av de nya produkter som tidigare utvecklats på marknaden såsom till exempel XS3 stålbandshuvuden för 19 mm stålband och ett antal off-line kompaktorer benämnda PCH2 utrustade med huvuden för att binda tråd och band av olika kvaliteter. I samarbete med kund har det utvecklats innovativ klippningsteknik för att dela kontinuerligt valsade valstrådsprodukter. Företaget har även fortsatt att utveckla teknik, såsom en ny trådbindningsmaskin (KNCX) för de större stångbuntarna som planeras att ersätta KNCA-serien av bindningsmaskiner. Utöver detta har mycket fokus lagts på robotapplikationer för märkning av trådringar och liknande produkter samt att gentemot även rörtillverkningsindustrin marknadsföra och sälja bandmaskiner typ SMA.

De totala utvecklingskostnaderna utgjorde 3,8% (3,0%) av nettoomsättningen för 2023/24.

Flerårsjämförelse

Räkenskapsår	2023/24	2022/23	2021/22	2020/21	2019/20
Nettoomsättning, tkr	450.139	488.204	406.005	456.877	422.008
Resultat efter finansiella poster, tkr	87.629	101.386	60.255	62.927	51.055
Balansomslutning, tkr	493.759	488.033	490.021	487.116	457.389
Nettomarginal, %	19,5	20,7	14,8	13,8	12,1
Soliditet, %	81,2	78,8	76,7	73,2	72,5
Årets kassaflöde, tkr	2.655	- 38.413	- 19.029	5.271	29.926
Antal anställda, st	89	87	81	74	74

Förväntad framtida utveckling

Sund Birsta AB redovisar för räkenskapsåret 2023/2024 en i stort sett bibehållen omsättning med en fortsatt mycket god lönsamhet. För företagskoncernen Sund Birsta, inklusive dotterbolag, har årets verksamhetsresultat till och med överträffat föregående års rekordresultat vilket inte alls var förväntat vid årets ingång.

Några för oss viktiga marknadsområden såsom till exempel Tyskland, Österrike, Italien och USA har under kalenderåret 2024 visat tydliga tecken på en vikande efterfrågan vilket innebär att vi förväntar oss att 2024/2025 får en något lägre omsättning och lönsamhet än 2023/2024. Företagets goda marknadsposition samt teknologiska ledarskap innebär dock att Sund Birsta AB skall kunna vidmakthålla sin ställning som den ledande leverantören inom sin nisch även de närmaste åren framöver.

Förändring utav eget kapital. tkr

	Aktie-kapital	Reserv-fond	Fritt eget kapital	Totalt
Belopp vid årets ingång	10.000	2.000	372.676	384.676
Utdelning			- 60.000	- 60.000
Årets resultat			76.232	76.232
BELOPP VID ÅRETS UTGÅNG	**10.000**	**2.000**	**388.908**	**400.908**

Vinstdisposition

Till årsstämmans förfogande står följande vinstmedel:

Balanserade vinstmedel, kr	324.675.963
Årets vinst, kr	76.231.655
Summa	**388.907.618**

Styrelsen och VD föreslår att vinstmedlen disponeras på följande sätt:

till aktieägaren utdelas 500,00 per aktie, totalt, kr	50.000.000
i ny räkning överförs, kr	338.907.618
Summa	**388.907.618**

Styrelsens yttrande över den föreslagna utdelningen

Den föreslagna utdelningen till aktieägarna reducerar bolagets soliditet till 79 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	2023-07-01 2024-06-30	2022-07-01 2023-06-30
Rörelsens intäkter			
Nettoomsättning	3	450.139	488.204
Förändring av pågående arbete för annans räkning		25.360	- 22.943
Övriga rörelseintäkter		113	221
Summa rörelsens intäkter		**475.612**	**465.482**
Rörelsens kostnader			
Varor och förnödenheter		- 257.014	- 229.872
Övriga externa kostnader	4	- 84.502	- 93.484
Personalkostnader	5	- 86.279	- 85.846
Avskrivningar av materiella anläggningstillgångar	9	- 1.001	- 1.003
Summa rörelsens kostnader		**- 428.796**	**- 410.205**
Rörelseresultat	2	**46.816**	**55.277**
Resultat från finansiella investeringar	6		
Utdelning från dotterbolag		33.000	42.418
Ränteintäkter		7.829	3.712
Räntekostnader		- 16	- 21
Resultat efter finansiella poster		**87.629**	**101.386**
Bokslutsdispositioner	7	- 50	20
Skatt på årets resultat	8	- 11.347	- 12.224
ÅRETS RESULTAT		**76.232**	**89.182**

BALANSRÄKNING
(Belopp i tkr)

TILLGÅNGAR	Not	2024-06-30	2023-06-30
Anläggningstillgångar			
Materiella anläggningstillgångar			
Inventarier	9	2.559	2.179
Summa materiella anläggningstillgångar		**2.559**	**2.179**
Finansiella anläggningstillgångar			
Aktier i koncernföretag	11	5.318	5.305
Fordringar hos koncernföretag		3.019	-
Övriga finansiella anläggningstillgångar		4.903	4.903
Summa finansiella anläggningstillgångar		**13.240**	**10.208**
Omsättningstillgångar			
Varulager m m			
Färdiga varor		88.999	103.967
Pågående arbete för annans räkning, netto	12	45.252	19.892
Summa varulager m m		**134.251**	**123.859**
Kortfristiga fordringar			
Kundfordringar		41.638	52.897
Fordringar hos koncernföretag	13	212.315	226.643
Övriga fordringar		7.990	6.120
Skattefordringar		1.858	-
Förutbetalda kostnader och upplupna intäkter	14	43.020	17.608
Summa kortfristiga fordringar		**306.821**	**303.268**
Kassa och bank		**36.888**	**48.519**
SUMMA TILLGÅNGAR		**493.759**	**488.033**

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BALANSRÄKNING
(Belopp i tkr)

EGET KAPITAL OCH SKULDER	Not	2024-06-30	2023-06-30
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		312.676	283.494
Årets resultat		76.232	89.182
Summa fritt eget kapital		**388.908**	**372.676**
Summa eget kapital		**400.908**	**384.676**
Obeskattade reserver	7	**250**	**200**
Skulder			
Avsättningar			
Avsatt till pensioner		4.903	4.903
Övriga avsättningar	15	160	400
Summa avsättningar		**5.063**	**5.303**
Kortfristiga skulder			
Förskott från kunder		917	2.898
Leverantörsskulder		37.247	29.339
Skulder till koncernföretag	13	3.440	1.416
Upplupna kostnader och förutbetalda intäkter	16	35.979	52.796
Skatteskulder		-	601
Övriga skulder		9.955	10.804
Summa kortfristiga skulder		**87.538**	**97.854**
SUMMA EGET KAPITAL OCH SKULDER		**493.759**	**488.033**

KASSAFLÖDESANALYS
(Belopp i tkr)

	Not	2023-07-01 2024-06-30	2022-07-01 2023-06-30
DEN LÖPANDE VERKSAMHETEN			
Resultat efter finansiella poster		87.629	101.386
Avskrivningar	9	1.001	1.003
Justering för poster som inte ingår i kassaflödet, m.m		- 240	- 100
Betald skatt		- 13.806	- 11.064
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		**74.584**	**91.225**
Kassaflöde från förändringar av rörelsekapital			
Ökning (-)/minskning (+) av varulager och pågående arbete		- 10.392	17.287
Ökning (-)/minskning (+) av kortfristiga fordringar		12.591	- 54.915
Ökning (+)/minskning (-) av kortfristiga skulder		- 9.715	- 11.651
Kassaflöde från den löpande verksamheten		**67.068**	**41.946**
INVESTERINGSVERKSAMHETEN			
Förvärv av dotterföretag		- 13	-
Lämnade lån till koncernföretag		- 3.019	-
Förvärv av materiella anläggningstillgångar	9	- 1.381	- 359
Kassaflöde från investeringsverksamheten		**- 4.413**	**- 359**
FINANSIERINGSVERKSAMHETEN			
Utbetald utdelning		- 60.000	- 80.000
Kassaflöde från finansieringsverksamheten		**- 60.000**	**- 80.000**
ÅRETS KASSAFLÖDE		**2.655**	**- 38.413**
Likvida medel (inkl. koncernkonton) vid räkenskapsårets ingång		**179.752**	**218.165**
LIKVIDA MEDEL (inkl. koncernkonton) VID RÄKENSKAPSÅRETS UTGÅNG		**182.407**	**179.752**

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BOKSLUTSKOMMENTARER

Redovisningsprinciper

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

Intäktsredovisning

Kontrakterade pågående arbeten resultat avräknas 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

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 är beroende av den allmänna marknadsutvecklingen inom stålbranschen. I dagsläget bedömer vi inte att det finns några särskilda omständigheter som medför stora risker för bolagets ställning eller framtida finansiella rapportering.

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	2024-06-30	2023-06-30
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 10 (5) procent av inköpen och 41 (22) procent av försäljningen andra företag inom hela den företagsgrupp som bolaget tillhör.

Not 3. Nettoomsättning i % per geografisk marknad

	2023/24	2022/23	2021/22
EU	62%	58%	50%
Nordamerika	11%	18%	8%
Asien	15%	19%	17%
Övriga marknadsområden	12%	5%	25%
Summa	**100%**	**100%**	**100%**

Not 4. Övriga externa kostnader

Till Deloitte AB har ersättning bokförts om 178 (215), varav 178 (215) 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	2023/24 Antal Anställda	2023/24 Varav Kvinnor	2022/23 Antal Anställda	2022/23 Varav Kvinnor
TOTALT	89	12	87	11

LÖNER OCH ANDRA ERSÄTTNINGAR	2023/2024 Styrelse och VD	2023/24 Övriga anställda	2022/2023 Styrelse och VD	2022/23 Övriga anställda
TOTALT	1.723	53.943	1.936	53.832

LÖNER OCH ANDRA ERSÄTTNINGAR	2023/24 Löner och andra ersättningar	2023/24 Sociala kostnader	2023/24 Varav pensions-kostnader	2022/23 Löner och andra ersättningar	2022/23 Sociala kostnader	2022/23 Varav pensions-kostnader
TOTALT	55.666	26.359	7.177	55.768	26.680	7.411

Av bolagets pensionskostnader avser 525 (491) VD. VD's anställningsavtal gäller med en ömsesidig uppsägningstid om 6 månader.

Styrelseledamöter och ledande befattningshavare	2024-06-30 Antal *	2024-06-30 Varav män i %	2023-06-30 Antal	2023-06-30 Varav män i %
Styrelseledamöter	5	100%	5	100%
VD och andra ledande befattningshavare	7	100%	7	100%

Not 6. Resultat från finansiella investeringar

Erhållen utdelning om totalt 33.000 (42.418) avser Sund Birsta Inc. 33.000 (11.255) samt från Sund Birsta (Beijing) Metallurgical Equipment Co., Ltd 0 (31.163). Av ränteintäkterna 7.829 (3.712) härrör sig 5.995 (2.703) till ersättning från koncernföretag Av räntekostnaderna 16 (21) härrör sig 0 (0) till ersättning till koncernföretag.

Not 7. Bokslutsdispositioner och obeskattade reserver

	2023/24	2022/23
Bokslutsdispositioner		
Skillnad mellan bokförd avskrivning och avskrivning enligt plan	- 50	20
Summa	**- 50**	**20**
Obeskattade reserver		
Ackumulerade överavskrivningar	250	200
Summa	**250**	**200**

Not 8. Avstämning årets skattekostnad

	2023/24	2022/23
Redovisat resultat före skatt	87.579	101.406
Skatt beräknad med skattesats 20,6%	- 18.041	- 20.890
Skatteeffekt av ej avdragsgilla kostnader	- 105	- 74
Skatteeffekt av ej skattepliktiga intäkter	6.799	8.740
Årets redovisade skattekostnad	**- 11.347**	**- 12.224**

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:

	2023/24	2022/23
Uppskjutna skatteskulder		
Avseende obeskattade reserver	52	41

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Not 9. Materiella anläggningstillgångar

Inventarier	2023/24	2022/23
Ingående anskaffningsvärden	9.731	9.372
Inköp	1.381	359
Försäljningar/utrangeringar	-	-
Utgående ackumulerade anskaffningsvärden	**11.112**	**9.731**
Ingående avskrivningar	- -7.552	- 6.549
Årets avskrivningar	- 1.001	- 1.003
Försäljningar/utrangeringar	-	-
Utgående ackumulerade avskrivningar	**- 8.553**	**- 7.552**
UTGÅENDE PLANENLIGT RESTVÄRDE	**2.559**	**2.179**

Not. 10 Leasingavtal - leasetagare

Kostnadsförda leasingavgifter avseende operationella leasingavtal samt lokalhyror under periodens uppgår 6.560 (6.223). Framtida minimileaseavgifter avseende ej uppsägningsbara operationella leasingavtal inklusive lokalhyror uppgår till:

Att betala inom 1 år	6.028 (6.237)
Att betala inom 1-5 år	804 (5.302)
Att betala senare än 5 år	-

Företaget har ingått operationella leasingavtal avseende kontorsutrustning samt lokalhyror.

Not 11. Aktier i koncernföretag (Tsek)

	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	115.024	100	100(100)	5.175
Sund Birsta Inc.	-	Jacksonville, USA	117.885	100	100(100)	80
Sund Birsta India Private Ltd.		Pune, Indien	13	9999	99,99(99,99)	13
Summa			**233.038**			**5.318**

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, Sund Birsta Inc., samt Sund Birsta India Private Ltd. 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.

F.S

Not 12. Pågående arbete för annans räkning

	2024-06-30	2023-06-30
Nedlagda kostnader	72.857	52.456
Fakturerade delbelopp	- 27.605	- 32.564
Summa	**45.252**	**19.892**

Not 13. Fordringar/skulder hos koncernföretag

	2024-06-30	2023-06-30
Koncernkonton	145.519	131.233
Övriga fordringar och skulder	63.356	93.994
Summa	**208.875**	**225.227**

Not 14. Förutbetalda kostnader och upplupna intäkter

	2024-06-30	2023-06-30
Återstående fakturering för resultatavräknade projekt	37.680	14.584
Övriga förutbetalda kostnader och upplupna intäkter	5.340	3.024
Summa	**43.020**	**17.608**

Not 15. Övriga avsättningar

Garantiåtaganden	2023/24	2022/23
Ingående balans vid räkenskapsårets början	400	500
Tillkommande avsättningar	84	713
Belopp som tagits i anspråk	- 324	- 813
Återföring av outnyttjade belopp	-	-
Utgående balans vid räkenskapsårets slut	**160**	**400**

Not 16. Upplupna kostnader och förutbetalda intäkter

	2024-06-30	2023-06-30
Tillkommande kostnader i resultatavräknade projekt	7.865	14.610
Upplupna löner inklusive semesterlöneskuld	12.897	15.485
Upplupna försäljningsprovisioner	3.566	8.104
Övriga upplupna kostnader och förutbetalda intäkter	11.651	14.597
Summa	**35.979**	**52.796**

För

20241218037754

Not 17. Förslag till disposition av företagets vinst

Styrelsen och VD föreslår att vinstmedlen disponeras på följande sätt:	
till aktieägaren utdelas 500,00 per aktie, totalt, kr	50.000.000
i ny räkning överförs, kr	338.907.618
Summa	**388.907.618**

Sundsvall, 2024-10-31

Rolando Paolone
Styrelseordförande

Fabian Öhlund
Verkställande direktör

Fabrizio Mulinaris

Arne Olsson

Niclas Nyberg
Arbetstagarrepresentant

Vår revisionsberättelse har avgivits den 29/11 2024
Deloitte AB

Robert Viklund
Auktoriserad revisor

Undertecknad styrelseledamot i Sund Birsta AB intygar att resultaträkningen och balansräkningen har fastställts på årsstämma den 10 december 2024.
Årsstämman beslutade att godkänna styrelsen förslag till hur vinsten skall förvaltas.

Jag intygar också att innehållet i årsredovisningen och revisionsberättelsen stämmer överens med originalen.

Sundsvall 16 december 2024

Fabian Öhlund

20241218037S5

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 2023-07-01 - 2024-06-30.

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 2024 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.

20241218037S6

Deloitte.

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 2023-07-01 - 2024-06-30 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.

Sundsvall 29/11 2024

Deloitte AB

Robert Viklund
Auktoriserad revisor

2024218037S8

DANIELI GROUP

CONSOLIDATED FINANCIAL STATEMENTS

AS AT JUNE 30, 2024

Consolidated Balance Sheet

(thousands of euro)

ASSETS	Notes	30/06/2024	30/06/2023
Property plant and equipment	1	1,007,673	973,294
Right of use	2	35,125	33,233
Intangible Assets	3	50,495	44,843
Equity investment in associates measured at equity	4	10,600	8,064
Other equity investments	4	15,717	14,851
Deferred tax assets	5	137,300	109,512
Other financial receivables		425	305
Trade and other receivables	6	235,598	140,546
Non-current assets		**1,492,933**	**1,324,648**
Current assets			
Contract assets	7	907,354	702,030
Inventories	7	1,013,119	938,445
Trade receivables	8	1,068,276	1,101,970
Other Receivables	9	164,873	92,786
Current tax assets	10	92,218	62,052
Current financial assets	11	608,921	569,374
Cash and cash equivalents	12	2,146,081	1,749,633
Currents assets		**6,000,842**	**5,216,288**
Total Assets		**7,493,775**	**6,540,936**

(thousands of euro)

LIABILITIES AND SHAREHOLDERS' EQUITY		30/06/2024	30/06/2023
Shareholders' equity			
Share capital		81,305	81,305
Treasury shares		(88,912)	(88,913)
Other reserves and profit carries forward, including profit for the year		2,634,828	2,412,321
Group shareholders' equity		**2,627,221**	**2,404,713**
Non controlling interest in shareholders' equity		1,599	2,991
Total shareholders' equity	13	**2,628,820**	**2,407,704**
Non-current liabilities			
Finanziamenti non correnti	14	511,138	254,709
Deferred tax liabilities	5	23,281	27,806
Post employment benefits	15	25,929	22,984
Provisions for risks	16	87,442	82,209
Other non-current liabilities		1,223	177
Total non-current liabilities		**649.013**	**387,885**
Current liabilities			
Trade payables	17	1,445,017	1,410,078
Contract Liabilities and Advances from Customers	7/18	2,375,787	2,067,487
Other current liabilities	19	226,790	177,857
Current tax liabilities	20	73,920	29,658
Bank debts and other financial liabilities	21	94,428	60,267
Total current liabilities		**4,215,942**	**3,745,346**
Total liabilities and shareholders' equity		**7,493,775**	**6,540,936**

2024121803759

Consolidated Income Statement

(thousands of euro)	note	Financial year ended 30/06/2024	30/06/2023
Operating revenues		4,218,920	3,911,520
Other operating income		106,058	162,250
Changes in inventories	7	24,792	28,286
Total revenues	23	**4,349,770**	**4,102,056**
Purchase cost of raw materials and consumables	24	(2,325,509)	(2,102,103)
Personnel costs	25	(564,296)	(516,520)
Other operating costs	26	(1,068,770)	(1,059,475)
Depreciation, amortisation and write-downs	27	(170,411)	(158,894)
Operating income		**220,784**	**265,064**
Financial income	28	113,468	76,076
Financial charges	29	(40,489)	(26,460)
Gains/(losses) on foreign exchange transactions	30	13,228	(15,898)
Income/(charges) arising from the valuation of equity investments *in assoc. with the equity method*	31	501	(1,620)
Profit before taxes		**307,492**	**297,162**
Income taxes	32	(69,813)	(55,865)
Net profit from continued operations		**237,679**	**241,297**
Profit and loss deriving from discontinued operations	33	2,346	2,359
Net profit for the period		**240,025**	**243,656**
(Profit)/loss attributable to non-controlling interests		**787**	**(14)**
Net profit for the period attributable to the Group		**240,812**	**243,642**
Basic earnings per share (euro)			
Ordinary shares	34	**3.2433**	**3.2815**
N.C. Saving shares	34	**3.2640**	**3.3022**

Consolidated statement of comprehensive income

(thousands of euro)		Financial year ended 30/06/2024	30/06/2023
Net profit for the period		**240,025**	**243,656**
Components of comprehensive income subsequently reclassified in the result of the period			
Foreign financial statements translation difference		(15,303)	(58,583)
Change in fair value reserves including tax effect		20,496	(5,139)
	13	**5,193**	**(63,722)**
Components of comprehensive income not subsequently reclassified in the result of the period			
Actuarialprofit/(losses) recognised in other comprehensive income, net of tax effect		234	238
	13	**234**	**238**
Consolidated comprehensive income		**245,452**	**180,172**
Attributable to:			
Danieli Group		**246,208**	**180,321**
Non-controlling interests		**(756)**	**(149)**
		245,452	**180,172**

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 30/06/2022	**81,305**	**(87,138)**	**22,523**	**(37,237)**	**2,017,410**	**26,424**	**218,715**	**2,242,002**	**3,252**	**2,245,254**
Operations with shareholders										
Allocation of profit per shareholders' meeting of 28/10/2022 to reserves	-	-	-	-	197,268	-	(197,268)	-	-	-
Change in treasury shares	-	(1,775)	-	-	-	-	-	(1,775)	-	(1,775)
dividends to parent company shareholders	-	-	-	-	-	-	(21,448)	(21,448)	-	(21,448)
dividends to third parties									-	-
Change in scope of consolidation	-	-	-	-	5,614	-	-	5,614	-	5,614
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	(112)	(112)
Total operations with shareholders	**-**	**(1,775)**	**-**	**-**	**202,882**	**-**	**(218,716)**	**(17,609)**	**(112)**	**(17,721)**
Profit as at 30/06/2023	-	-	-	-	-	-	243,642	243,642	14	243,656
Other compehensive income										
Change in fair value reserves	-	-	-	(5,139)	-	-	-	(5,139)	-	(5,139)
Actuarial gains/(losses) from IAS 19	-	-	-	-	237	-	-	237	-	237
Foreign financial statements translation difference	-	-	-	-	-	(58,420)	-	(58,420)	(163)	(58,583)
Comprehensive income (expenses) for the period	**-**	**-**	**-**	**(5,139)**	**237**	**(58,420)**	**243,642**	**180,320**	**(149)**	**180,171**
Shareholders' equity as at 30/06/2023	**81,305**	**(88,913)**	**22,523**	**(42,376)**	**2,220,529**	**(31,996)**	**243,641**	**2,404,713**	**2,991**	**2,407,704**
Operations with shareholders										
Allocation of profit per shareholders' meeting of 27/10/2023 to reserves	-	-	-	-	219,940	-	(219,940)	-	-	-
Change in treasury shares	-	-	-	-	-	-	-	-	-	-
dividends to parent company shareholders	-	-	-	-	-	-	(23,700)	(23,700)	-	(23,700)
dividends to third parties	-	-	-	-	-	-	-	-	(811)	(811)
Change in scope of consolidation	-	-	-	-	-	-	-	-	175	175
Variation third parties capital	-	-	-	-	-	-	-	-	-	-
Total operations with shareholders	**-**	**-**	**-**	**-**	**219,940**	**-**	**(243,640)**	**(23,700)**	**(636)**	**(24,336)**
Profit as at 30/06/2024	-	-	-	-	-	-	240,812	240,812	(787)	240,025
Other compehensive income										
Change in fair value reserves	-	-	-	20,496	-	-	-	20,496	-	20,496
Actuarial gains/(losses) from IAS 19	-	-	-	-	234	-	-	234	-	234
Foreign financial statements translation difference	-	-	-	-	-	(15,334)	-	(15,334)	31	(15,303)
Comprehensive income (expenses) for the period	**-**	**-**	**-**	**20,496**	**234**	**(15,334)**	**240,812**	**246,208**	**(756)**	**245,452**
Shareholders' equity as at 30/06/2024	**81,305**	**(88,913)**	**22,523**	**(21,880)**	**2,440,703**	**(47,330)**	**240,813**	**2,627,221**	**1,599**	**2,628,820**

(*) 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 ended as at June 30, 2023. The restatement exclusively involved the item "Deferred tax assets" with offsetting item in "Other reserves and earnings carried forward".

2024121803760

Consolidated Statement of Cash Flows

(thousands of euro)	30/06/2024	30/06/2023
Reconciliation of profit before taxes with net cash flows from op. activities		
Profit before taxes	307,392	299,521
Net increase/(decrease) in prov.for risks&charges	4,141	25,381
Income/(charges) arising from the valuation of equity investments in assoc. with the equity method	(501)	1,620
Depreciation, amortisation and write-downs	144,751	142,541
Losses/(gains) on disposal of property plant and equipment	(4571)	200
Write-down/(Reversal) of impairment losses	25,114	16,353
Net change in employee sev. indemnity prov.	(752)	(349)
Foreign exchange losses/(gains) for the period	(13,629)	15,898
Financial income for the period	(113,468)	(76,077)
Financial charges for the period	40,489	26,458
Total	**388,966**	**451,546**
Net change in working capital		
Decrease/(Increase) of Inventories of, raw materials, finished prod. and goods, and advances	(62,903)	(128,856)
Decrease/(Increase) in inventories of contract work in progress	(199,614)	(63,886)
(Increase)/decrease in trade and other receivables	(90,477)	(38,710)
Increase/(decrease) in trade and other payables	64,692	87,874
Increase/(Decrease) in current advances	250,189	354,195
Unrealised foreign exchange losses/(gains)	19,064	5,544
Total	**(19,049)**	**216,161**
(Interest paid)	(40,119)	(11,336)
Interest received	87,756	71,938
Taxes paid in the period	(85,710)	(89,923)
Cash flow generated /(absorbed) by operating activities	**331,844**	**638,386**
Investing activities		
Investments:		
Property plant and equipment	(156,753)	(134,043)
Intangible Assets	(19,013)	(25,545)
Business combinations of the period and the previous financial year	(11,589)	-
Equity investments	(7,241)	-
(Purchase)/sale of treasury shares	-	(1,775)
Available for sale financial assets	(14,801)	88,290
Realised foreign exchange losses/(gains)	(5,435)	(21,443)
Disposals:		
Property plant and equipment	19,987	2,207
Intangible Assets	548	185
Cash flow generated/(absorbed) by investing activities	**(194,297)**	**(92,124)**
Financing activities		
Application of IFRS 16 - Financial loans	(66)	(6,101)
New loans payable	317,012	149,723
Increase/(decrease) in advances on job orders not yet in production	40,275	968
Repayment of loans payable	(39,725)	(398,665)
Short term derivative financial instrument	(3,873)	(4,784)
dividends to parent company shareholders	(23,700)	(21,448)
Cash flow generated/(absorbed) by financing activities	**289,923**	**(280,307)**
Changes in balance sheet items due to exchange rate translation	**(31,022)**	**(32,398)**
Total cash flow	**396,448**	**233,557**
Opening cash and bank position	**1,749,633**	**1,516,077**
Closing cash and bank position	**2,146,081**	**1,749,633**

Explanatory notes

Introduction

These Consolidated Financial Statements for the year ended June 30, 2024 comprise the balance sheet, income statement, statement of comprehensive income, statement of cash flows, statement of changes in shareholders' equity and explanatory notes.
Unless otherwise indicated, amounts included in the financial statements are rounded to the nearest thousand euro.
Danieli & C. Officine Meccaniche S.p.A. (the Parent Company) 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, 2024, 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.	68.22%
Treasury shares	8.15%
Market	23.63%

The consolidated financial statements of the Danieli Group have been externally audited by Deloitte & Touche S.p.A.
The draft consolidated financial statements were approved on September 25, 2024, by the Board of Directors, which authorised their publication in the September 25, 2024, press release containing the main elements of these financial statements.

This document is an English language translation of the official Italian version and is not provided in the European Single Electronic Format (ESEF) and hence it is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. The legally required ESEF-format is filed in Italian language on the eMarket Storage platform (www.emarketstorage.com), as well as on the Parent Company website (www.danieli.com).

Danieli Group operations

Danieli & C. Officine Meccaniche S.p.A. is a corporate entity set up in accordance with the law of the Italian Republic and has been listed on the Milan Stock Exchange since 1984.
The Danieli Group constructs and sells plants for the iron and steel industry, offering a range of machines extending from primary process management to the manufacture of finished goods (essentially from ore to finished product), and produces and sells special steels through the subsidiaries Acciaierie Bertoli Safau S.p.A. and ABS Sisak d.o.o.
With the subsidiary FATA S.p.A. the Group also operates in the sector of plants for production and transmission of electricity including from renewable and sustainable sources.

In brief, the Danieli Group designs and builds plants for the iron and steel industry for all process areas, such as:

- Mines;
- Pellet production plants;
- Blast furnaces;
- Direct reduction;
- Scrap shredders,
- Steelworks for production of liquid steel;
- Continuous casting for:
  - blooms and billets;

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- slabs;
- thin slabs;
- Rolling mills for long products;
- Rolling mills for seamless tubes;
- Lines for welded tubes;
- Hot and cold rolling mills for flat products (all ferrous and non ferrous metals and stainless steel);
- Process lines for flat products;
- Complete plants for dimensional checking and for non-destructive quality control, and conditioning plants;
- Plants for secondary processing, such as peeling, straightening, 2-roll reeling and drawing machines;
- Forging presses and manipulators and complete forging plants;
- Extrusion presses for ferrous and non-ferrous materials;
- Plants for longitudinal cutting and for transversal cutting to size of sheet and plate in all non-ferrous metals and stainless steel;
- Level 1, 2, 3 and 4 plant automation systems;
- Cranes and lifting equipment.

In the long product rolling plant sector, the Danieli Group is world market leader in terms of both the number of plants in use and annual sales, and in particular, is the undisputed technological leader for plant reliability, productivity and achievable product quality as well as for level of automation.

Statement of compliance with IFRS accounting standards

The consolidated financial statements for the year ended June 30, 2024, 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 the Council of July 19, 2002, in force at the date of preparation (September 2023), together with recommendations set out in the Regulations for Issuing Companies as approved by CONSOB (the Italian S.E.C.). The term "IFRS Accounting Standards" 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 consolidated financial statements have been prepared on a going concern basis and on the historical cost principle, except for derivative financial instruments and available-for-sale financial assets, which have been recorded at fair value; investments in associates and joint ventures, valued by the equity method; and job orders extending over several years, recognised according to the percentage of completion method.
From the various options permitted by IAS 1, the Group 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 of the closure of the 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.

SUMMARY OF ACCOUNTING STANDARDS

Improvements and amendments to accounting standards applied as from July 1, 2023

The following accounting standards, amendments and interpretations of the IFRS Accounting Principles were applied by the Group for the first time from July 1, 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 adoption of this standard and its amendment did not have any effect on the Group's consolidated financial statements.

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 amendments concerning IAS 1 require an entity to indicate relevant information about the accounting standards applied by the Group. The changes are intended to improve the disclosure of accounting standards applied by the Group 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 adoption of this amendment did not have any significant effect on the Company's consolidated financial statements.

On 23 May 2023, the IASB published an amendment entitled "International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12" to clarify the application of "IAS 12 – Income taxes" to income tax arising from tax laws issued or substantially issued in order to implement the Pillar Two Model Rules of the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, on the basis of which large multinationals (with turnover greater than € 750 million) pay a minimum tax rate of 15% in each jurisdiction where they operate.

The document, the EU adoption process of which was completed on November 8, 2023, introduces a temporary exemption to the reporting and disclosure obligations on assets and liabilities for deferred taxes relating to the Pillar Two Model Rules and provides for specific disclosure obligations for the entities affected by such legislation. In particular, the document provides for the immediate application of the temporary exemption, whereas the disclosure obligations are applicable only to annual financial statements from January 1, 2023 (or at a later date).

The Danieli Group falls within the scope of application of this tax regime, envisaged by Directive (EU) 2022/2523 of December 14, 2022, adopted in Italy by Legislative Decree no. 209 of December 27, 2023, effective from the financial years beginning December 31, 2023 or later.

The Danieli Group has applied the temporary exemption on reporting and disclosing information about deferred tax assets and liabilities relating to income taxes arising from application of the Pillar Two Model Rules. Furthermore, current taxes related to the income tax arising from application of the Pillar Two Model Rules were not recognised, since the regulation was not effective at the closing date of these financial statements.

With reference to all Group undertakings (and any jointly controlled entities) located in a single jurisdiction, exposure to the Pillar Two income tax arises from the level of effective taxation, which, for each of these jurisdictions, depends on various factors, some even interconnected, such as the income produced, the nominal tax rate, the tax rules for determining the tax base, the estimate, form and enjoyment of incentives and other tax benefits.

However, considering the changes and the underlying complexity of determining the level of effective taxation, the Pillar Two Model Rules provide, for the initial effective periods (so-called transitional regime for periods beginning before December 31, 2026 and ending no later than June 30, 2028), for the possibility to apply a simplified regime (so-called transitional safe harbours using country-by-country reporting) based mainly on accounting information available for each relevant jurisdiction that, if at least one of three tests is passed, entails a reduction in the burden of compliance and a reduction of Pillar Two taxes to nil.

On the basis of the information known or reasonably estimated, the Danieli Group's exposure to Pillar Two income tax at the closing date of the financial year is assessed as non-significant, and on the basis of the simplified regime. Specifically:

- with regard to the majority of the Group's entities, which are located in jurisdictions that satisfy at least one of the three tests envisaged by the transitional safe harbours using country-by-country reporting, the conditions for reducing Pillar Two taxes to nil are met, and
- for the remaining entities of the Group located in jurisdictions that do not pass any of the three tests envisaged by the transitional safe harbours using country-by-country reporting, the level of effective taxation for these jurisdictions is close to the minimum of 15% or the profits in these jurisdictions are limited in relation to the Group's total profit.

Supported by external consultants, the Group is organising and preparing for compliance with the obligations of Pillar Two legislation, including for the purpose of managing its exposure for subsequent periods, through the preparation of adequate systems and procedures intended to:

- identify, locate and characterise, even on an ongoing basis, all Group undertakings for the purposes of Pillar Two legislation, and
- perform the simplified tests (so-called transitional safe harbours using country-by-country reporting) for each relevant jurisdiction, for the purpose of using the related benefits in terms of reduced burden of

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compliance and zeroing of Pillar Two taxes, and carry out the complete and detailed calculations of the relevant amounts as required by Pillar Two legislation for any jurisdictions that do not pass any of the aforementioned tests.

The analysis is currently ongoing.

IFRS and IFRIC accounting standards, amendments, and interpretations approved by the European Union, not yet compulsorily applicable and not adopted early by the Group as at June 30, 2024

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". These amendments aim to clarify how to classify debts and other short or long-term liabilities. Furthermore, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The changes take effect July 1, 2024. Early application is nevertheless permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through 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 significant effect on the Group's consolidated financial statements through the adoption of this amendment.

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

On May 25, 2023, the IASB published an amendment entitled "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". The document requires an entity to provide additional information about reverse factoring arrangements that enables users of financial statements to assess how supplier finance arrangements might influence the entity's liabilities and cash flows and to understand the effect of such arrangements on the entity's exposure to liquidity risk. The changes will apply starting July 1, 2024, but early application is permitted. The directors are currently assessing the possible effects of the introduction of these amendment on the Group's consolidated financial statements.

On August 15, 2023, the IASB published an amendment entitled "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a methodology to be applied consistently in order to verify whether a currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosure to be provided in the explanatory notes. The change will apply starting January 1, 2025, but early application is permitted. The directors do not expect a significant effect on the Group's consolidated financial statements through the adoption of this amendment.

Consolidation scope and method

The consolidated financial statements of the Danieli Group include data as at June 30, 2024 for Danieli & C. Officine Meccaniche S.p.A. and of the Italian and foreign companies over which it exercises control, either directly or indirectly. The details of the companies consolidated line-by-line are provided in Attachment I-C.

As at July 1, 2023 Telefriuli S.p.A., Euronews S.p.A., Il Friuli S.p.A., ABS Sfere S.r.l., Sund Birsta India Private Ltd, Danieli Metallurgy Germany Gmbh, Rott-Ferr S.r.l. and DSR Sider Engineering S.p.A. entered the scope of consolidation.

In late November 2019, activities began to close the facility of the German subsidiary ESW Röhrenwerke Gmbh ("ESW"), which, from the interim report as at December 31, 2019, was stated as a discontinued operation with the result that, in accordance with the provisions of IFRS 5, the operating results of ESW, essentially relating to the liquidation of the company's assets, were recognised separately in the income statement, under profit/(loss) from discontinued operations.

There were no other significant changes to the scope of consolidation compared to the year ended as at June 30, 2023.

Note that, in the previous year, several balances of the consolidated balance sheet at June 30, 2022, presented for comparative purposes, have been restated. These adjustments refer to the subsidiary Danieli & Co. in Thailand and led to the recognition of deferred tax assets for 21.4 million euro against differences attributable to financial years prior to 2020/2021, identified in the period among the accounting standards used by the subsidiary for its own financial statements prepared for local purposes and IAS/IFRS. The adjustments involved deferred tax assets and reserves in equity, whereas they had no economic effect in the 2023/2024 financial year nor in the comparative periods 2022/2023 and 2021/2022.

The Russian/Ukrainian conflict did not lead to changes in the scope of consolidation due to loss of control in the Russian and Ukrainian subsidiaries.
The activity of the most significant companies is described in the Directors' report.
The financial statements used in the consolidation were those prepared for approval by the relevant boards and officers and, in case of subsidiaries whose financial years do not coincide with that of Danieli & C. Officine Meccaniche S.p.A., an accounting situation relating to a period of twelve months specially prepared for this purpose by the respective directors referring to the date of June 30, 2024. The individual financial statements have also been suitably aligned with the accounting principles adopted by the consolidating company.

Companies measured at equity

The list of companies measured at equity is shown in attachment II-C, whereas the key figures of the last approved financial statements are listed in attachment III-C.

Equity investments in subsidiaries, allocation of the price of acquisition and goodwill

Companies over which the Group exercises control (subsidiaries) are included in the consolidation on a full line-by-line basis in accordance with IFRS 10, i.e. as a result either of directly or indirectly 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 relative benefits (or relative losses), irrespective of shareholding relationships. The existence of potential voting rights that can be exercised at the date of the financial statements is considered for the purpose of determining control. Subsidiaries are consolidated from the date on which control is acquired and deconsolidated from the date on which control ceases.
The Group checks, taking into account all applicable facts and circumstances, at the end of each reporting period (or interim financial statements) whether or not control over its investee companies exists and, if necessary, makes the necessary changes to the scope of consolidation.
Business combinations whereby control of a company is acquired are recorded by use of the purchase method: on the basis of this method, the acquisition is valued as the sum of the consideration transferred, measured at fair value at the date of purchase, and the amount of any non-controlling interests in the acquired company. For each business combination, this latter can be measured at fair value or in proportion to the acquired company's net assets attributable to non-controlling interests. Acquisition costs are charged to the income statement.
The consideration recognised for a business combination includes the fair value of any contingent consideration as of the acquisition date. A change in the fair value of contingent consideration classified as an asset or liability is recognised in accordance with IAS 39, in the income statement or in the statement of comprehensive income. If the contingent consideration is classified as equity, it needs not be re-measured until settlement of the contingency is reflected within equity.

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Goodwill from a business combination is initially stated at cost, measured as the excess between the consideration paid and the amount recognised for the non-controlling interest in respect of the net identifiable assets acquired and the liabilities assumed by the Group. If the consideration paid and the recognised value of the non-controlling interests are less than the fair value of the subsidiary's net purchased assets, the difference is recorded in the income statement.
Recognition of goodwill, even initially, is only made where, as a result of the business combination, there are tangible valuation criteria and measurable future profitability of the new subsidiary. Where these cannot be clearly identified, due to the difficulty of integrating the subsidiary into the Group and adapting to its manufacturing policies, or if the subsidiary's independent capability to generate profits cannot be objectively proved, the goodwill is prudently written down.
After the acquisition, goodwill is subjected to impairment test once a year or more frequently in case of events or changes that may lead to impairment, in accordance with the provisions of IAS 36 - Impairment of Assets. Any impairment is identified through valuations that refer to each unit's capability to generate cash flows sufficient to recover the part of goodwill allocated to it, with the procedures indicated subsequently in the section "impairment of property, plant and equipment and intangible assets".
If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of shall be included in the carrying value of the operation when determining the gain or loss on disposal. The goodwill associated with the operation disposed of must be measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained.
If a business combination is achieved in stages, upon acquiring control the investor has to re-measure the fair value of the interest previously held that was valued using the equity method; any resulting gain or loss is recognised in the income statement.
The effects of purchasing or selling shares subsequent to taking control, without this resulting in a loss of control, are measured at equity.
If the partial disposal of an investment results in loss of control, the residual holding is re-measured to fair value, and any difference is included in the capital gain or loss on the disposal.
During consolidation, using the full line-by-line method:
- the following are eliminated: accounts payable and receivable between companies included in the consolidation, income and expenses relating to transactions between those same companies, and profits and losses resulting from transactions between these companies relative to items included in equity;
- the non-controlling interests in shareholders' equity of subsidiaries is entered as a specific shareholders' equity item called "Non-controlling interests in shareholders' equity". The non-controlling interest in the consolidated profit and loss is recognised as "Net (profit)/loss attributable to non-controlling interests".

Equity investments in associates

Equity investments in companies over which a significant influence is exercised ("associates"), which is presumed to be the case when the percentage of shares held is between 20% and 50%, are valued by the equity method. As a consequence of using this method, the carrying value of the equity investment is aligned with shareholders' equity (adjusted, where necessary, to reflect the application of IFRS approved by the European Commission) and includes any goodwill identified at the time of the acquisition.
The share of profits and losses made by associates after the acquisition is recognised through the income statement, while movements in reserves subsequent to acquisition are entered in reserves in shareholders' equity. When the Group share of losses in an associate equals or exceeds the amount of its holding in that company, the value of its shareholding is reduced to zero and the Group does not book further losses relating to its share, unless and to the extent that the Group is responsible for them. Unrealised profits and losses generated by transactions with associates are eliminated in proportion to the percentage of the Group's equity investment in those companies.

Other equity investments

Other equity investments in which the Group ownership percentage is less than 20%, or 10% if listed, or over which the Group exercises no significant influence, are measured at fair value. If the fair value of these assets cannot be reliably calculated, they are measured at purchase or subscription cost net of any write-downs for impairment losses.
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.

Translation of foreign currency accounts and financial statements

Identification of the functional currency
Amounts in the income statement and balance sheet of each Group company are entered in the currency of the primary economic environment in which the entity operates (functional currency). The Danieli Group consolidated financial statements are prepared in euro, which is the functional currency of the Parent Company.

Translation of foreign currency transactions
Elements in currencies other than the functional currency, both monetary (liquid assets, assets and liabilities that will be paid in preset or determinable amounts of cash, etc.), and non-monetary (advances to suppliers and advances received from customers for goods and/or services, goodwill, intangible assets, etc.), are initially recorded at the spot exchange rate on the date when the transaction takes place. Subsequently, monetary items are translated into the functional currency on the basis of exchange rates at the date of the financial statements and differences arising from the conversion are booked to the income statement. Non-monetary items are maintained at the historical rate of exchange of the transaction except in the case of a persistent unfavourable trend in the reference exchange rate. The allocation of differences (to the income statement or translation reserve) follows that applied for changes in value of the related items.

Translation of financial statements in currencies other than the functional currency of the Group
The rules for translation of financial statements in foreign currencies into the functional currency of the Group are as follows:

- assets and liabilities are translated using financial year-end closing exchange rates;
- costs, revenue, expenses and income are translated at the average rate for the year;
- the "translation reserve" holds both exchange differences generated by translation of foreign currencies at rates different from those at the reference date of the consolidated financial statements and those generated by translation of opening shareholders' equity at an exchange rate different from that at the end of the reporting period;
- goodwill and adjustments resulting from the fair value associated with the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the spot exchange rate at the end of the reporting period.

The exchange rates used for translation of financial statements in currencies other than the euro for the years ended June 30, 2024, and June 30, 2023, are shown below (foreign currency value of 1 euro):

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	2023/2024		2022/2023	
	Average	30/06/2024	Average	30/06/2023
Thai Baht	38.7111	39.3190	36.9166	38.4820
Czech Koruna	24.6702	25.0250	24.0821	23.7420
Swedish Krona	11.5016	11.3595	11.0555	11.8055
Serbian Dinar	117.172	117.105	117.303	117.180
Canadian Dollar	1.4654	1.4670	1.4035	1.4415
US Dollar	1.0816	1.0705	1.0474	1.0866
Vietnamese Dong	26,552	27,250	24,825	25,618
Swiss Franc	0.9597	0.9634	0.9820	0.9788
Ukrainian Hryvnia	40.8969	43.2658	37.8883	39.6952
Romanian Leu	4.9669	4.9773	4.9258	4.9635
Egyptian Lira	39.1949	51.4080	27.1768	33.5743
Turkish Lira	32.1035	35.1868	20.0406	28.3193
Brasilian Real	5.4072	5.8915	5.4059	5.2788
Chinese Renminbi (Yuan)	7.8147	7.7748	7.2836	7.8983
Malaysian Ringgit	5.0779	5.0501	4.7031	5.0717
Iranian Rial	392,302	457,735	43,992	45,637
Qatar Riyal	3.9372	3.8966	3.8127	3.9552
Saudi Riyal	4.0561	4.0144	3.9279	4.0748
Russian Rouble	99.7273	92.0674	72.4563	95.1052
Indian Rupee	89.8763	89.2495	85.4908	89.2065
Sterling (Great Britain)	0.8589	0.8464	0.8698	0.8583
Japanese Yen	161.315	171.940	143.732	157.160
Polish Zloty	4.3875	4.3090	4.6810	4.4388

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. For some specific plants in the Steel making segment, and, in particular, melting furnaces and endless casting rolling plants, considering the technological innovations inherent in their realisation and the long period necessary for start-up and bringing them up to capacity, it has been considered appropriate to relate the depreciation rate to the actual production capacity used in the period, compared to the normal total production capacity expected for each year of useful life of the plants. The main yearly or annualised depreciation rates are as follows:

Buildings and light constructions	3-10%
Plant and machinery	from 10 to 17.5%
Furnaces and large automated plants	from 5 to 23.4%
Equipment	20-25%
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.

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 Group 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 Group 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 Group 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 Group for its loans with similar conditions and terms to those of the leases with the addition of the

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normal variable rates on the basis of lease term, currency and geographical area (e.g. EURIBOR, USD LIBOR, EURIRS).
For disclosure purposes, the Group made use of the exemptions granted by IFRS 16 section C5 letters a and b.
The Group 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 1.5 million euro.
For these exemptions, neither the financial liability of the lease nor the related right of use were recognised while 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 Group'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 Group redetermines the balance of the liability arising from the lease (and implements an adjustment of the corresponding value of the right of use) if:

- 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.

The Group did not record any of the aforesaid changes in the current period.

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	20%
Other intangible assets	from 20 to 33%

Goodwill is the difference between the price of acquisition and the current value of the assets and liabilities that can be identified at the date of acquisition of the subsidiaries included in the consolidation. After initial recognition, goodwill is no longer amortised and is decreased by any impairment losses.
After the acquisition, goodwill is subjected to impairment test once a year or more frequently in case of events or changes that may lead to impairment, in accordance with the provisions of IAS 36 - Impairment of Assets. For the purpose of verifying any impairment, from the date of acquisition, the goodwill acquired

in a business combination is allocated to each cash-generating unit of the Group which is expected to benefit from the synergy of the combination, regardless of whether other assets or liabilities of the entity acquired have been assigned to these units. Any impairment is identified through valuations that refer to each unit's capability to generate cash flows sufficient to recover the part of goodwill allocated to it, with the procedures indicated subsequently in the section "impairment of property, plant and equipment and intangible assets".
If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of shall be included in the carrying value of the operation when determining the gain or loss on disposal. The goodwill associated with the operation disposed of must be measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained.

Impairment of tangible and intangible assets

At the end of each financial year and in the event indicators that suppose permanent impairment are identified, an estimate is made of the recoverable value of the intangible or tangible assets or group of intangible or tangible assets (cash-generating unit, or CGU) net of the selling costs and the value in use. If the carrying amount of an asset is greater than its recoverable value, this asset is written down until brought back to its recoverable value.
The recoverable value is the fair value net of selling costs or the value in use, whichever is higher. When defining the value in use, the expected future cash flows are discounted using a discount rate before tax that reflects the current market estimate referring to the cost of money compared to the time and the specific risks of the activity. For an asset that does not generate widely independent cash flows, the realisable value is determined in relation to the cash-generating unit to which this asset belongs. Impairment is recognised in the income statement among the costs for depreciation, amortisation and write-downs. This impairment is reversed if the reasons that caused it to cease to exist, with the exception of impairment related to goodwill.

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 their contractual cash flows and on the business model used by the Group to manage them. With the exception of trade receivables that do not contain a significant financial component or for which the Group has applied a practical expedient, the Group 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 Group 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.

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Inventories and Contract Assets and Liabilities

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.

Contract Assets and Liabilities are related to construction contracts (or "job orders") 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 Group companies 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 – payables from contracts.
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 job orders 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.
Job orders 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) for employees of the Group's Italian companies falls within the scope of IAS 19 (employee benefits), since it is similar to defined benefit plans. The amount recognised in the financial statements is subject to an actuarial valuation according to the method of projected unit credit, using an interest rate for the discounting that reflects the market return of securities of leading companies with a maturity in line with the one expected for the obligation.

Provisions for risks and charges

The Group accrues a provision when a present obligation exists for a future outflow of economic resources as a result of past events, it is probable that this outflow will be required and the amount can be reasonably estimated. The amount recognised is the best estimate of the expense required to completely extinguish the present obligation.
Restructuring costs are recognised if the Group 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.

Greenhouse gas emission quotas
Greenhouse gas emission quotas (grey certificates) represent the right to inject a certain quantity of greenhouse gas into the atmosphere. These quotas are an instrument to reduce pollution that originates from the Kyoto Protocol, and they were introduced with the goal of abating greenhouse gas emissions through the improvement of technologies used in the production of energy and in industrial processes, as well as more efficient use of energy.
Emission quotas are assigned, free of charge, by the competent national authority and they allow to inject a certain quantity of greenhouse gases into the atmosphere.
If this quantity is exceeded, it will be necessary to hand over quotas to be acquired on the market; surplus quotas may be used in following years or sold at auctions organised by the competent national authority.
Purchasing emission quotas entails recognizing a cost in the income statement and a payable in the balance sheet. Their sale entails recognising a revenue and a receivable.
The Group has adopted a policy whereby the net liability pertaining to granted emission rights is recognised. Therefore, an allocation to the provision for risks is recognised only when actual emissions exceed the emission rights received and still available.

Financial liabilities

Group 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 Group companies have 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 Group has transferred all risks and charges related to the instrument.

Derivative financial instruments

The Group uses derivative financial instruments such as: forward sales/purchases of foreign currency, including synthetic ones with knock-out clause and accumulation of forward purchases/sales, 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.
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.

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Revenues, contributions, interest and dividend

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).
Among the other operating revenues are recorded the "energy efficiency credits" (titoli di efficienza energetica, TEE), also known as white certificates, issued by the Italian Power Exchange in favour of certain parties as a result of energy efficiency improvement projects. They are credits that certify the reduction in consumption achieved within a certain time interval and they are allocated to companies only after the competent authorities give their prior approval to the project and subsequently verify the periodic reports filed; they may be exchanged within a dedicated organised market or through bilateral contracts outside the aforesaid market.
The right matured with respect to the Power Exchange is recorded in the financial year when the production that generated the energy savings takes place, evaluated on the basis of the presumable realisation value of the energy efficiency credits at the date of recognition.
Contributions for operating expenses are recognised directly in the income statement when the entitlement to their disbursement is considered definitive and their amount can be determined objectively. When contributions are commensurate to specific components of operating costs (excluding depreciation), they are recognised directly in reduction thereof.
Contributions related to assets are recognised among the other operating revenues according to the systematic and rational criterion that reflects the process of depreciation of the asset to which they refer.
Based on this accounting approach, the tax credit for new investments in machinery, prescribed by Italian Law Decree no. 91 of June 24, 2014, was also recognised among tax receivables - beyond the next financial year. Its recognition in the income statement follows a systematic and rational criterion in view of the depreciation of the fixed assets to which it refers, with the consequent recognition under deferred income of the portion of contribution not yet accrued.
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.

Contributions

Contributions are recorded at fair value when reasonable certainty exists that they will be received and that all the conditions for obtaining them will be satisfied.
Specifically:

i) subsidised tariffs received as energy-intensive enterprise are recorded on the basis of reported consumption and reducing energy costs;
ii) Energy Efficiency Credits (titoli di efficienza energetica, TEE, or white certificates), obtained for energy efficiency projects authorised by the GSE (Gestore Servizio Elettrico, Electric Service Manager), are recorded in other income on the basis of production volumes and energy saved as a result of the project;
iii) the tax credit for new investments in machinery, envisaged by Italian Law Decree no. 91 of June 24, 2014, is recorded under other non-current and current assets of the balance sheet and will be used as

tax credit based on the methods envisaged by the reference regulations. Its recognition in the income statement follows a systematic and rational criterion in view of the depreciation of the fixed assets to which it refers, with the consequent recognition under other current liabilities of the portion of contribution not yet accrued.

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 complementary pension funds and holidays due but not taken and social security costs, in accordance with 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 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 Group 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
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 tax receivables and payables are valued at the amount that is expected to be recovered from or paid to the tax authorities, in accordance with the laws in force at the closing date of the financial statements in the countries where the Group operates and generates its taxable income.
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.
Current tax assets and liabilities are only offset if there is an exercisable right to offset the amounts recorded in the accounts and the Group intends to settle or pay the net amounts or to realise the asset and settle the liability at the same time.
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 the recording of deferred tax assets for 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 using tax rates and regulations which are in force or substantially in force at the reporting date in the countries where the Group operates.

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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 consolidated financial statements are considered to be significant because they involve significant recourse to subjective judgements, 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 job orders accounted for using the percentage of completion method are more significant in the preparation of the consolidated financial statements due to their undoubted complexity and relevance.

Contract Assets and Liabilities

Orders managed by the Danieli Group 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 assets and liabilities relating to job orders extending over several years particularly complex.
The estimate process used by the companies of the Group 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 the value of the Contract Assets and Liabilities 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 Russian/Ukrainian conflict as well as the COVID-19 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 99 million euro (50 million euro as at June 30, 2023) were determined for the Group's job orders in progress of the company as at June 30, 2024, 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 job orders at the end of the reporting period.
The measurement of job orders relating to contracts denominated in currencies (mainly USD) other than the functional currency 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.
Group 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 job orders is also affected by the change in the

EUR/USD exchange rate occurred in the period. However, for similar reasons, the effects of exchange rate fluctuations are recorded in the income statement in the section dedicated to financial management, and therefore they do not contribute to the representation of the operating income in that statement.

Provisions for risks
The Danieli Group 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 and the consequent revenues, 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.

Payables for business combinations
Payables for business combinations are essentially based on an estimate of the contingent consideration due for each acquisition, which is initially made at fair value on the basis of the information available at the time of the transaction. That estimate may be revised to reflect either additional information obtained by the Group after the acquisition date concerning facts and circumstances in effect as of that date, or events occurring after the acquisition date, relating to the achievement of earnings objectives, the realisable value of assets or the generation of liabilities or the absence of certain conditions precedent to which the recognition of potential assets were linked.

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.
The Group recognised assets for tax losses amounting to 41.6 million euro, to the extent to which it is highly likely that there will be such a taxed income as to allow use of the benefit related to the carrying forward of the aforementioned losses. The Group also has prior tax losses amounting to 306.5 million euro, relating to subsidiaries, which cannot be used to offset the taxable income in other members of the Group. Since the aforesaid subsidiaries do not have temporary taxable differences that could support the recognition of assets for prepaid taxes connected to such losses, the Group prudentially deemed that the conditions are not met for the recognition of the related deferred tax assets, whose total amount would be approximately 66.0 million euro.

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 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.

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Management of financial risks

The main financial risks identified, monitored and managed by the Danieli Group are the following:
- market risk, arising from exposure to fluctuations in interest rates and exchange rates between the euro and other currencies in which Group companies operate;
- credit and country risk, concerning the possibility of default by a counterparty;
- liquidity risk, which could arise from a lack of financial resources to meet short-term financial commitments.

Management of financial risks is based on centrally-issued guidelines designed to standardise and coordinate Group policies.
Concerning industrial risks, see the section "Management of business risks" in the Directors' Report.

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 Group operates could negatively affect the value of assets or liabilities or the amount of cash flows.

Exchange rate risk
Group 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 include use of derivative contracts or the management of foreign currency purchases in order to obtain a natural hedging effect.
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;
- translation risk from the conversion of the assets and liabilities of consolidated companies that prepare their financial statements in non-euro currencies.

Risk management by the Group's finance department addresses both income and transaction risks, whereas translation risks are not monitored.
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 supervised by the Group'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.
In the year ended June 30, 2024, the Group made reasoned use of derivative instruments to cover exchange rate risk on receivables and financial assets denominated in currencies. This also reflects the mix of job orders in progress and those in the order backlog, comprised of contracts with prices expressed in US dollars for which a substantial portion of direct costs are expressed in currencies closely linked to the US dollar, thus allowing a natural hedging.
The foreign exchange loss reported in the income statement for the year is entirely related to the performance of the US dollar against the euro, which entailed a passive alignment of receivables and of foreign currency funds of the Group at the end of the financial year net of recoveries implemented with hedging operations.
Regarding all significant financial assets and liabilities in foreign currencies, a sensitivity analysis was conducted at the end of the year 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 EUR/USD exchange rate compared to exchange rates as at June 30, 2024, without considering the change in fair value of derivative contracts but only their effectiveness compared to the new exchange rate. This analysis also did not consider the impact of exchange rate fluctuations on the measurement of job orders (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	93,978	44,516	(40,276)	(76,891)
Total	**76,745**	**36,353**	**(32,891)**	**(62,791)**

Interest rate risk

For the Danieli Group, the risk associated with interest rate fluctuations essentially concerns variable-rate, long-term loans for which no interest rate swaps (IRS) have been negotiated.

Several derivatives (IRS) have been activated to partially hedge the fluctuation in the Euro rates on long-term investments. These instruments, despite being intended for hedging, do not meet all the requirements of the accounting standards in order to be accounted for as hedging derivatives.

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:

	-100BP	-50BP	+50BP	+100BP
(in thousands of euro)				
(Lower)/Higher financial income	(27,550)	(13,775)	13,775	27,550
Lower/(Higher) financial charges	5,585	2,793	(2,793)	(5,585)
Total	**(21,965)**	**(10,983)**	**10,983**	**21,965**

Credit and country risk

Credit risk is the Danieli Group's exposure to potential losses arising from the failure of counterparties to meet their obligations; this activity is monitored continuously by both 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 for the Plant making sector and from the review of the supply request for the Steel making sector.

Note also that the Danieli Group 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 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 a repayment plan was agreed during the year ended as at June 30, 2024. Therefore, this agreement redefined the payment terms of all receivables due from the Ezz Group, which has current heavy investments in new plants, also subject to ongoing negotiations with the Danieli Group. 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 reduction in the exposure to Danieli.

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 high value of the available financial resources of the Danieli Group makes this risk very limited. Liquidity is managed prudently, favouring low risk investments with certain convertibility to cash.
By maintaining this level of cash along with ample unutilised credit lines, the Group can meet 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.

Management of capital

Capital includes ordinary shares, savings shares and equity attributable to the shareholders of the parent company. The primary objective of Group capital management is to obtain a strong credit rating and healthy financial ratios, in order to support operating activities and maximise shareholder value.
The Group 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.
The Group monitors capital by following the indebtedness ratio, which compares the amount of net indebtedness with total capital plus net indebtedness. For this purpose, net indebtedness includes interest on loans and borrowing and cash and cash equivalents.

(millions of euro)	**30/06/2024**	**30/06/2023**
Gross financial indebtedness	1,047.5	716.5
Financial assets	(2,755.2)	(2,319.4)
Net financial position	(1,707.7)	(1,602.9)
Shareholders' equity	2,627.2	2,404.7
Capital and net indebtedness	919.5	801.8
Indebtedness ratio with third parties	**n.a**	**n.a**

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

The following table shows the classes of financial instruments held by the Group:

30/06/2024

(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 financial receivables		187					187
Other non-current receivables	6			235,598			235,598
Trade receivables	8/9			1,233,149			1,233,149
Current financial assets	11	126,801			482,121		608,922
Total Financial assets		**126,988**	**-**	**1,468,747**	**482,121**	**-**	**2,077,856**

30/06/2024

(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	Financial liabilities measured at amortised costs	Total
Financial liabilities						
Bank debts and other financial liabilities	14/21	512			605,055	605,567
Trade payables	17/18				3,820,803	3,820,803
Other current liabilities	19				226,459	226,459
Total Financial liabilities		**512**	**-**		**4,652,317**	**- 4,652,829**

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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							
Other financial receivables		305					305
Other non-current receivables	6			140,546			140,546
Trade receivables	8/9			1,194,754			1,194,754
Current financial assets	11	108,102			461,272		569,374
Total Financial assets		**108,407**	**-**	**1,335,300**	**461,272**	**-**	**1,904,979**

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	Financial liabilities measured at amortised costs	Total
Financial liabilities						
Bank debts and other financial liabilities	14/21	142			314,834	314,976
Trade payables	17/18				3,476,293	3,476,293
Other current liabilities	19				177,856	177,856
Total Financial liabilities		**142**	**-**		**3,968,983**	**- 3,969,125**

Among these financial instruments, the Group 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.

		30/06/2024		30/06/2023	
	Value of input	Nominal value	Fair value in euro	Nominal value	Fair value in euro
Forward sale with positive mark to market	USD	450	1	-	-
Forward sale with negative mark to market	USD	1,320	(10)	-	-
Forward sale with negative mark to market	EUR	15,000	0	-	-
Total forward sales			**(9)**		**-**
Forward purchase with positive mark to market	USD	21,085	3,779	17,957	182
Forward purchase with negative mark to market	THB	595,457	(2)	12,997	(141)
Forward purchase with negative mark to market	USD	1,450	0		
Total forward purchases			**3,777**		**41**
Accumulator with positive mark to market (sale)	USD	325,000	366	50,000	616
Accumulator with negative mark to market (sale)	USD	50,000	0		-
Total outright forwards (sales)		**375,000**	**366**	**50,000**	**616**
Interest Rate Swap negative mark to market	EUR	40,000	(500)		
Interest rate swap positive fair value	EUR	40,000	895		
Total IRS		**80,000**	**395**	**-**	**-**

Total financial instruments recorded as assets	**5,041**	**798**
Total financial instruments recorded as liabilities	**(512)**	**(141)**

"Other financial receivables" and "Current financial assets" measured as at fair value at June 30, 2024, are classified in the hierarchical fair value measurement Level 1 (prices in active markets). The "derivative financial instruments" pertain to the hierarchical level number 2 (measurement techniques based on data observable on active markets). "Other financial liabilities" fall entirely under hierarchical level number 2.

Business combinations

During the year, following the acquisition of shares, the companies Telefriuli S.p.A, 95% owned by Findan S.p.A., Rott-Ferr S.p.A., 100% owned by Acciaierie Bertoli Safau S.p.A. and DSR Sider Engineering S.p.A. now fully owned by Industrielle Beteiligung, entered the scope of consolidation.
The positive differentials between the overall price paid compared to the net assets of the above companies (at the date of the respective acquisitions) were allocated, gross of the deferred tax effect where applicable, as follows:

- Property, Plant and Equipment: 0.6 million euro;
- Intangible Assets: 2.3 million euro, of which 2 million euro to Goodwill

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INFORMATION ON THE BALANCE SHEET

NON-CURRENT ASSETS

1) Property, plant and equipment

The net value of 1,007,673 thousand euro as at June 30, 2024, increased by 34,379 thousand euro compared to 973,294 thousand euro as at June 30, 2023, due to the combined effect of depreciation, write-downs and exchange rate, which offset the investments in the financial year, as shown below.
Property and plant as at June 30, 2024, were not encumbered by mortgages or liens as guarantees for loans obtained.

(Thousands of euro)	Land	Industrial buildings Light constructions	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in progress	Total
Historical cost	73,598	639,426	1,454,840	121,007	120,732	93,125	2,502,728
Accumulated depreciation		(286,034)	(1,050,378)	(92,564)	(101,164)	-	(1,530,140)
Balance at June, 30 2022	**73,598**	**353,392**	**404,462**	**28,443**	**19,568**	**93,125**	**972,588**
Changes during the period							
Increase	3,380	39,692	63,900	12,417	8,932	5,722	134,043
Exchange impact and other changes	(2,470)	(11,102)	(6,137)	(284)	(1,443)	(181)	(21,617)
Transfers and disposals	(1,475)	(364)	(211)	(24)	(198)	-	(2,272)
Write-down	(272)	(8,741)	(6,908)	(241)	(330)	(164)	(16,656)
Depreciation	-	(18,687)	(58,412)	(10,496)	(5,853)	-	(93,448)
Historical cost	72,763	646,807	1,484,937	130,331	122,153	98,500	2,555,491
Accumulated depreciation	-	(292,449)	(1,088,243)	(100,509)	(100,996)	-	(1,582,197)
Balance at June, 30 2023	**72,763**	**354,358**	**396,694**	**29,822**	**21,157**	**98,500**	**973,294**
Changes during the period							
Increase	4,818	9,382	54,856	15,293	7,043	53,163	144,555
Changes in scope of consolidation	83	615	1,405	736	367	73	3,279
Exchange impact and other changes	(3,724)	(7,391)	6,787	932	(332)	2,166	(1,562)
Transfers and disposals	-	(319)	(11,719)	(736)	(506)	-	(13,280)
Write-down	-	-	(13)	(5)	(295)	(185)	(498)
Depreciation	-	(17,659)	(62,181)	(11,499)	(6,776)	-	(98,115)
Historical cost	73,940	644,598	1,523,810	144,956	127,135	153,717	2,668,156
Accumulated depreciation	-	(305,612)	(1,137,981)	(110,413)	(106,477)	-	(1,660,483)
Balance at June, 30 2024	**73,940**	**338,986**	**385,829**	**34,543**	**20,658**	**153,717**	**1,007,673**

The amount of the depreciations allocated to the income statement was 98,115 thousand euro, recognised on the basis of rates deemed representative of the estimated useful life of the assets, taking into account, for some specific plants of the Steel Making segment, the actual production capacity used in the period relative to the normal total production capacity expected for each year of useful life of the plants.

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"Other tangible assets" include 4,742 thousand euro for transport vehicles, 4,066 thousand euro for furniture and fittings, 7,670 thousand euro for electronic machines and 4,180 thousand euro for other items.
The main investments in the period concerned new plants used by the subsidiaries Acciaierie Bertoli Safau S.p.A. and ABS Sisak Doo in the Steel Making segment, to improve production capacity and ensure appropriate environmental management at all stages of production, as well as the completion of some buildings and plants in Italy and at workshops in the Far East in the Plant Making segment.
Assets under development at the end of the financial year stood at 153,717 thousand euro (98,500 thousand euro as at June 30, 2023) and mainly refer to current investments in the steel making sector for the development and improvement of production capacity. The increase in current investments is mainly associated with new investments largely attributable to the subsidiary ABS.

2) Right of use

The item in question amounted to 35,125 thousand euro as at June 30, 2024 (33,232 as at June 30, 2023) and referred to the right of use (ROU) recognised as a result of application of IFRS 16, net of the depreciation charge calculated for the period. Changes as at June 30, 2024, are shown below:

(thousands of euro)

	Industrial buildings in leasing	Machines and installation in leasing	Industrial and commercial equipment in leasing	Other asset in leasing	Total
Historical cost	48.407	14.878	2.871	13.843	79.999
Accumulated depreciation	(27.580)	(7.369)	(1.374)	(10.444)	(46.767)
Balance at June, 30 2023	**20.827**	**7.509**	**1.497**	**3.399**	**33.232**
Changes during the period					
Increase	9,073	171	327	1,826	11,397
Changes in scope of consolidation	312	-	89	989	1,390
Exchange impact and other changes	5,687	207	102	676	6,672
Transfers and disposals	(5,478)	(40)	(41)	(1,148)	(6,707)
Write-down	-	-	-	-	-
Depreciation ROU benefit to employees	(716)	-	-	(830)	(1,546)
Depreciation	(5,708)	(1,833)	(719)	(1,053)	(9,313)
Historical cost	**46,327**	**15,789**	**2,925**	**12,670**	**77,711**
Accumulated depreciation	**(22,330)**	**(9,775)**	**(1,670)**	**(8,811)**	**(42,586)**
Balance at June, 30 2024	**23,997**	**6,014**	**1,255**	**3,859**	**35,125**

3) Intangible assets

The balance of 50,495 thousand euro as at June 30, 2024 is higher than the 44,843 thousand euro as at June 30, 2023, mainly due to higher investments made in the year compared to amortisation charged as represented below:

(thousands of euro)

	Goodwill	Intellectual property rights	Concessions, licences and trademarks	Other intangible assets	Asset under development and advances	Total
Historical cost	21,428	30,345	117,731	89,329	4,036	262,869
Write-downs	(13,491)		(12)	(20,438)		(33,941)
Accumulated depreciation		(30,012)	(100,213)	(57,442)		(187,667)
Balance at June, 30 2022	**7,937**	**333**	**17,506**	**11,449**	**4,036**	**41,261**
Changes during the period						
Increase	3,782	1,297	10,941	7,413	2,112	25,545
Exchange impact and other changes	141	47	(152)	(945)	(1)	(910)
Transfers and disposals	-	-	(181)	(4)	-	(185)
Write-down	(7,323)	-	-	-	-	(7,323)
Depreciation	-	(1,130)	(7,945)	(4,436)	-	(13,511)
Historical cost	25,351	25,462	124,823	94,232	6,147	276,015
Write-downs	(20,814)	-	(12)	(20,438)		(41,264)
Accumulated depreciation		(24,915)	(104,641)	(60,352)		(189,908)
Balance at June, 30 2023	**4,537**	**547**	**20,170**	**13,442**	**6,147**	**44,843**
Changes during the period						
Increase	-	1,494	9,288	163	6,127	17,072
Changes in scope of consolidation	2,123	-	140	452	60	2,775
Exchange impact and other changes	27	(16)	2,598	866	(2,136)	1,339
Transfers and disposals	-	-	(387)	(122)	(39)	(548)
Write-down	-	-	-	-	-	-
Depreciation	-	(1,281)	(9,053)	(4,652)	-	(14,986)
Historical cost	27,501	26,922	136,093	95,087	10,159	295,762
Write-downs	(20,814)	-	(12)	(20,438)	-	(41,264)
Accumulated depreciation		(26,178)	(113,325)	(64,500)	-	(204,003)
Balance at June, 30 2024	**6,687**	**744**	**22,756**	**10,149**	**10,159**	**50,495**

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"Goodwill" in the financial statements as at June 30, 2024, includes the higher amounts paid for the acquisitions that took place in previous years, and in particular for the acquisition of Innoval Technology Ltd. (1.8 million euro) and FATA Group (2.8 million euro). These goodwill amounts were allocated to CGUs identified in the same acquired companies, all belonging to the Plant Making sector. The impairment test, in accordance with IAS 36 - Impairment of Assets, was carried out comparing the recoverable value of the goodwill attributed to the individual CGUs with the related carrying value as at June 30, 2024. The recoverable value utilised was the value in use, since it was deemed reasonably higher than fair value, after selling costs.
The valuation was carried out using a method based on the discounting of expected cash flows (DCF). Cash flows were derived from budgets approved by the competent bodies in relation to the specific CGUs. The models were prepared with an explicit period of 5 financial years and a terminal value for the unspecified period.
The main parameters used to calculate the discount rate (WACC) were the following:

Risk free	Market Premium	Beta unlevered	Risk premium	Cost of debt	WACC
1,63%	5,50%	0.96	0,00%	4,02%	7,03%

With regard to the risk-free rate, the average rate of return for the past 12 months compared to the starting date of the reference period of the plan data (June 30, 2024) of ten-year Italian Government bonds was used.
During the year, the item increased as a result of the effects of allocating the positive differential between the overall price paid compared to the net assets of the companies (at the date of the respective acquisitions) for which control was acquired during the year, and which were consolidated on a line-by-line basis for the first time. Specifically, as already outlined in the section "Business combinations", 1.7 million euro relating to Rott-Ferr S.r.l. and 0.3 million euro relating to DSR Sider Engineering Group S.p.A. was allocated.
"Concessions, licences and trademarks" consist mainly of the costs of acquiring licences and of developing management software and programmes used in Group company activities.
"Other intangible assets" mainly includes the higher values allocated to the order book (19.1 million euro) and know-how (11.4 million euro) as part of acquisitions in the past and in the current financial year, in addition to other expenses recognised by Group companies.
Assets under development mainly refer to costs incurred by some Group companies up to June 30, 2024 on investment projects for management software programmes not yet completed, and which will be completed over the coming financial years. These projects are deemed strategically significant and Group Management intends to see them through completion.
The consolidated financial statements do not include any intangible assets with indefinite useful lives, with the exception of goodwill.

Impairment of property, plant and equipment and intangible assets

As at June 30, 2024, there were no indications that property, plant and equipment and intangible assets might be impaired, other than that already reported in the previous sections. In accordance with IAS 36, no impairment test was carried out in addition to those described above.

4) Equity investments

(thousands of euro)	30/06/2024	30/06/2023
Equity investment in associates measured at equity	10,600	8,064
Other equity investments	15,717	14,851
Total	**26,317**	**22,915**

Changes in the various items are shown in attachment II-C, where equity investments in companies measured at equity are also shown.
The increase in the item "Equity investments in companies measured at equity" is mainly due to the acquisition of a 13.51% stake in Nord Est Multimedia S.p.A. ("NEM") partially offset by the reduction caused by the fact that the associate company DSR Sider Engineering Group S.p.A. entered the scope of line-by-line consolidation with the acquisition of all shares in the previous year.
The NEM investment was 6 million euro, which was reduced as a result of the measurement using the equity method for approx. 1.5 million euro following the economic performance and forecasts of the subsidiary.
The essential figures of the financial statements of subsidiaries, including the aggregate value of current and non-current assets and liabilities, revenues and costs of production, financial income and charges, income taxes, the net profit or loss for the period and the number of employees are shown in Attachment III-C.

5) Deferred tax assets and liabilities

These include the provisions for benefits and liabilities respectively related to losses that can be carried forward by Group companies, and temporary differences between assets and liabilities entered in the balance sheet and their corresponding values 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:

(thousands of euro)	***30/06/2024***	***30/06/2023***
Deferred tax assets	137,300	109,513
Deferred tax liabilities	23,281	27,806
Net position	**114,019**	**81,707**

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Deferred tax assets
The composition of deferred tax assets and their changes in the years ended June 30, 2024, and June 30, 2023, were as follows:

(thousands of euro)	Changes with impact on				
	30/06/2023	Income Statement	Statement of comprehensive income (cash flow and fair value reserve)	Other changes	**30/06/2024**
Taxed provision	45,026	17,100	-	(12,182)	49,944
Recoveries of unrealised exchange differences	-	60	-	-	60
Tax losses	24,050	9,563	(8)	7,968	41,573
Other adjustments	40,324	3,243	-	1,886	45,453
Employee benefits	113	5	(5)	157	270
Measurement at fair value	-	-	-	-	-
Total	**109,513**	**29,971**	**(13)**	**(2,171)**	**137,300**

(thousands of euro)	Changes with impact on				
	30/06/2022	Income Statement	Statement of comprehensive income (cash flow and fair value reserve)	Other changes	**30/06/2023**
Taxed provision	45,352	1,301	-	(1,627)	45,026
Recoveries of unrealised exchange differences	326	(326)	-	-	-
Tax losses	26,348	(300)	-	(1,998)	24,050
Other adjustments	45,465	(3,342)	-	(1,799)	40,324
Employee benefits	474	(104)	(95)	(162)	113
Measurement at fair value	6,255	-	(6,255)	-	-
Total	**124,220**	**(2,771)**	**(6,350)**	**(5,586)**	**109,513**

Deferred tax assets are recognised in the tax losses for which future use is reasonably expected. On the contrary, deferred tax assets were not recorded with reference to tax losses for which it is not expected at the moment that they will be recovered through future taxable income for a total amount of 66.0 million euro (73.6 million euro as at June 30, 2023). That amount refers to tax losses of approximately 306.5 million euro (343.9 million euro as at June 30, 2023) realised by certain Group companies this year and in previous years).

"Other adjustments" mainly refer to temporary differences deriving from the adjustment of the value of revenues of some foreign branches to the IFRS standards used by the Group, as described in the explanatory notes.

Deferred tax liabilities
The breakdown of deferred tax liabilities and their changes in the years ended June 30, 2024, and June 30, 2023, were as follows:

(thousands of euro)	Changes with impact on				
	30/06/2023	Income Statement	Statement of comprehensive income (cash flow and fair value reserve)	Other changes	**30/06/2024**
Net tangible and intangible fixed assets	271	834	-	226	1,331
Measurement at fair value	(2)	-	-	-	(2)
Change in scope of consolidation	2,718	1,509	-	22	4,249
Other deferred LT taxes	24,819	1,255	2	(8,373)	17,703
Total	**27,806**	**3,598**	**2**	**(8,125)**	**23,281**

(thousands of euro)	Changes with impact on				
	30/06/2022	Income Statement	Statement of comprehensive income (cash flow and fair value reserve)	Other changes	**30/06/2023**
Net tangible and intangible fixed assets	252	-	-	19	271
Measurement at fair value	(2)	-	-	-	(2)
Change in scope of consolidation	2,719	60	-	(61)	2,718
Other deferred LT taxes	28,758	(159)	1,989	(5,769)	24,819
Total	**31,727**	**(99)**	**1,989**	**(5,811)**	**27,806**

"Other deferred tax liabilities" mainly refer to temporary differences deriving from the adjustment of the value of revenues of some foreign branches to the IFRS standards used by the Group, as described in the explanatory notes.

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6) Trade and other receivables

(thousands of euro)	30/06/2024	30/06/2023
Trade receivables from customers	90,703	54,432
Non-current receivables from Tax authorities	70,446	49,542
Other receivables	74,449	36,572
Total	**235,598**	**140,546**

Trade receivables mostly include non-current receivables based on the terms of sale negotiated for the supply of complex plants with long start-up times due to their technical characteristics.
Receivables from tax authorities include tax credits purchased from third parties, partly in the previous year and partly during the current year, and which will be used over the coming financial years to offset 70,211 thousand euro in tax credits purchased from leading national third-party credit institutes during the year ended as at June 30, 2024, and previous years, and to be used for offsetting in the coming years. The bank time deposit for 48,591 thousand euro relating to the ongoing dispute with the Malaysian customer Southern HRC Sdn. Bhd. also forms part of this section.
Receivables are broken down below by date of expected collectability at the end of this and the previous year:

(thousands of euro)	30/06/2024			
Deadlines	**Trade receivables from customers**	**Non-current receivables from Tax authorities**	**Other receivables**	**Total**
2025/2026	38,718	26,864	60,719	126,301
2026/2027	36,699	43,582	5,498	85,779
2027/2028	15,286	-	4,711	19,997
2028/2029 and beyond	-	-	3,521	3,521
Total	**90,703**	**70,446**	**74,449**	**235,598**

(thousands of euro)	30/06/2023			
Deadlines	**Trade receivables from customers**	**Non-current receivables from Tax authorities**	**Other receivables**	**Total**
2024/2025	44,245	18,626	24,733	87,604
2025/2026	10,187	15,039	2,328	27,554
2026/2027	-	15,877	6,655	22,532
2027/2028 and beyond	-	-	2,856	2,856
Total	**54,432**	**49,542**	**36,572**	**140,546**

CURRENT ASSETS

7) Contract Assets and Inventories

The balance of 1,920,473 thousand euro as at June 30, 2024, was 279,998 thousand euro higher than the amount of 1,640,475 thousand euro as at June 30, 2023.

(Thousands of euro)	30/06/2024	30/06/2023
Raw materials & supplies	256,097	258,779
Write downs	(11,388)	(13,211)
Raw materials, consumables and supplies	**244,709**	**245,568**
Work in progress and semi-finished products	**353,552**	**321,711**
Assets from contracts in progress valued using the cost-to-cost method vs. third parties	2,070,970	1,141,892
Invoicing on job orders in progress with third parties	(1,064,818)	(389,676)
Write-down provision on job orders in progress for third parties	(98,798)	(50,186)
Contract assets	**907,354**	**702,030**
Finished products	**167,392**	**173,397**
Advances	**247,466**	**197,769**
Total	**1,920,473**	**1,640,475**

The write-down provision on raw materials is prudently determined against slow-moving goods in the inventory.

The write-down provision on assets from contracts includes the estimates of any future charges related to their completion or for issues related to the recoverability of the costs of the job order.

If the resulting balances, for each individual job order, from the sum between work progress and amounts invoiced, are negative, they have been reclassified to "Contract Liabilities and customer advances" in current liabilities (see also note 18).

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They are broken down as follows:

(thousands of euro)	30/06/2024	30/06/2023
Assets from contracts in progress valued using the cost-to-cost method vs. third parties	4,439,856	4,875,626
Invoices issued third parties	(5,082,435)	(5,294,157)
Total Liabilities from Contracts	**(642,579)**	**(418,531)**

Contract Liabilities and customer advances, totalling 642,579 thousand euro as at June 30, 2024 and 418,531 thousand euro as at June 30, 2023, also include amounts paid by third-party customers prior to the start or at the beginning of works and related to assets from contracts. These advance payments, intended to be reabsorbed in proportion to the invoices issued as job order progresses, are broken down in note 18).
The amounts collected from customers for inactive contracts included in this item are included in the net financial position configuration since they are considered to be of financial nature.

8) Trade receivables

The balance of 1,068,276 thousand euro as at June 30, 2024 was 33,694 thousand euro lower than the amount of 1,101,970 thousand euro as at June 30, 2023.
There are no significant concentrations of counterparty credit risk.
Receivables were factored without recourse in the financial year by the Group companies for around 35 million euro.
Trade receivables are shown net of the provision for doubtful accounts in the amount of 131,754 thousand euro as at June 30, 2024.

(thousands of euro)	30/06/2024	30/06/2023
Customers	1,006,250	960,933
Collection order and bills	184,153	259,284
Provision for doubtful accounts	(131,754)	(123,120)
Total trade receivables from third parties	**1,058,649**	**1,097,097**
Trade receivables from Group companies	9,627	4,873
Total trade receivables	**1,068,276**	**1,101,970**

Trade receivables from Group companies are due from associates not consolidated on a full line-by-line basis.
Changes in the "Provisions for doubtful accounts" are shown below:

(thousands of euro)	30/06/2024	30/06/2023
Opening balance	**123,120**	**119,897**
Provision	24,114	17,000
Release of unused provisions	(40)	(1,865)
Utilisation and other changes for the period	(15,440)	(11,912)
Closing balance	**131,754**	**123,120**

Regarding the provision for doubtful accounts, the risk of loss on receivables has often a component of technical risk (arising from design changes and/or delays in execution) as well as counterparty risk and country risk. Credit risk and the appropriateness of this provision should therefore be viewed together with the write-down provision for assets from contracts described in note 7).
The Group determines the expected amount of credit risks by estimating losses based on historical experience related to past due customer considering both current and future economic conditions. As a result, the credit risk profile is updated according to the past due brackets in relation to the collection terms provided for in existing contracts.

9) Other receivables

These amounted to 164,873 thousand euro as at June 30, 2024, showing an increase of 72,087 thousand euro compared to the balance of 92,786 thousand euro as at June 30, 2023, and comprising:

(thousands of euro)	30/06/2024	30/06/2023
ST accrued income	4,027	2,820
ST Prepaid expense	15,217	12,578
Due from social security institutions	1,507	1,416
Foreign tax receivables	915	875
Travel expenses advances to employees, consultants and sites	2,765	6,890
Deposits to third parties	3,008	1,769
Indirect tax receivables	84,169	44,127
Other Receivables	53,265	22,311
Total	**164,873**	**92,786**

"Other current receivables" included 354 thousand euro relating to Energy Efficiency Certificates (TEE) accrued by ABS on the basis of energy savings achieved in the production process (600 thousand euro in the previous financial year). The decrease is partly due to the collection and maturity of the economic benefits obtainable from certain important projects and partly to the decrease in the unit value of the certificates.
The item also includes 3,712 thousand euro as receivables for amounts ABS paid to the Fund established at Terna by the 2016 Stability Law as guarantee of the commitments made by the successful contractors for the financing of each connection power line with overseas electricity grids (interconnectors); 775 thousand euro as the value relating to the greenhouse gas emission quotas (CO_2 quotas) purchased during the year and not yet used; 2,618 thousand euro relating to the short-term portion of the Industry 4.0 tax credit (new tax credits were recognised during the year for 4.0 investments for a total of 3.2 million euro of

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which 1.06 million euro that can be used for offsetting after next year by ABS) and 6,000 thousand euro relating to an insurance settlement to be collected.
Receivables for indirect taxes mainly included VAT receivables, for part of which repayment was requested. The change compared to the balance as at June 30, 2023 reflects the higher receivable accrued in the year by certain Italian companies of the Group.

10) Current tax assets

This item is made up as follows:

(thousands of euro)	30/06/2024	30/06/2023
Foreign tax receivables	9,036	9,238
Direct tax receivables	39,266	34,173
Other current tax receivables	43,916	18,641
Total	**92,218**	**62,052**

Direct tax receivables as at June 30, 2024, originated mainly from excess advance payments during the year and in previous years, net of the provision for current taxes. This also includes portions of tax credits for tax bonuses purchased and deemed reasonably offsettable in the upcoming financial year.
Receivables for foreign taxes include the receivables of some foreign Group companies, which are expected to be repaid in the near future.

11) Current financial assets

These amounted to 608,922 thousand euro as at June 30, 2024, a decrease of 39,548 thousand euro compared with the balance of 569,374 thousand euro as at June 30, 2023. In addition to the portfolio of securities carried by the subsidiary Danieli Finance Solutions SA and recorded at market value among available for sale financial assets, they include certain financial receivables and derivative financial assets existing at year-end.
They can be broken down as follows:

(thousands of euro)		30/06/2024		30/06/2023
Bonds in euro par value of 393,777 at variable rates between 4.29% and 5.37% maturing before 2031 (*)		372,229		319,157
Bonds in US dollar par value of 113,260 at variable rates between 5.00% and 6.94% maturing before 2029 (*)	Usd 111,173	103,852	Usd 93,860	82,714
Other securities in different currencies		1,860		57,739
Accrued income on securities and other current financial assets		4,180		1,661
Financial Receivables ST		90,370		101,608
Accrued interest on bank deposits and other financial receivables		31,390		5,697
Derivative financial instruments		5,041		798
Total		**608,922**		**569,374**

(*) descriptions refer to the portfolio as at June 30, 2024

The portfolio does not include any bonds issued by central or local governments or government entities.

Regarding the effects of the measurement of securities, as at June 30, 2024, the change in the fair value reserve, net of the tax impact, was negative 20,496 thousand euro, after the tax effect.
The item "Other securities and accrued interest on securities" includes other securities in currencies other than Euro and USD and some financial products issued by leading insurance companies.
The "Other financial receivables" comprise time deposits and receivables with banks and financial institutions, with maturity over three months (but lower than twelve months).

The characteristics and fair value of derivative financial instruments as at June 30, 2024 and 2023, are detailed in the section "Classes of financial instruments and hierarchical levels of measurement at fair value".
Forward sales and purchases in currency are financial instruments to hedge mainly US dollar exchange rate risks and occasionally other currency risks (euro for Group foreign companies). The notional value indicated for outright instruments indicates the maximum residual amount envisaged by the signed contract, which allows to accumulate every day outright forward (sales) with monthly recurring payment. In relation to the lock of each derivative contract, a possible strengthening of the Euro against the dollar may make the contract ineffective and therefore not lead to the actual forward sale of the dollars at the exchange rate included within the set range.
If these instruments qualify as cash flow hedges and meet the effectiveness tests set up by the Group, the gains and losses deriving from their fair value measurement at year-end are recognised in shareholders' equity in the Cash Flow reserve.
As at June 30, 2024, as well as at the end of the previous financial year, the derivative financial instruments implemented by the Group did not meet the hedging requirements of IFRS 9, and so changes in fair value were attributable directly to the income statement.

12) Cash and cash equivalents

(thousands of euro)	30/06/2024	30/06/2023
Cash and cash equivalents	2,146,081	1,749,633
Total	**2,146,081**	**1,749,633**

The balance of 2,146,081 thousand euro as at June 30, 2024, increased by 396,448 thousand euro compared to the amount of 1,749,633 thousand euro as at June 30, 2023, and included cash in hand of 909 thousand euro and short-term bank deposits of 909 thousand euro.
Part of this liquidity will be used in the coming year to finance new research programmes, as well as to complete the new investments started in the Steel making segment, while providing these companies with enough working capital to support the substantial production volumes currently being achieved.
See the statement of cash flows for further details on change in cash and cash equivalents.

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SHAREHOLDERS' EQUITY

13) Shareholders' equity

Total shareholders' equity at June 30, 2024 amounted to 2,628,820 thousand euro, an increase of 221,116 thousand euro compared with 2,407,704 thousand euro at June 30, 2023. Changes in the various components are summarised in the "Consolidated statement of changes in shareholders' equity". Those components are as follows:

13.1) Share capital

Share capital is fully paid in and amounted to 81,305 thousand euro as at June 30, 2024, (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).

13.2) Treasury shares

The value of treasury shares amounted to 88,912 thousand euro as at June 30, 2024. 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). There were no purchase or sale transactions of treasury shares during the year.

13.3) Other reserves

These totalled 2,440,703 thousand euro (2,200,676 thousand euro as at June 30, 2023) and consist of:

Share premium account

As at June 30, 2024, this amounts to 22,523 thousand euro (unchanged compared to June 30, 2023) and concerns the share premiums paid on the exercise of warrants associated with the conversion of bonds from the bond loans that matured in November 1999 and on July 1, 2003, and the gains/losses realised from the sale of treasury shares.

Fair value reserve

As at June 30, 2024, the fair value reserve had a negative balance of 21,880 thousand euro (42,376 thousand euro as at June 30, 2023) and it included the changes arising from the fair value measurement of available-for-sale financial assets.

Other reserves

As follows:

(thousands of euro)	30/06/2024	30/06/2023
Revaluation reserve	7,634	7,634
Legal reserve	18,576	18,576
Other Parent company reserves	760,210	760,210
Reserve of first-time adoption of IFRS 9	(9,389)	(10,670)
Undistributed profits and impact of consolidation adjustments	1,663,672	1,444,779
Total	**2,440,703**	**2,220,529**

The Legal Reserve amounts to 18,576 thousand euro as at June 30, 2024, unchanged since June 30, 2023: its amount exceeds the requirement stated in art. 2430 of the Civil Code, so a further allocation of the net profit for the year is no longer mandatory.

13.4) Translation difference reserve

At June 30, 2024, this reserve had a negative balance of 47,330 thousand euro (31,996 thousand euro at June 30, 2023). The change was due to the positive exchange impacts from translation of the financial statements of foreign companies prepared in the local currency, mainly the Russian rouble, the Chinese Renminbi and the Indian Rupee.

13.5) Group's net profit

This amounted to 240,812 thousand euro as at June 30, 2024 (243,642 thousand euro as at June 30, 2023).

13.6) Dividends

Dividends paid in the last two financial years and relating to profits earned in the financial years ended June 30, 2023, and June 30, 2022, were as follows:

	Dividends paid at			
	30/06/2024		**30/06/2023**	
(thousands of euro)	euro per share		euro per share	
Ordinary shares	0.3100	11,639	0.2793	10,508
N.C. Saving shares	0.3307	12,061	0.3000	10,941
Total dividends paid		**23,700**		**21,449**

13.7) Shareholders' equity of non-controlling interests

Non-controlling interests in shareholders' equity amounted to a positive 1,599 thousand euro (2,990 thousand euro as at June 30, 2023). The change of 1,391 thousand euro is the combined result of the positive effect of 31 thousand euro related to the translation difference, the distribution of dividends to third parties for 0.8 million euro and the effect of negative 0.8 thousand euro linked to the loss attributable to minority interests, only partially offset by the change in the scope of consolidation for 175 thousand euro.

NON-CURRENT LIABILITIES

14) Loans

Financial payables, which amounted to 511,138 thousand euro as at June 30, 2024, included financial payables recorded in accordance with IFRS 16 of 23.3 thousand euro and 487.9 thousand euro consisting of the medium/long-term portion of loans arranged with banks and other institutional lenders, which, compared to 254,709 thousand euro as at June 30, 2023, show a change of 256,429 thousand euro during the financial year, mainly as a result of the disbursement in favour of the Group of the loan granted by the European Investment Bank and by Cassa Depositi e Prestiti in relation to the significant investment plan already initiated, and which will involve the Group, and the steel making sector in particular, over the coming

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financial years. There are contractual covenants on some Group loans, shown in detail in attachment IV-C, which also indicates the breakdown by current/non-current portion and the characteristics of each loan. Based on the results of the financial statements for the year ended June 30, 2024, the economic and equity parameters set out in the loan agreements have been complied with.
The maturity dates of the non-current portions of financial payables were as follows:

(thousands of euro)	30/06/2024	30/06/2023
2024/2025	-	67,632
2025/2026	27,634	39,519
2026/2027	38,263	38,358
2027/2028	58,612	24,200
2028/2029 and beyond	386,629	85,000
Total	**511,138**	**254,709**

The breakdown of the Group's net financial position as at June 30, 2024, compared to the previous financial year, was as follows:

(thousands of euro)	30/06/2024	30/06/2023	Variation
Non-current financial assets			
Other financial receivables	0.2	0.3	(0.1)
Total	**0.2**	**0.3**	**(0.1)**
Current financial assets			
Securities and other financial assets	608.9	569.4	39.5
Cash and cash equivalents	2,146.1	1,749.6	396.4
Total	**2,755.0**	**2,319.0**	**436.0**
Non-current financial liabilities			
Non-current financial liabilities	487.9	228.4	259.5
Lease liabilities non-current IFRS 16	23.3	26.3	(3.1)
Total	**511.2**	**254.7**	**256.4**
Current financial liabilities			
Bank debts and other financial liabilities	524.0	453.7	70.3
Lease liabilities current IFRS 16	12.3	8.1	4.2
Total	**536.3**	**461.8**	**74.4**
Current net financial position	**2,218.7**	**1,857.2**	**361.6**
Non-current net financial position	**(511.1)**	**(254.4)**	**(256.5)**
Positive net financial position	**1,707.7**	**1,602.8**	**105.0**

"Bank debts and other financial liabilities" as at June 30, 2024, included 441,848 thousand euro (401,575 thousand euro as at June 30, 2023) for advances received from customers on job orders not yet in force. These amounts are still included as liabilities for contracts and customer advance payments in the balance sheet. As at June 30, 2024, liabilities, recognised during previous years, were also included relating to deferred components of the price for an acquisition made in previous financial years for 11.6 million euro. The remaining advances from customers, still recognised under liabilities from contracts and customer advance payments and amounting to 1,291,360 thousand euro as at June 30, 2024, and 1,247,381 thousand euro as at June 30, 2023, respectively, were instead included in working capital as they are used to finance job orders in progress, together with advances to suppliers.

The balance subject to so-called Reverse Factoring arrangements with leading operators, on the other hand, is still classified among trade payables for an amount of approximately 99.8 million euro as at June 30, 2024, with different maturities but less than 12 months (180.2 million euro as at June 30, 2023).
These liabilities maintain their original nature as trade payables in consideration of the fact that there are no financial charges borne by the Group, they do not fall within the financial credit lines used by the Group and the terms of payment follow the normal conditions of supply for the types of business in which the Group is active.
Lastly, the calculation of the net financial position includes both the net fair value of derivative contracts and the present value of the remaining amount due for the purchase of equity investments. In particular, the fair value of derivative contracts as at June 30, 2024 amounted to an overall net positive 4,529 thousand euro (a negative 657 thousand euro as at June 30, 2023).
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. For commentary on the reverse factor, refer to Note 17.

15) Post-employment benefits

The balance of 25,929 thousand euro increased by 2,945 thousand euro compared to 22,984 thousand euro as at June 30, 2023.
Changes were as follows:

(thousands of euro)	30/06/2024	30/06/2023
Opening balance	**22,984**	**23,569**
Cost relating to employee compensation with defined benefits	165	67
Benefits paid	(2,012)	(1,188)
Actuarial (gains)/losses recognized in the statement of comprehensive income	(170)	(530)
Other accruals for employee benefits	4,962	1,066
Closing balance	**25,929**	**22,984**

The cost relating to employee compensation with defined benefits was recognised in the income statement among financial expenses, whilst payments to complementary pension funds and other accruals to pension funds from the Group's foreign companies were recognised among personnel costs, as indicated in Note 25).

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The main actuarial assumptions used were the following:

	30/06/2024	30/06/2023
Discount rate	3.49%	3.67%
Rate of increase in management salaries	1.00%	1.00%
Rate of increase in wages and salaries	1.00%	1.00%
Turnover rate	5.00%	5.00%

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

Turnover rate +1%	Turnover rate -1%	Inflation rate +0,25%	Inflation rate -0,25%	Discount rate +0,25%	Discount rate -0,25%
19,7	19,5	19,8	19,4	19,2	19,9

16) Provisions for risks

Totalling 87,442 thousand euro as at June 30, 2024, this item increased by 5,233 thousand euro compared to the balance of 82,209 thousand euro as at June 30, 2023, as a result of the following changes:

(thousands of euro)	30/06/2024	30/06/2023
Opening balance	**82,209**	**56,828**
Provision	25,308	41,396
Release of unused provisions	(13,287)	(1,369)
Utilisations and other changes	(6,788)	(14,646)
Closing balance	**87,442**	**82,209**

The provision for risks includes the provision for the entire expected loss at operating margin level of several job orders including the estimate of any future charges related to their 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 on the basis of an arbitration award, despite ongoing actions by the Company to protect its position and the existing possibility to 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

17) Trade payables

Trade payables, totalling 1,445,017 thousand euro as at June 30, 2024, increased by 36,212 thousand euro from 1,408,805 thousand euro as at June 30, 2023, and mainly comprise due to suppliers; the change in the item is related to the characteristics and financial conditions negotiated with suppliers in purchase orders.
Trade payables include positions subject to Reverse Factoring with leading national operators for an amount of approximately 99,984 thousand euro as at June 30, 2024, with different maturities but less than 12 months (180,254 thousand euro as at June 30, 2023).
These liabilities maintain their original nature as trade payables in consideration of the fact that there are no financial charges borne by the Group, they do not fall within the financial credit lines used by the Group and the terms of payment follow the normal conditions of supply for the types of business in which the Group is active.
There are no significant concentrations of payables on one or a small number of suppliers.

18) Liabilities from contracts and customer advances

Liabilities from contracts and customer advances amounted to 2,375,787 thousand euro and 2,067,487 thousand euro as at June 30, 2024 and June 30, 2023 respectively, and are made up as follows:

(thousands of euro)	30/06/2024	30/06/2023
ST Advances from customers	1,291,360	1,247,381
Contract Liabilities	642,579	418,531
Customer guarantee deposits	441,848	401,575
Total	**2,375,787**	**2,067,487**

"Current customer advance payments" represent amounts paid by customers prior to the start of work under job orders in progress. These will be reabsorbed in proportion to the invoices issued as work progresses.

"Contract Liabilities" represent the higher amount invoiced to customers for contracts with respect to the state of completion. The change in this item correlates with production carried out and with the invoicing terms of job orders in progress.
"Customer guarantee deposits" of 441,848 thousand euro, concerns advances received from customers on job orders not yet in production, included as current financial liabilities in the net financial position (401,575 thousand euro as at June 30, 2023).
The change in this item relates to the volume of orders acquired, their contractual terms of payment and actual operations of the contracts.

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19) Other current liabilities

Other current liabilities amounted to 226,790 thousand euro as at June 30, 2024 (177,856 thousand euro as at June 30, 2023) and they are mainly comprised of:

(thousands of euro)	30/06/2024	30/06/2023
Due to employees	78,007	71,403
Indirect tax payables	2,307	3,638
Withholding tax due	10,084	12,169
Other commercial accruals	41,038	26,597
Guarantee deposits	1,049	1,084
Due to social security institutions	19,473	19,280
Due to company boards and committees	411	426
Deferred income	17,979	13,964
Other ST liabilities	56,442	29,295
Total	**226,790**	**177,856**

Deferred income includes 3,768 thousand euro recognised by ABS in relation to the tax credits for new investments in machinery, attributable pursuant to Italian Law Decree no. 91 of June 24, 2014, (4,848 thousand euro as at June 30, 2023). This also includes 3,720 thousand euro as a tax credit accrued by ABS in the current financial year for investments in Industry 4.0 capital goods (originally equal to 2,500 thousand euro for the new Quality Wire Rod 4.0 mill opened at the end of the previous financial year) and 3,118 thousand euro related to the contribution, received in the form of a tax credit, for investments in Industry 4.0 plant and machinery as per Article 1, paragraphs 1051-1063 of Italian Law no. 178/2020, obtained thanks to the new LF3/VD3 degassing and refining plant. The recognition of the contribution to the income statement follows a systematic and rational criterion in view of the depreciation of the fixed assets to which it refers.

20) Current tax liabilities

These amount to 73,920 thousand euro and include accruals for current taxes on the estimated profits of Group companies. The increase of 44,262 thousand euro, compared to the balance of 29,658 thousand euro as at June 30, 2023, was due to the higher taxable income for the 2024 financial year in certain Group companies and the amount of the advance tax payments made during the financial year, based on the tax charge for the previous year.

21) Bank debts and other financial liabilities

These refer to the current portion of non-current borrowing and loans, to bank advances and overdrafts on bank current accounts, the short-term portion of financial payables recognised in accordance with IFRS 16, to derivative financial instruments and to payables for business combinations. At 30 June 2024 they amounted to 94,428 thousand euro, compared with 60,267 thousand euro at 30 June 2023.

(thousands of euro)	30/06/2024	30/06/2023
Bank advances and current account overdrafts	103	316
Other ST bank loans	45,872	34,780
Current portion of long-term loans	15,902	4,154
Accruals on financial payables	8,215	1,203
Lease liabilities current IFRS 16	12,254	8,102
ST Loans	**82,346**	**48,555**
Payables for business combinations	**11,570**	**11,570**
Other LT accrued fin. expenses	**-**	**-**
Fair value of forward sales and purchases	12	142
Accumulator with negative mark to market (sale)	-	-
Fair value of IRS	500	-
Accruals for payable interest on swap	-	-
Short term derivative financial instrument	**512**	**141**
Total	**94,428**	**60,267**

The item "Payables for business combinations" includes the recovery in the previous financial years of a liability related to the consideration not yet paid for the acquisition of a subsidiary that had been removed in the 2018/2019 fiscal year since it was no longer considered due in light of the legislative context of that period. Taking account of the different legislative and commercial conditions, Management believed that the collectability of that liability was no longer considered remote, but likely.
Concerning derivative financial instruments, see the comments in note 11) Current financial assets.

22) Guarantees and commitments

These show commitments and guarantees given by the Group to third parties and consist of the following:

(thousands of euro)	30/06/2024	30/06/2023
Bank guarantees and liens to third parties	3,950,823	3,132,102
Total	**3,950,823**	**3,132,102**

Guarantees given by some banks to third parties on behalf of Group companies mainly refer to guarantees related to the carrying-out of some job orders. Guarantees in foreign currencies are entered at the year-end spot exchange rates.

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INFORMATION ON THE INCOME STATEMENT

23) Revenues

Revenues are broken down as follows:

(thousands of euro)	30/06/2024	30/06/2023
Revenues from sales and services	4,218,920	3,911,520
Changes in inventories	24,792	28,286
Other operating income	106,058	162,250
Total revenues	**4,349,770**	**4,102,056**

The level of revenues of the Group rose by 6% 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 2022/2023, 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.
Also note that ESW is no longer managed as an operating company meaning that its economic effects are shown separately in Note 33, both with reference to the year ended June 30, 2024, and the previous year for comparative purposes.

Please refer to note 35 Information by business segment and geographical area for more details on the breakdown of revenues by business.
Other operating income includes 13,287 thousand euro for the release of unused provisions (1,369 thousand euro as at June 30, 2023), and for the Steel Making sector, other revenues arising from the value of the Energy Efficiency Certificates (TEE) accrued thanks to energy efficiency projects on several phases of the production process and certified by the supervisory body, for a value of 542 thousand euro, down compared to the 1,092 thousand euro in the previous financial year mainly as a result of the completion of the benefits achieved by the project related to the Rotoforgia plant.
Income in the form of support for companies operating in sectors most exposed to the risk of carbon leakage (fund for the energy transition in the industrial sector) relating to the years 2020 and 2021 for 8,028 thousand euro.
The other revenues, lastly, also include the portion accrued in the income statement (2,009 thousand euro) of the contribution related to assets with respect to investment bonus under Italian Law Decree no. 91/2014 and other minor contributions (2,241 thousand euro as at June 30, 2023).
Also note the income arising from the remuneration of the service of electric power interruptibility that ABS granted to the national grid operator for a total 13,139 thousand euro through the ABSOLUTE consortium and the revaluation at market value of the CO_2 credits purchased during the current financial year (665 thousand euro).
There are no significant concentrations of revenues from the same counterparties that exceed 10% of the Group's total revenues.

24) Purchase costs of raw materials and consumables

The purchase costs of raw materials and consumables net of changes in inventories amounted to 2,325,509 thousand euro as at June 30, 2024 (2,102,103 thousand euro as at June 30, 2023, with an increase of 223,406 thousand euro in the year) and are directly related to the composition and types of job orders and to product sales included under "Revenues".

25) Personnel costs

Personnel costs of 564,296 thousand euro as at June 30, 2024 are broken down as follows:

	30/06/2024		30/06/2023	
(thousands of euro)	Managers and staff	Blue collars	Managers and staff	Blue collars
Wages and salaries	329,239	85,199	296,695	80,832
Social security contributions	85,773	25,749	78,739	23,844
Employee Termination Indemnity	14,514	4,295	13,742	4,587
Other personnel costs	17,347	2,180	15,403	2,678
Total	**564,296**		**516,520**	

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

Group personnel	30/06/2024	30/06/2023
Executives	197	191
White collars / Managers	6,619	6,086
Blue collars	3,305	3,084
Apprentices	262	212
Total	**10,383**	**9,573**

Changes in "Personnel costs" relate to changes in remuneration and to the number of employees.

26) Other operating costs

(thousands of euro)	30/06/2024	30/06/2023
Cost for services	965,860	972,611
Use of third parties assets	26,703	23,426
Provisions	25,308	39,040
Other costs	50,899	24,398
Total	**1,068,770**	**1,059,475**

These amounted to 1,068,770 thousand euro as at June 30, 2024 (1,059,475 thousand euro as at June 30, 2023) and consisted of:

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26.1) Cost of services

Cost of services included in "Other operating costs" amounted to 965,860 thousand euro as at June 30, 2024 (972,611 thousand euro as at June 30, 2023, with a change of 6,751 thousand euro) and are made up as follows:

(thousands of euro)	30/06/2024	30/06/2023
Outsourcing	304,647	261,649
Energy and motive power	138,449	219,038
Utilities	48,937	86,553
Plant management, repairs and mantenance	31,887	32,612
Travel and living expenses	47,293	43,258
Commissions and premiums	18,610	19,452
Despatch, transportations and porterage	231,439	197,521
Insurances	15,484	11,817
Legal and administrative consultancy	50,794	39,953
Cleaning and security expenses	8,058	8,005
Bank services	8,009	5,976
Postal and communication costs	3,428	3,443
Advertising and promotion expenses	2,219	2,604
Other services	56,606	40,730
Total	**965,860**	**972,611**

"Other services" include emoluments to the Board of Statutory Auditors, amounting to 800 thousand euro (594 thousand euro as at June 30, 2023).
The increase in costs for legal and administrative consulting is mainly due to the legal costs associated with significant international legal and arbitration proceedings during the year.
The fees due to the independent auditors and entities in its network for auditing and other services rendered in the financial year, included among other cost of services and totalling 1,038 thousand euro (998 thousand euro as at June 30, 2023), are indicated in detail in Attachment VI-C.

26.2) Cost for use of third-party assets

These amount to 26,703 thousand euro as at June 30, 2024 with an increase of 3,277 thousand euro compared to the balance of 23,426 thousand euro as at June 30, 2023 and refer mainly to the rental of property, electronic equipment and civil and industrial motor vehicles that do not fall under the scope of application of IFRS 16.
According to IFRS 16, depreciation charges on the Right to Use recorded under non-current assets are recognised in depreciations or in personnel costs in case of fringe benefit leases to employees and interest expense on lease liabilities in financial charges.

26.3) Accruals

The balance of 25,308 thousand euro as at June 30, 2024 (39,040 as at June 30, 2023) reflects the adjustment of provisions for risks to bring them in line with reasonably expected liabilities, which mainly concern pending disputes.

26.4) Other operating costs

These amounted to 50,899 thousand euro as at June 30, 2024 with an increase of 26,501 thousand euro compared to the balance of 24,398 thousand euro as at June 30, 2023 and include:

(thousands of euro)	30/06/2024	30/06/2023
Loss on disposal of tangible assets	1,275	541
Sundry taxes	7,995	10,246
Other charges	1,248	89
Contributions	2,623	2,816
Other operating costs	25,651	6,808
Extraordinary expense	12,107	3,898
Total	**50,899**	**24,398**

The amount of extraordinary expenses, down on the previous financial year, included penalties incurred for the late start of some job orders in progress, net of the use of provisions previously allocated in view of the related risk.

27) Depreciation, amortisation and write-downs

In detail:

(thousands of euro)	30/06/2024	30/06/2023
Depreciation of property, plant and equipment	98,115	93,448
Amortisation of intangible assets	14,986	13,511
Depreciation of right of use	10,859	11,203
Total depreciation and amortisation	**123,960**	**118,162**
Write-down/(Reversal) of impairment losses	24,114	16,354
Other write downs (Revaluations)	22,337	399
Write down of goodwill	-	7,323
Write downs (reval.) of other property, plant and equipment	-	16,656
Write-downs	**46,451**	**40,732**
Total	**170,411**	**158,894**

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The depreciation/amortisation of property, plant and equipment and intangible assets and the commentary on the write-down of tangible assets are explains in Notes 1 and 3 above, providing information on the balance sheet.
For commentary on the write-down of receivables, refer to Note 8.

28) Financial income
This amounted to 113,468 thousand euro as at June 30, 2024, and consisted mainly of:

(thousands of euro)	30/06/2024	30/06/2023
Income from securities	15,314	6,565
Options and similar income	4,256	23,984
Income from investments	2,008	601
Interest income on bank deposits	69,691	41,768
Interest from customers	713	418
Other financial income	21,486	2,740
Total	**113,468**	**76,076**

The total amount of financial income increased compared to June 30, 2023 thanks to higher remuneration of deposits included in cash and cash equivalents.
Income on options and similar items includes 4,246 thousand euro of income from derivative financial instruments closed in the period by Danieli Finance Solutions SA.

29) Financial charges

These consisted of:

(thousands of euro)	30/06/2024	30/06/2023
Interest on loans and debts with banks and lessors	23,276	6,525
Interest on discount operations	116	19
Charges for discounting of receivables	-	3,459
Other financial charges	17,097	16,457
Total	**40,489**	**26,460**

Interest on loans and bank debts and lessors increased as a result of the increase in interest rates. This item also includes the interest expense for leases amounting to 612 thousand euro following the application of IFRS 16 (489 thousand euro as at June 30, 2023).
Charges for discounting receivables in the previous year included the effects of updated discounting of expected cash flows, as already commented on in note 6).

30) Gains (losses) on foreign exchange transactions

(thousands of euro)	30/06/2024	30/06/2023
Exchange gains	93,127	198,096
Exchange losses	(79,899)	(213,994)
Total	**13,228**	**(15,898)**

The exchange gain is mostly related to the revaluation of the US dollar against the euro. The income statement item also includes the exchange gain deriving from the derivative contracts activated on rates (mainly outright forward (sales)), as well as the effects of their measurement at fair value at the end of the period. The exchange gain relating to the adjustment on items of a financial nature is equal to around 18,663 thousand euro, while the exchange loss on items of an operating nature is equal to around 5,435 thousand euro.
As a result of the fact that the accounting standards do not provide for a specific income statement classification of the profit and loss arising from transactions in foreign currency, the Group has opted to represent them in full in this item of the financial statements.

31) Income/(charges) arising from the valuation of equity investments in associates with the equity method

Net charges from the valuation of companies not consolidated with the equity method amounted to 501 thousand euro as at June 30, 2024 (net income of 1,620 thousand euro as at June 30, 2023), as shown in Attachment II-C. In particular, the net total includes the revaluation for around 878 thousand euro of the investment in the associate Inter-Rail S.p.A.

(thousands of euro)	30/06/2024	30/06/2023
Financial income from associates	878	522
Financial costs to associates	(377)	(2,142)
Income/(charges) arising from the valuation of equity investments in assoc. with the equity method	**501**	**(1,620)**

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32) Income taxes

Income taxes amounted to 69,813 thousand euro and cover an estimate of current and deferred tax assets and liabilities commensurate with the results of Group companies for the period. They are broken down as follows:

(thousands of euro)	30/06/2024	30/06/2023
Income taxes	103,382	53,194
Deferred tax assets	(29,971)	2,770
Deferred tax liabilities	(3,598)	(99)
Total	**69,813**	**55,865**

The Italian tax rates for IRES (corporate tax) and IRAP (regional tax) applied by the Parent Company and Italian Group companies on the estimated taxable income for the year were 24% and 3.9% for current and deferred tax assets and liabilities, respectively.
Taxes for other countries in which the Group operates were calculated according to the current rates in those countries.
The reconciliation between the theoretical tax charge and the amount actually shown in the income statement, without considering the positive effects of income taxes from previous years, is provided in attachment V-C.
The effective average income tax rate indicated in the aforesaid attachment essentially reflects the tax charge estimated on the basis of individual companies' results.

Deferred tax assets are only recognised on the temporary differences to the extent that it is probable that the related tax benefit will be achieved through future tax bases on the basis of management's forecasts.
The Group has not recognised deferred tax assets in relation to tax losses and other temporary differences due to the uncertainty around their future use for an overall amount of 523,705 thousand euro, divided as follows by country:

Country	Losses and other components	Unallocated prepaid taxes
Italy	2,419	580
Croatia	9,517	1,713
China	1,536	384
Germany	80,112	26,295
Thailand	911	182
Egypt	2,026	466
Iran	702	140
Saudi Arabia	70,147	14,029
Luxembourg	339,665	84,712
Sweden	9,639	1,986
France	7,031	1,758
Total	**523,705**	**132,246**

33) IFRS 5 ESW

On November 26, 2019, the Danieli Group, by decision of the Board of Directors of the sub-holding Industrielle Beteiligung S.A., resolved to close the production activities of the subsidiary ESW Rohrenwerke Gmbh. The decision was taken following the serious losses suffered by the company and the difficulties encountered in acquiring new production orders, the delays accumulated following the restructuring of the production structure and the difficult macroeconomic context of the steel industry.
The programme to close and secure the activities of the German subsidiary ESW was completed and pursuant to IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations, the company's result and cash flows as at June 30, 2024 were represented separately as discontinued operations for financial year 2022/2023. Profit for the year mainly includes the positive effects of value restatements of the subsidiary's assets, written down in previous financial years, since the conditions that had led to their initial write-down no longer exist.
The net result from discontinued operations and the cash flows generated/absorbed by them are broken down in the tables below.

Net result from discontinued operations

	Financial year ended	
(thousands of euro)	**30/06/2024**	**30/06/2023**
Revenues	137	4,625
Personnel costs	(193)	(207)
Other operating costs	(421)	(2,036)
Depreciation, amortisation and write-downs	2,575	(8)
Operating income	**2,098**	**2,374**
Financial Income and charges	(16)	(6)
Profit before taxes	**2,082**	**2,368**
Income taxes	264	(9)
Profit and loss deriving from discontinued operations	**2,346**	**2,359**

Cash flows generated/absorbed by discontinued operations

	Financial year ended	
(thousands of euro)	**30/06/2024**	**30/06/2023**
Cash flow generated /(absorbed) by operating activities	(997)	(1,029)
Cash flow generated/(absorbed) by investing activities	-	4,500
Cash flow generated/(absorbed) by financing activities	400	(3,500)
Total cash flow	(597)	(29)
Opening cash and bank position	487	516
Closing cash and bank position	(110)	487

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34) Earnings per share

Earnings per share as at June 30, 2024 and 2023, were calculated on the basis of profit attributable to the Group and are shown separately for savings shares and ordinary shares.

Basic and diluted earnings per share
Basic earnings per share is calculated by dividing net profit for the year, attributable to ordinary and savings shareholders, by the weighted average number of both ordinary and savings shares outstanding during the financial year, net of weighted treasury shares. Profit attributable to savings shares is increased, compared to that of ordinary shares, by 2.07% of the shares' par value.

The weighted average number of shares and attributable net profit by category of shares are indicated below:

	30/06/2024		30/06/2023	
(thousands of euro)	Ordinary shares	N.C. Saving shares	Ordinary shares	N.C. Saving shares
Issued shares at the start of the period	40,880	40,425	40,880	40,425
Shares outstanding at the start of the period	37,546	36,471	37,624	36,471
Treasury shares (purchased)/sold in the period	-		(78)	
Total shares outstanding at the period end	**37,546**	**36,471**	**37,546**	**36,471**
Weighted average of shares outstanding	**37,546**	**36,471**	**37,546**	**36,471**
Net profit attributable to Parent company shareholders (in thousands of euro)	**121,772**	**119,040**	**123,207**	**120,434**

	30/06/2024		30/06/2023	
(thousands of euro)	Ordinary shares	N.C. Saving shares	Ordinary shares	N.C. Saving shares
Profit reserved for holders of saving shares (euro 0,0207 per share)	-	755	-	755
Residual profit divided among all shares	121,772	118,285	123,207	119,680
Total	**121,772**	**119,040**	**123,207**	**120,434**
Basic earnings per share (euro)	**3.2433**	**3.2640**	**3.2815**	**3.3022**

No account has been taken of diluted profit per share since, as at June 30, 2024 (and as at June 30, 2023) there were no financial instruments with a dilutive effect on the profit attributable to shares outstanding.

35) Information by business segment and geographical area

In accordance with IFRS 8, the segment reporting schedules are provided below.
The Steel Making segment comprises the production and sale of special steels.
The Plant Making segment concerns the production and sale of plant for the iron and steel industry and also includes the operations of the subsidiary Danieli Finance Solutions SA.

The effects related to the closure of ESW's operations, in accordance with IFRS 5, are shown separately as arising from discontinued operations.
Profit and loss and balance sheet data are shown below, subdivided by activity segment, aggregating the financial statements prepared by companies belonging to the two specific segments.

(thousands of euro)

30/06/2024	Discontinued operations	Steel making	Plant making	Inter-segment derecognition	Consolidated
Revenues from the core business		1,316,144	3,038,399		4,354,543
less inter-segment revenues				(4,773)	(4,773)
Revenues from third parties	**-**	**1,316,144**	**3,038,399**	**(4,773)**	**4,349,770**
Gross operating margin (Ebitda)		**75,515**	**315,680**		**391,195**
Depreciation, amortisation and write-downs		(70,726)	(99,685)		(170,411)
Operating income		**4,789**	**215,995**		**220,784**
Financial Income and charges		(10,958)	97,666		86,708
Profit before taxes		**(6,169)**	**313,661**		**307,492**
Income taxes		2,961	(72,774)		(69,813)
Net profit from continued operations		(3,208)	240,887		237,679
Profit and loss deriving from discontinued operations	2,346	-	-		2,346
Net profit for the period	**2,346**	**(3,208)**	**240,887**		**240,025**
Segment assets		1,612,239	5,894,889	(13,353)	7,493,775
(of which increases in property, plant and equipmentand and intangibles)		88,110	87,656		175,766
Segment liabilities		825,946	4,052,362	(13,353)	4,864,955
Shareholders' equity					2,628,820
Total segment liabilities and net equity					7,493,775
Net financial position		**(182,682)**	**1,890,457**		**1,707,775**

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(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		**1,504,511**	**2,599,255**	**(1,710)**	**4,102,056**
Gross operating margin (Ebitda)		**170,904**	**253,054**		**423,956**
Depreciation, amortisation and write-downs		(66,785)	(92,111)		(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	-	-		**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

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

(thousands of euro)	30/06/2024	%	30/06/2023	%	Variation
Europe	1,527,956	35%	2,579,340	62%	-41%
Middle East	208,506	5%	236,176	8%	-12%
Americas	1,293,910	30%	618,506	15%	109%
Southeast Asia	1,319,397	30%	668,034	15%	98%
Total	**4,349,770**	**100%**	**4,102,055**	**100%**	**6%**

In the Plant Making segment, the geographical distribution of revenues is based primarily on the volume of shipments made, as well as progress with equipment construction operations both at our factories and in terms of on-site installation and start-up throughout the world.

As for Steel Making, 30% of revenues were concentrated in Europe as at June 30, 2024 (compared to 55% of total revenues), while as at June 30, 2023, that region accounted for 37% of Steel Making revenues and 62% of the total.

The breakdown of property, plant and equipment and intangible assets (without considering the right of use underlying the application of IFRS 16) by geographical area is as follows:

(thousands of euro)	30/06/2024	%	30/06/2023	%	Variation
Europe	887,013	84%	832,979	82%	6%
Middle East	2,199	0%	23,028	2%	-90%
Americas	27,514	3%	22,110	2%	24%
Southeast Asia	141,441	13%	140,020	14%	1%
Total	**1,058,168**	**100%**	**1,018,136**	**100%**	**4%**

36) Related party transactions

Transactions carried out by Danieli & C. Officine Meccaniche S.p.A. and other companies in the scope of consolidation with related parties essentially concerned the provision of services and the trading of goods. They form part of standard operations and are at arm's length, i.e. at the conditions that would apply between two independent parties.
Related party transactions can be summarised as follows:

(thousands of euro)	30/06/2024		30/06/2023	
Company	**Receivables**	**Payables**	**Receivables**	**Payables**
Inter-Rail S.p.A - Udine	1,200	6,104	-	3,670
Absolute Scarl - Pozzuolo del Friuli (UD)	4,862	15	2,831	17
Total	**6,062**	**6,119**	**2,831**	**3,687**

(thousands of euro)	30/06/2024		30/06/2023	
Company	**Revenues**	**Costs**	**Revenues**	**Costs**
Inter-Rail S.p.A - Udine	-	27,071		19,802
Absolute Scarl - Pozzuolo del Friuli (UD)	13,202	15	7,918	17
Total	**13,202**	**27,086**	**7,918**	**19,819**

*Company joined the scope of consolidation during the financial year.

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

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(thousands of euro)	30/06/2024	30/06/2023
Fixed fees	2,624	2,538
Variable fees	233	170
Benefits in kind	55	58
Other fees		110
Total	**2,912**	**2,876**

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

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

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

Grants and contributions received in the period from July 01, 2023 to June 30, 2024, 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
Italian Ministry of Education and Merit	32,662.85	Contribution to private schools, academic year 2023/2024
ARLeF	100,000.00	Contributions for the Friulian language
FVG Region	52,526.25	Regional Contributions, Contrib. Proc. Art.13
FVG Region	22,511.25	Regional Contributions Regional Law 26/2020
FVG Region	16,712.37	Regional Contributions Regional Law 26/2020
MIMIT (Italian Ministry for Business and Made in Italy)	23,837.37	Regional Contributions Regional Law 26/2020
Presidency of the Council of Ministers	36,000.00	Extraordinary Fund for Transformation of Contracts
Presidency of the Council of Ministers	34,685.00	Contribution to Technological Innovations DPCM 2022

MIMIT (Italian Ministry for Business and Made in Italy)	661,107.51	Contributions to Local Issuers 2023 Ranking DPR 146/2017
GSE Gestore dei Servizi Energetici SpA	1,056.85	Net Metering Energy Account Contribution
GSE Gestore dei Servizi Energetici SpA	7,662.00	Incentive Tariff Energy Account Contribution
State	9,348.00	Tax credit for investments in capital goods Italian Law 160/2019 and 178/2020 and electricity costs
Revenue Agency	859,801.00	Tax credit for investments in new Industry 4.0 capital goods and 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) pertaining to financial year 2023/2024
Revenue Agency	382,591.00	Research and development and innovation bonus (Law 160/2019 - Law 178/2020)
Revenue Agency	9,750.00	Art Bonus – Tax credit to promote donations in support of culture
Friuli-Venezia Giulia Region	11,000.00	Art bonus FVG 2024
Formazienda (national interprofessional joint fund for continuing education)	276,252.00	Contributions for employee training
Friuli-Venezia Giulia Region	5,000.00	FVG - Incentives for active labour market policy measures
Italian Ministry for Infrastructure and Sustainable Mobility	6,865.06	Tax credit as emergency support for hauliers of goods on behalf of third parties
Acquirente Unico S.p.A.	4,027,749	Fund for the energy transition in the industrial sector
Hidropar Hareket Kontrol Teknolojuleri Merkezi Sanayi Ve Ticaret Anonim Sirketi	212,940	Aid for research, development and innovation | Robotics and Artificial Intelligence Innovation and Excellence: HORIZON SCHEREC
Italian Ministry for Economic Development	607,422	Aid for research, development and innovation | Industrial research: AIM
Revenue Agency	85,388	Tax credit for investments in research and development, ecological transition, technological innovation 4.0 and other innovative activities – Italian Law 160/2019 and Italian Law 178/2020
Revenue Agency	55,154	Tax credit for non-energy and non-gas-intensive companies Q3 2023

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Gestore dei Mercati Energetici S.p.A.	169,490	Proceeds from selling energy efficiency credits (LED LUNA and Crefin3 project)
Gestore dei Mercati Energetici S.p.A.	332,320	Proceeds from selling energy efficiency credits (SOTTRI 1 and SOTTRI2 project)
Gestore dei Mercati Energetici S.p.A.	125,425	Proceeds from selling energy efficiency credits (SIVIERE DANARC ladle project and SOTTRI1)
Gestore dei Mercati Energetici S.p.A.	149,544	Proceeds from selling energy efficiency credits (Crefin3 project)
Revenue Agency	11,400.95	Tax credit for non-energy and non-gas-intensive companies Q1 2023
Revenue Agency	2,648.83	Tax credit for non-energy and non-gas-intensive companies Q2 2023

39) Events occurring after the reporting period

Company operations continued with no further significant events occurring since June 30, 2024, with a world steel market that is still receptive and without significant negative factors.
Alignment of currency items to the exchange rate prevailing on September 25, 2024, would have resulted in a decrease of approximately 37 million euro in unrealised exchange differences for the year compared to the figure recorded considering the exchange rate as at June 30, 2024.
Except for what has already been discussed, no other events occurred after June 30, 2024, 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.

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ATTACHMENT No. I - C

Companies included in the scope of consolidation

Italian companies

no.	Investee company	% as at 30/06/2024	dir.	ind.	through	%	Share capital (thousands) Currency	Amount
1	Acciaierie Bertoli Safau S.p.A. - Via Buttrio 28 - 33050 Pozzuolo (UD)	100,00		x x	Industrielle Beteiligung SA Findan S.p.A.	99,919 0,081	euro	290,000
2	Corte delle Fucine S.r.l. - Via Nazionale 41 - 33042 Buttrio (UD)	100,00		x	Findan S.p.A.	100,00	euro	100
3	Danieli Automation S.p.A. - Via B. Stringher 4, 33042 Buttrio (UD)	100,00		x x	Industrielle Beteiligung SA Findan S.p.A.	99,95 0,05	euro	10,000
4	*Danieli Centro Combustion S.p.A. - Via G. Galilei 40 -* 20092 Cinisello Balsamo (MI)	100,00		x x	*Industrielle Beteiligung SA* Findan S.p.A.	99,8 0,2	euro	2,500
5	Danieli Centro Cranes S.p.A. in liquidazione - Via Gardesana 22 - 25086 Rezzato (BS)	100,00		x x	Industrielle Beteiligung SA Findan S.p.A.	75,00 25,00	euro	120
6	Danieli Construction International S.p.A. - Via Nazionale 41 - 33042 Buttrio (UD)	100,00		x x	Industrielle Beteiligung SA Findan S.p.A.	99,999 0,001	euro	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	euro	2,700
8	Fata S.p.A. - Strada Statale n. 24 Km 12 10044 Pianezza (TO)	100,00		x	Industrielle Beteiligung SA	100,00	euro	5,000
9	Findan S.p.A. - Via Dante 56 - 33040 Pradamano (UD)	100,00		x x	Industrielle Beteiligung SA Danieli Constr. Intern. S.p.A.	99,96 0,04	euro	2,500
10	More S.r.l. - Via Santa Lucia 7 - 33013 Gemona del Friuli (UD)	100,00		x x	Industrielle Beteiligung SA Findan S.p.A.	79,17 20,83	euro	240
11	Sabolarie Haven & Hospitability S.p.A. - Via Nazionale 41 - 33042 Buttrio (UD)	100,00		x	Findan S.p.A.	100,00	euro	2,100
12	Scuole e Asili Cecilia Danieli S.r.l. - Via Nazionale 41 - 33042 Buttrio (UD)	100,00		x x	Turismo 85 Srl Findan S.p.A.	99,00 1,00	euro	6,500
13	DSR Sider Engineering S.p.A - Via Buttrio SN - 33050 Pozzuolo del Friuli (UD)	100,00		x	Industrielle Beteiligung SA	100,00	euro	1,000
14	Stem S.r.l. in liquidazione - Via G.Galilei 7 - 21052 Busto Arsizio (VA)	100,00		x x	Industrielle Beteiligung SA Findan S.p.A.	99,00 1,00	euro	265
15	Turismo 85 S.r.l. - Via Nazionale 8/C - 33042 Buttrio (UD)	100,00		x x	Industrielle Beteiligung SA Findan S.p.A.	99,00 1,00	euro	10
16	Zerotredici Educational Hub S.r.l. - Via Nazionale 41 - 33042 Buttrio (UD)	100,00		x	Findan S.p.A.	100,00	euro	100
17	Rotl-Ferr Srl - Via Grado 142 , 33100 Udine (UD)	100,00		x	Acciaierie Bertoli Safau S.p.A	100,00	euro	500
18	Telefriuli SpA - Via Nazionale 120 - 33010 - Tavagnacco (UD)	95,00		x	Findan S.p.A.	95,00	euro	227
19	Editoriale Il Friuli S.r.l. - Via Nazionale 120 - 33010 - Tavagnacco (UD)	95,00		x	Telefriuli S.p.A.	100,00	euro	100
20	Euronews S.r.l. - Via Nazionale 120 - 33010 - Tavagnacco (UD)	95,00		x	Telefriuli S.p.A.	100,00	euro	15
21	ABS Sfere - Via Buttrio 28 - 33050 - Pozzuolo del Friuli (UD)	65,00		x	Acciaierie Bertoli Safau S.p.A	65,00	euro	500

Foreign companies

no.	Investee company	% as at 30/06/2024	dir.	ind.	through	%	Share capital (thousands) Currency	Amount
22	ABS Centre Métallurgique Sas- Metz (FRA)	100,00		x	Acc. Bertoli Safau S.p.A.	100,00	euro	5,000
23	ABS Deutschland GmbH - Ratinger (DEU)	100,00		x	Acc. Bertoli Safau S.p.A.	100,00	euro	25
24	Acciaierie Bertoli Safau Iberica SL - Bilbao (ESP)	100,00		x	Acc. Bertoli Safau S.p.A.	100,00	euro	3
25	Acciaierie Bertoli Safau Scandinavia AB - Örebro(SWE)	100,00		x	Acc. Bertoli Safau S.p.A.	100,00	sek	50
26	Acciaierie Bertoli Safau Sisak Doo - Sisak (HRV)	100,00		x	Acc. Bertoli Safau S.p.A.	100,00	euro	60,341
27	Danieli Automation Co. Ltd. - Rayong (THA)	100,00		x	Industrielle Beteiligung SA	100,00	thb	82,000
28	Danieli Finance Solutions SA - Luxembourg (LUX)	100,00	x x		Danieli & C. Off. Mecc. S.p.A. Danieli Automation S.p.A.	83,83 16,17	euro	400,000
29	Danieli Canada Inc. - Toronto (CAD)	100,00		x	Danieli Corporation	100,00	cad	7,922
30	Danieli Centro Combustion India Pvt. Ltd. - Pune (IND)	100,00		x	Industrielle Beteiligung SA	100,00	inr	24,000
31	Danieli Changsu Trading Co. Ltd - Changshu (CHN)	100,00		x	Dan. Met. Equip. & Serv.(China)	100,00	cny	1,000
32	Danieli Co. Ltd. - Rayong (THA)	100,00		x	Industrielle Beteiligung SA	100,00	thb	1,099,492
33	Danieli Corporation - Cranberry Twp (USA)	100,00		x	Danieli Holdings Inc.	100,00	usd	1
34	Danieli Corus BV - Ijmuiden (NLD)	100,00		x	Industrielle Beteiligung SA	100,00	euro	136
35	Danieli Corus India (Pvt) Ltd. - New Delhi (IND)	100,00		x	Danieli Corus BV Industrielle Beteiligung S.A.	95,95 0,05	inr	875
36	Danieli do Brasil LTDA - Diadema (BRA)	100,00		x	Industrielle Beteiligung SA	100,00	brl	10,558
37	Danieli Engineering & Services GmbH - Völkermarkt (AUT)	100,00		x	Industrielle Beteiligung SA	100,00	euro	4,000
38	Danieli Engineering Japan Co. Ltd. - Yokohama (JPN)	100,00		x	Industrielle Beteiligung SA	100,00	jpy	40,000
39	Danieli Engineering Rom Srl - Cluj Napoca (ROU)	100,00		x	Industrielle Beteiligung SA	100,00	ron	10
40	Danieli Germany GmbH - Duisburg (DEU)	100,00		x	Industrielle Beteiligung SA	100,00	euro	10,000
41	Danieli Heavy Machinery Engineering LLC- Dnipro (UKR)	100,00		x	Industrielle Beteiligung SA	100,00	uah	177,882
42	Danieli Henschel SAS - Méry (FRA)	100,00		x	Industrielle Beteiligung SA	100,00	euro	192
43	Danieli Henschel Service OOO - Moscow in liquidazione (RUS)	100,00		x	Danieli Henschel SAS	100,00	rub	50
44	Danieli High Technology (Changshu) Co., Ltd	100,00		x	Industrielle Beteiligung SA	100,00	cny	11,710
45	Danieli Holdings Inc. - Wilmington, Delaware (USA)	100,00		x	Industrielle Beteiligung SA	100,00	usd	1
46	Danieli Hoogovens Steel Making Technology Ltd. - Shanghai (CHN)	100,00		x	Danieli Corus BV	100,00	cny	3,627
47	Danieli India Ltd. - Kolkata (IND)	100,00		x	Industrielle Beteiligung SA	100,00	inr	6,250,868
48	Danieli Industrial Automation (Suzhou) Co., Ltd	100,00		x	Dan. Met. Equip. & Serv.(China)	100,00	cny	50,000
49	Danieli Malaysia Sdn. Bhd. - Prai (MYS)	100,00		x	Danieli Constr. International S.p.A.	100,00	myr	500
50	Danieli Metall. Equip. & Service (China) Co Ltd,Changshu (CHN)	100,00		x	Industrielle Beteiligung SA	100,00	cny	280,111
51	Danieli Metallurgical Industry (China) Co., Ltd - Beijing (CHN)	100,00		x	Industrielle Beteiligung SA	100,00	cny	20,000
52	Danieli Systec doo - Labin (HRV)	100,00		x	Danieli Automation S.p.A.	100,00	euro	100
53	Danieli Systec Engineering Doo - Smederevo (SRB)	100,00		x	Danieli Automation S.p.A.	100,00	rsd	51
54	Danieli Systec Technology Doo - Nova Gorica (SLV)	100,00		x	Danieli Automation S.p.A.	100,00	euro	38
55	Danieli UK Holding Ltd. - Rotherham (GBR)	100,00		x	Industrielle Beteiligung SA	100,00	gbp	12,489
56	Danieli Volga OOO - Dzerdzhinsk (RUS)	100,00		x	Industrielle Beteiligung SA	100,00	rub	305,384
57	DWU Engineering Polska SP.z.o.o.- Wroclaw (POL)	100,00		x	Industrielle Beteiligung SA	100,00	pln	900
58	Elsid Cheda Ltd. - Moscow (RUS)	100,00		x	Danieli Automation S.p.A.	100,00	rub	10
59	ESW Röhrenwerke GmbH - Eschweiler (DEU)	100,00		x	Industrielle Beteiligung SA	100,00	euro	25
60	Industrial Beteiligung for Serv. & Contracting Co. LLC - Al Khobar (SAU)	100,00	x x		Industrielle Beteiligung SA Findan S.p.A.	99,00 1,00	sar	500
61	Industrielle Beteiligung Company Ltd. - HoChiMinh City (VNM)	100,00		x	Industrielle Beteiligung SA	100,00	vnd	80,183,393

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Foreign companies

no.	Investee company	% as at 30/06/2024	dir.	ind.	through	%	Share capital (thousands) Currency	Amount
62	Industrielle Beteiligung S.A. - Luxembourg (LUX)	100,00	x		Danieli & C. Off. Mecc. S.p.A.	100,00	euro	328,700
63	Morgårdshammar AB - Smedjebacken (SWE)	100,00	x		Industrielle Beteiligung SA	100,00	sek	25,000
64	Pars Foulad Jam Sama Heavy Metallurgical Equipment Co. PJS - Eshtehard (IRN)	100,00	x		Dan. Met. Equip. & Serv.(China)	100,00	irr	521,344,600
65	*Sund Birsta (Beijing) Metallurgical Equipment Co. Ltd. - Beijing (CHN)*	100,00	x		Sund Birsta AB	100,00	cny	5,000
66	Sund Birsta AB - Sundsvall (SWE)	100,00	x		Industrielle Beteiligung SA	100,00	sek	10,000
67	Sund Birsta Inc. - Plantation, Florida (USA)	100,00	x		Sund Birsta AB	100,00	usd	10
68	Sund Strap AB - Sundsvall (SWE)	100,00	x		Sund Birsta AB	100,00	sek	100
69	Suzhou More Metallurgy Technology Co., Ltd - Changshu (CHN)	100,00	x		More S.r.l.	100,00	cny	3,663
70	Termo Makina Sanayi Ve Tic. AS - Duzce (TUR)	100,00	x		Industrielle Beteiligung SA	100,00	try	154,714
71	Danieli Taranis LLC - Chelsea, Alabama (USA)	100,00	x		Danieli Holdings Inc.	100,00	usd	1
72	More North America Corp. - Kennesaw, Georgia (USA)	100,00	x		More S.r.l.	100,00	usd	80
73	Danieli Czech Engineering AS - Praha (CZE)	100,00	x		Industrielle Beteiligung S.A.	100,00	czk	3,000
74	Danieli Project Gmbh - Duisburg (DE)	100,00	x		Danieli Germany GmbH	100,00	euro	2,019
75	Danieli Metallurgy Germany Gmbh - Dusseldorf (DE)	100,00	x		Danieli Germany GmbH	100,00	euro	25
76	Sund Birsta India PrivateLtd (IND)	100,00	x		Sund Strap AB	100,00	inr	100
77	Danieli Procome Iberica SA - Sondica (ESP)	99,99	x		Industrielle Beteiligung SA	99,99	euro	108
78	Rotelec SA - St Quentin Fallavier (FRA)	99,99	x		Industrielle Beteiligung SA	99,99	euro	600
79	*Danieli Middle East for Eng. Services LLC - Cairo (EGY)*	99,80	x		Industrielle Beteiligung SA	99,80	egp	50
80	Danieli Middle East and North Africa LLC - Cairo (EGY)	99,80	x		Industrielle Beteiligung SA	99,80	egp	50
81	Danieli Corus Refrectory Solutions (Pvt) Ltd.	80,00	x		Danieli Corus India (Pvt) Ltd.	80,00	inr	50,000
82	Danieli Intelligent Technologies (Beijing) Co., Ltd	51,00	x x		Dan. Met. Equip. & Serv.(China) Danieli Automation	49,00 2,00	cny	25,000
83	Zhuozhou Ruixin Metallurgy Equipment Co., Ltd - Zhuozhou (CHN)	51,00	x		Sund Birsta (Beijing) Metallurgical Equipment Co. Ltd.	51,00	cny	5,000
84	Fata Gulf Co. WLL - Doha (QAT)	49,00	x		Fata S.p.A.	49,00	qar	200

ATTACHMENT No. II - C

Summary of equity investments

(thousands of euro)	Financial year-end date or date of interim report	Interest held %	Value as at 30/06/2023	Increases from acquisitions	Revaluations	Write-downs	Changes to shareholders' equity	Other changes	Disposals	Value as at 30/06/2024	
Associates											
Inter-Rail S.p.A. - Udine	31/12/2023	50.00	5,206		873					6,079	
Absolute Scarl - Pozzuolo del Friuli (UD)	31/12/2023	50.00	25							25	
Ghadir Energy Fata Company PJS - Tehran (Iran)	22/09/2023	40.00	(33)		29					(4)	
Telefriuli S.p.A. - Udine	31/12/2023	100.00	89					(89)		-	(*)
D.S.R. Sider Engineering Group S.p.A. - Pozzuolo del Friuli (UD	31/12/2023	100.00	2,777					(2,777)		-	(*)
Nord Est Multimedia S.p.A. (TV)	31/12/2023	13.51	-	6,000		(1,500)				4,500	
Total investments in associates			**8,064**	**6,000**	**902**	**(1,500)**	**-**	**(2,866)**	**-**	**10,600**	
Other equity investments											
Metal Interconnettor S.c.p.A. - Milano	31/12/2023	3.795	6,848	1,239						8,087	
HBIS Shisteel		0.369	7,236							7,236	
Other minors			767	88		(461)				394	
Total investments in other companies			**14,851**	**1,327**	**-**	**(461)**	**-**	**-**	**-**	**15,717**	
Total equity investments			**22,915**	**7,327**	**902**	**(1,961)**	**-**	**(2,866)**	**-**	**26,317**	

(*) Company entered in the scope of consolidation.

ATTACHMENT No. III - C

Schedule summarising the key data from the approved financial statements of associates

(thousands of euro)	Original currency	Last approved fin. statement	Non-current assets	Currents assets	Total shareholders' equity	Non Current Liabilities	Current liabilities
Inter-Rail S.p.A. - Udine	EURO	31/12/2023	5,071	16,406	11,299	554	9,624
Absolute Scarl - Pozzuolo del Friuli (UD)	EURO	31/12/2023	-	6,964	50	-	6,914
Ghadir Energy Fata Company PJS - Tehran (Iran)	IRR	22/09/2023	-	210,000	(4,437,000)	-	4,647,000

(thousands of euro)	Original currency	Value of production	Costs of production	Financial Income and charges	Income taxes	Profit (loss) of the period	Total employees
Inter-Rail S.p.A. - Udine	EURO	58,812	(56,530)	70	(607)	1,745	13
Absolute Scarl - Pozzuolo del Friuli (UD)	EURO	14,841	(14,844)	3	-	-	-
Ghadir Energy Fata Company PJS - Tehran (Iran)	IRR	-	(699,000)	1,000	-	(698,000)	-

ATTACHMENT No. IV - C

LOANS

(thousands of euro)	Original amounts	Current portions due by 30/06/2025	Current portions due after 30/06/2025	Total
Payables to banks for loans				
- Banco BPM S.p.A. Loan (Annual floating rate 4.622% last instalment by June 2025, in euro) (Covenants: PFN/EBITDA ("R") 3<=R<3.5x +0.15% on Euribor; 3.5<=R<=4x +0.25% on Euribor; 4<=R<5x +0.40% on Euribor; >5x right of recession for the bank)	50,000	10,000	-	10,000
- BNL Loan (Annual floating rate 4.808% last instalment by November 2024, in euro) (Covenants: PFN/EBITDA not greater than 3.0x)	50,000	15,000	-	15,000
- Intesa Sanpaolo S.p.A. Loan Annual floating rate 4.372% Last instalment by June 2027 Covenant 1 = Safety KPI Covenant 2 = ton CO2eq/ton of crude steel - if both targets are met: 5 bps per year reduction in initial margin - if only 1 target is met: no reduction in initial margin - if no target is met: 5 bps per year increase Covenant 3 = PFN/EBITDA - Less or equal to 3.5: no consequence - Greater than 3.5: right of recission for the bank	50,000	16,667	33,333	50,000
- Cassa Depositi e Prestiti Loan Annual floating rate 5.279% Last instalment by August 2033 Covenant 1 = cons. gross financial indebtness (IFC)/EBITDA - if grater than 3,5 in the period 31.12.2023-31.12.2026 - if higher than 3 in the period over 31.12.2026 Covenant 2 = EBITDA/OF - if lower than 5 Covenant 3 = available cash not lower than euro 400 mio/00 Covenant 4 = PN/IFC - if lower than 1.75 recission from the contract	200,000	-	200,000	200,000
- ZAGREBACKA BANKA D.D. Loan (Annual floating rate 4.35% last instalment by August 2024, in euro)	4,910	3,410	-	3,410
- ZAGREBACKA BANKA D.D. - HBOR Loan (Annual fixed rate 1.95% last instalment by June 2032, in euro)	4,900	-	1,103	1,103
- Unicredit S.p.A. Loan (Annual fixed rate 0.8% last instalment by January 2027, in euro)	750	150	241	391
- BEI Loan (Annual floating rate 4.591% last instalment by June 2035, in euro) (Covenants: cons. NFP < 400 mio euro; Ebitda/cons. financial charges >5; cons. shareholders equity/cons. gross financial indebtness >1.75; cons. gross financial indebtness/Ebitda < 3.5 as of 31/12/26 included, beyond 31/12/26 < 3)	153,000	-	153,000	153,000
- BEI Loan (Annual floating rate 4.734% last instalment by December 2035, in euro) (Covenants: cons. NFP not < 400 mio euro; cons. operative gross margin/cons. financial charges >5x; cons. shareholders equity/cons. gross financial indebtness>1.75x; cons. gross financial indebtness/cons.operative gross margin not > 3,5x as of 31/12/26 included, beyond 31/12/2026 excluded not > 3x)	100,000	-	100,000	100,000
Total	**613,560**	**45,227**	**487,677**	**532,904**
Other loans			**201**	**201**
	613,560	**45,227**	**487,878**	**533,105**
Short-term payables to banks		**24,865**		**24,865**
Financial payables IFRS 16		**12,254**	**23,260**	**35,514**
Grand Total	**613,560**	**82,346**	**511,138**	**593,484**

ATTACHMENT No. V - C

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

		As 30/06/2024			As 30/06/2023		
(thousands of euro)		Taxable income	Rate	Tax	Taxable income	Rate	Tax
Profit before taxes		**309,838**			**297,163**		
Theoretical income tax charge			24%	74,361		24%	71,319
Accrued but not allocated deferred tax assets	30/06/2024			1,840			7,576
Use of past year tax losses not allocated in provisions	31/12/2023			(4,880)			2,425
Different tax rates applied by group companies	31/12/2023			(20,889)			(23,043)
Permanent changes and other effects	22/09/2023			2,838			(7,589)
Total changes				**(21,091)**			**(20,631)**
Effective income taxes				53,270			50,688
Effective IRES rate				**17.2%**			**17.1%**
Effective IRAP				6,893			4,295
Higher/(lower) taxes allocated in previous years				9,650			882
Total taxes recognised in the financial statements				**69,813**			**55,865**

ATTACHMENT No. VI - C

Schedule summarising fees due to the independent external audit company and to other member firms of its network for services provided in the financial year

(thousands of euro)

Type of services	*Entity providing the service*	*Receiver of service*	Fees	
			As 30/06/2024	As 30/06/2023
Accounting audit	(i) Independent Auditor of the Parent Compar	(i) Parent Company	206	237
Other auditing services	(i) Independent Auditor of the Parent Compar	(i) Parent Company	37	48
Total services rendered to the Parent Company			**243**	**284**
Accounting audit	(i) Independent Auditor of the Parent Compar	(ii) Subsidiary companies	273	219
Other auditing services	(i) Independent Auditor of the Parent Compar	(ii) Subsidiary companies	39	51
Accounting audit	(ii) Other member firms part of the same network of the Independent Auditor of the Parent Company	(ii) Subsidiary companies	461	421
Other services	(ii) Other member firms part of the same network of the Independent Auditor of the Parent Company	(ii) Subsidiary companies	22	22
Total services rendered to Subsidiary Companies			**795**	**714**
Total			**1,038**	**998**

Services for external audit include the fees for the legal audit of the Group Companies

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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. The undersigned Alessandro Brussi, Chairman of the Board of Directors and 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 consolidated financial statements, during the period from July 1, 2023, to June 30, 2024.

The adequacy assessment of the administrative and accounting procedures for the preparation of the consolidated financial statements for the year ended June 30, 2024, 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 consolidated financial statements for the year ended June 30, 2024,

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 balance sheet, income statement and financial situation of the issuer and of all the companies included in the consolidation.

3. The directors' report includes a reliable analysis of the performance and operating result and of the situation of the issuer and of all the companies in the consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

September 25, 2024

The Chairman of the Board of Directors
Alessandro Brussi
Signed

The Officer in charge of drawing up the corporate accounting documents
Alessandro Brussi
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 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, 2024, 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 financial statements, including material accounting policy information.

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, 2024, 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

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Evaluation of Contract Assets and Liabilities

Description of the key audit matter	The consolidated financial statements of Danieli Group as of June 30, 2024 include Contracts Assets for Euro 907.4 million and Contracts Liabilities for Euro 642.6 million. Construction contracts are evaluated based on the percentage of completion, estimating the progress of works with the input method. The evaluation of Contract Assets and Liabilities 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: • management's capability to develop reasonable estimates at the beginning of the projects and at subsequent updates, • multi-annual duration of the projects, • projects' technological complexity and degree of innovation, • warranties issued by the Group on the plants' performances, • possible critical geopolitical context in the countries in which the customers operate. Taking into consideration the relevance of Contract Assets and Liabilities and the complexity of assumptions used in the evaluation of those captions and in particular in the estimates about costs to complete the projects, we deemed the evaluation of Contract Assets and Liabilities to be a key audit matter for the Group's financial statements at June 30, 2024. Disclosures related to Contract Assets and 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 - Contract Assets and Liabilities".

Audit procedures performed	The audit procedures addressing this key audit matter included, among others:
	
	• understanding of criteria and procedures adopted by Management in determining the percentage of completion of the projects;
	• 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;
	• analysis, on a sample base, of reasonableness of the aforementioned estimates through:
	  o analysis of contracts signed with counterparties,
	  o tests on projects costs incurred,
	  o inquiries with project managers, controllers and/or head of business lines;
	• retrospective analysis on results of previous estimates related to Contract Assets and Liabilities;

- analysis, on a sample basis, 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.

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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.

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, 2024, 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, 2024 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, 2024, including their consistency with the related consolidated financial statements and their compliance with the law.

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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, 2024 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, 2024 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 3, 2024

As disclosed by the Directors, the accompanying consolidated financial statements of Danieli & C. Officine Meccaniche S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. 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.

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

Annual report for the period July 01, 2023 to June 30, 2024

Annual report for the period July 01, 2023 to June 30, 2024

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Boards and officers

Boards and officers as at September 25, 2024 were as follows:

Board of Directors	Alessandro Brussi (1) (2) (4)	Deputy Chair
	Camilla Benedetti (3) (7)	Deputy Chair
	Giacomo Mareschi Danieli (3) (4) (7)	Chief Executive Officer
	Rolando Paolone (3) (4) (7)	Chief Executive Officer
	Carla de Colle (6) (7)	Director
	Antonello Mordeglia (6) (7)	Director
	Cecilia Metra (5) (7)	Director
	Giulio Gallazzi (5) (7)	Director
	Lorenza Morandini (5) (8)	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. (9)	

(1) Appointed by the Board of Directors on May 14, 2024
(2) Powers granted by Board of Directors' resolution of December 12, 2023
(3) Powers granted by Board of Directors' resolution of October 28, 2021
(4) Member of the Executive Committee
(5) Independent directors in accordance with Article 148, Paragraph 3 of Italian Legislative Decree 58/1998 (Consolidated Law on Finance).
(6) Director not vested with operating powers
(7) Appointed by the annual Shareholders' Meeting on October 28, 2021
(8) Appointed by the Board of Directors on September 26, 2023 and confirmed by the Shareholders' Meeting on October 27, 2023
(9) Appointed by the annual Shareholders' Meeting on October 26, 2018

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.

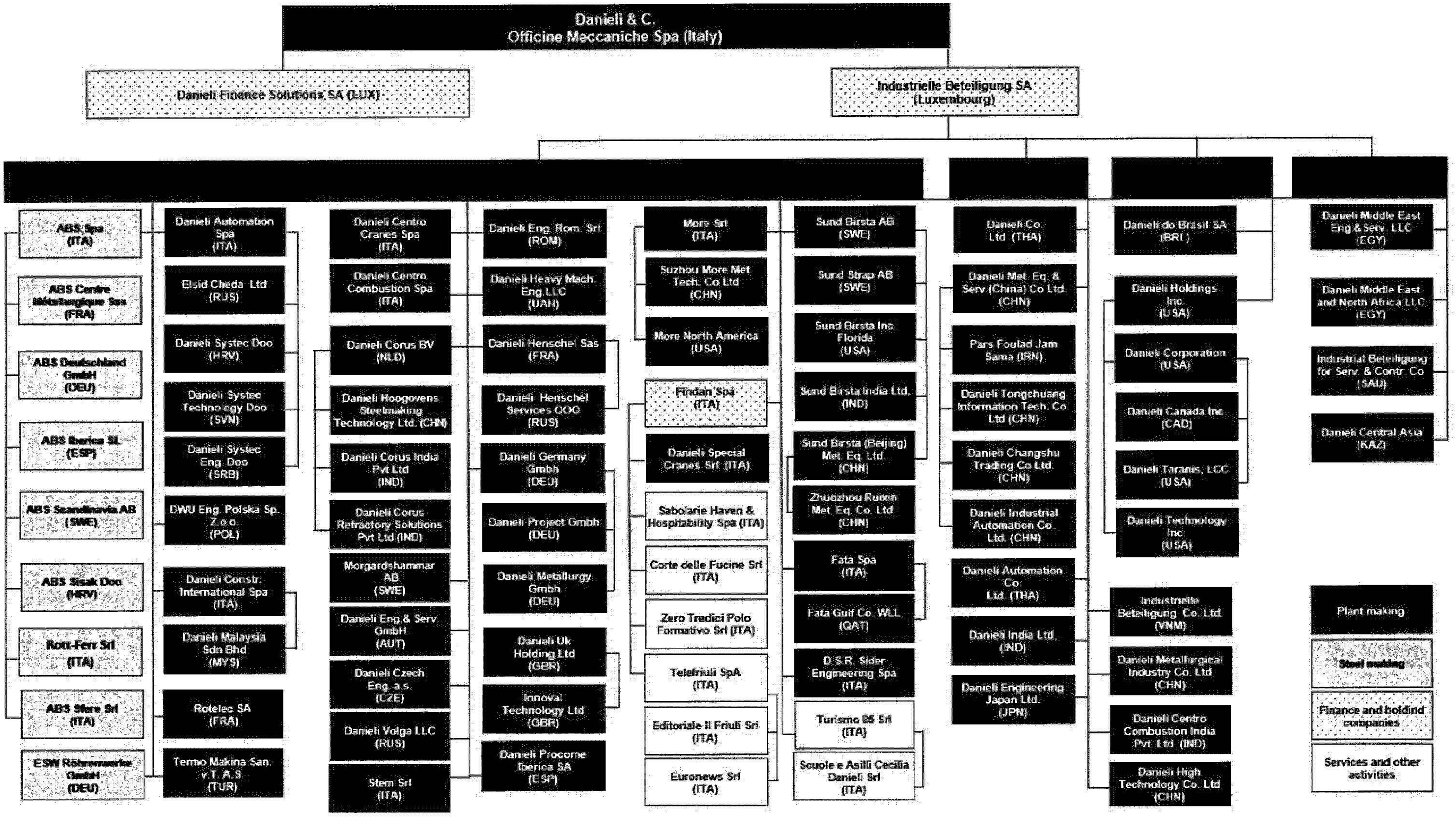
We are *multicultural sparkling team* with deep knowledge of our business.

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, 2024

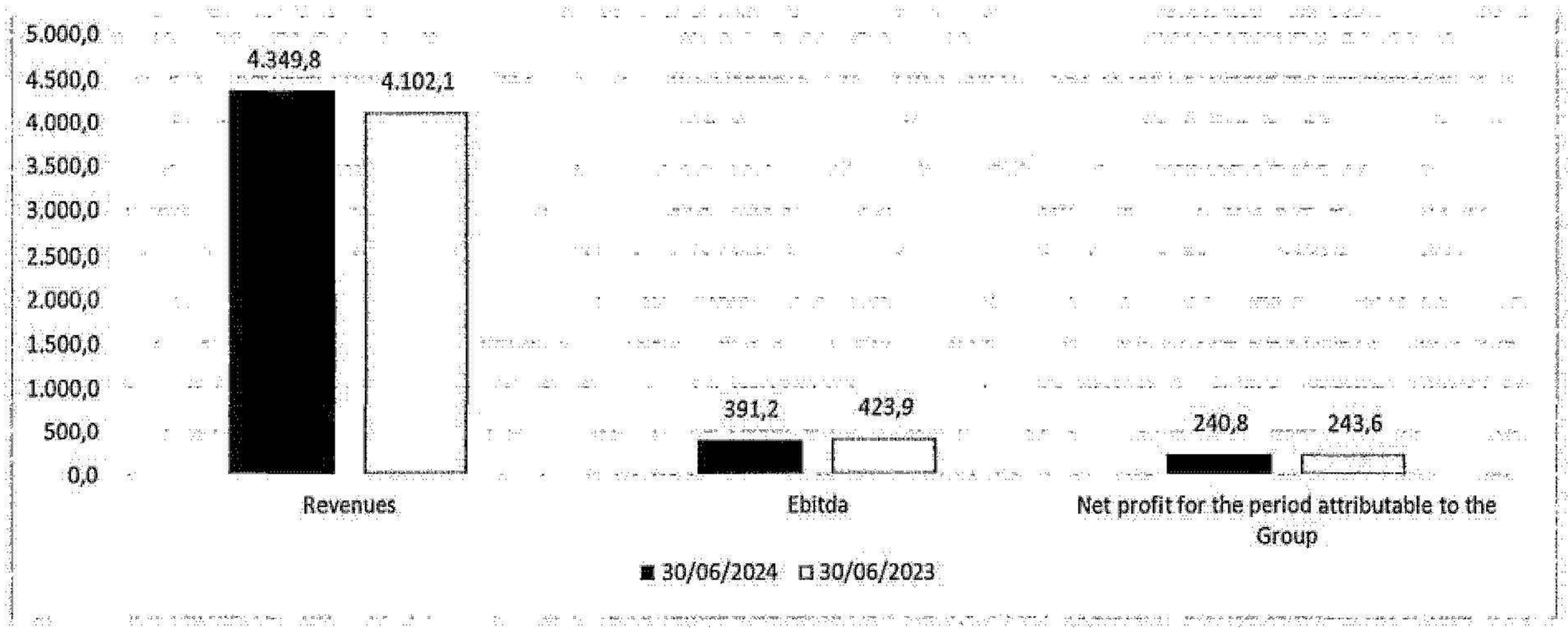
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Financial highlights of the Danieli Group

(millions of euro)	30/06/2024	30/06/2023	Variation
Revenues	4,349.8	4,102.1	6%
Gross operating margin (Ebitda)(*)	391.2	423.9	-8%
Operating income	220.8	265.1	-17%
Net profit from continued operations	237.7	241.3	-1%
Net profit for the period attributable to the Group	240.8	243.6	-1%

	30/06/2024	30/06/2023
Net invested capital	1,034.4	910.1
Investiments in tangible and intangible assets	175.8	158.7
Total shareholders' equity	2,628.8	2,407.7
Positive net financial position	1,707.7	1,602.8
Ebitda/Revenues	9.0%	10.3%
Net profit for the period/Revenues	5.5%	5.9%
Number of employees at period end	10,365	9,732
Group order book	5,751	6,215
(of which Steel Making)	296	369

(*) The Gross Operating Margin (EBITDA) represents the operating result as in the consolidated income statement, before depreciation, *amortisation and write-downs of fixed asset and net write-downs of receivables.*



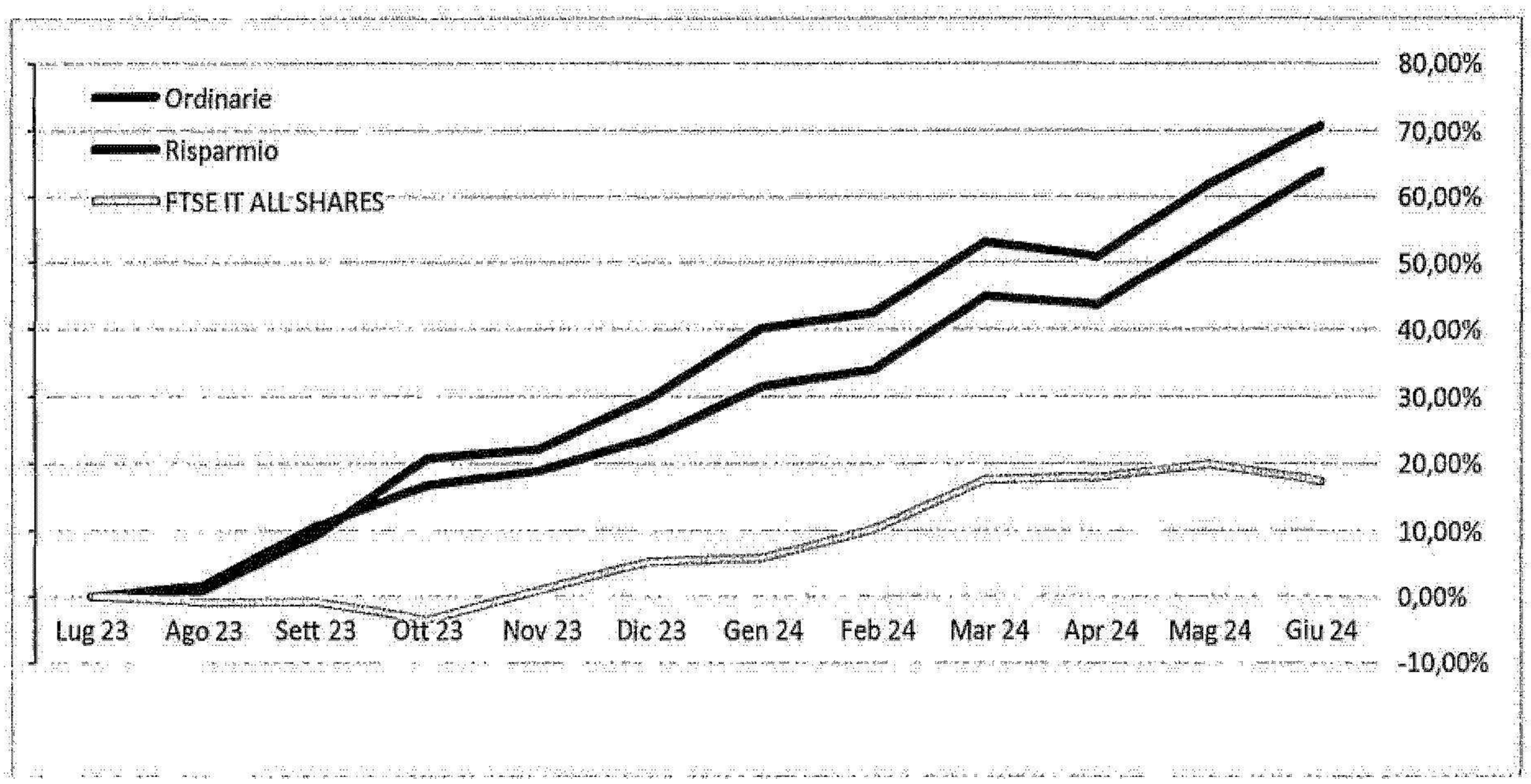
Key share data

(millions of euro)	30/06/2024	30/06/2023
No. of shares in share capital	81,304,566	81,304,566
of which:		
Ordinary shares	40,879,533	40,879,533
N.C. Saving shares	40,425,033	40,425,033
Average no. of ordinary shares outstanding	37,546,341	37,546,341
Average no. of saving shares outstanding	36,471,170	36,471,170
Basic earnings per share (euro)		
Ordinary shares	3.2432	3.2815
N.C. Saving shares	3.2639	3.3022
Shareholders' equity per share (euro)	35.5162	32.5289
Period-end price of ordinary shares (euro)	32.9000	21.9500
Period-end price of savings shares (euro)	26.6500	16.8200
Maximum trading price of ordinary shares in the period (euro)	38.2500	25.9500
Maximum trading price of savings shares in the period (euro)	28.4500	19.2600
Minimum trading price of ordinary shares in the period (euro)	21.0000	15.9400
Minimum trading price of savings shares in the period (euro)	16.2000	11.1600

	30/06/2024	30/06/2023
Total stock exchange capitalisation - ordinary shares (thousands of euro)	1,344,937	897,306
Total stock exchange capitalisation - savings shares (thousands of euro)	1,077,327	679,949
Total	**2,422,264**	**1,577,255**

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Danieli ordinary shares and savings shares v. FTSE IT All-Shares for the period from July 2023 to June 2024



Group personnel	30/06/2024		30/06/2023	
	Plant making	Steel making	Plant making	Steel making
in Danieli & C. Officine Meccaniche S.p.A.	2,426		2,358	
Italian affiliates	1,188	1,351	924	1,334
Foreign Affiliates	5,155	245	4,909	207
Total	**8,769**	**1,596**	**8,191**	**1,541**
Group total	**10,365**		**9,732**	

The latest World Economic Outlook prepared by the International Monetary Fund (IMF) showed global growth for 2024 expected at around 3.2%, which is positive but slightly down on 2023 when it stood at 3.3%. Growth was impacted by the cooling off in trade in the world economy resulting from the Russian/Ukrainian conflict and other commercial limitations linked to the current geopolitical situation.
Forecasts for 2025 are stable at 3.3%, with growth set to develop in two different blocks: advanced economies, remaining stable at 1.7%-1.8% however green development plans are set in place to decarbonise the main industries, and emerging economies, remaining stable at 4.3%, with weaker domestic consumption in China and India but growth in other countries of the EMEA area.
The global economy should still show a stable trend for 2024, with the USA at 2.6% and the EU at 0.9%, while emerging countries will come to 4.3%, with China growing by 5.4%. The European countries have overcome energy crisis difficulties (triggered by the conflict between Russia and Ukraine) but are still suffering from a slowdown linked to inflation that remains high in the prices of services and less so in commodities and that is unlikely to fall to the 2% target envisaged by the ECB. In 2025, the average growth rate envisaged for developed countries will be stable but still slowed by the high interest rates fixed by the main central banks. The rates are expected to reduce gradually only over the year. 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 2024 and throughout 2025, steady growth is 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.
Both the goals of the newly established EU commission and those of the next US government seem clearly aimed at supporting the domestic economy for 2025 with the use of the NextGenerationEU funds received by the National Recovery and Resilience Plans (NRRPs) of each state, while the USA will push 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 address global changes and to achieve, by 2050, the sustainable development goals indicated by the UN Global Compact and confirmed at the recent COP28 climate conference.
The transition towards a decarbonised economy will require the development of a fiscal policy 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 955 million tonnes in the first half of 2024 (as indicated by the World Steel Association), in line with the same period of 2023, which reached approximately a total of 1,888 million tonnes in the 12 months of the 2023 calendar year.
Forecasts for the entire 2024 calendar year project stability in global production, with a very limited drop in China offset by growth in India and in the Middle East, whereas the remainder of the Asian countries will see a slight reduction alongside developed and emerging countries.
The average coefficient of plant utilisation compared to the maximum theoretical level remains stable at between 80-85% with a more efficient use of plants in China and the launch of plants with more modern and sustainable technologies in India, while the EU lags in growth due to the consequences of the energy and financial crisis caused by the Russian/Ukrainian conflict.
The general outlook for the steel market nevertheless remains promising from the second half of 2024 onwards, prices are growing slightly, volumes are remaining stable, and the outlet market is more receptive thanks to the progressive normalisation of the energy market, especially in Europe.

China maintained its leadership in the steel industry in 2024, accounting for approximately 55% of world production, and the country continued its development of secondary metallurgy (which recycles metal scrap) with a gradual decommissioning of the most polluting plants from primary metallurgy (which use iron ore), gradually increasing the production from electric arc furnaces (EAFs) to reduce the use of carbon and related direct CO_2 emissions (Scope 1).
Confirmation of the zero emissions target by 2060 at the COP28 in Dubai will lead in the coming years to a significant change in the technologies used to produce liquid steel with the need for huge investments to significantly reduce the environmental impact of production.

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Even in Europe the topic of GHG emissions has become extremely important for steel producers, especially in relation to costs of offsetting and investments for sustainable production with the entry into force of the new EU taxonomy and in light of the new taxation mechanism on the CO_2 content of steel products imported into the EU (CBAM), which will be joined in 2026 by the new European Union Emissions Trading System (ETS), favouring electric furnace producers with fewer emissions compared to traditional production using a blast furnace.
The price of steel fell on average over the first half of 2024, reflecting the price reduction in production and energy factors even though volumes remained stable with less expansive demand. The second half of 2024 is expected to see a slight increase in prices with stable volumes, as result of the restocking by the entire industrial supply chain in anticipation of the many investments for infrastructure works planned in the US and in the EU in the upcoming two-year period thanks to IRA and NRRP funds.
It is expected that the sectors of HGVs, construction and infrastructure will once again be able to develop satisfactory growth in the second half of 2024 in countries with developed economies, thanks to government support programmes that strive for decarbonisation and green industry as a leading element of sustainable growth in the industry.

The market for steel making plants

The maintenance of a constantly high steel consumption in the world and the strategic interest in increasing the steel industry in many geographical areas aiming for independence of production maintain our customers' keen interest in investing in new plants, in addition to technologically upgrading and developing existing plants 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 recent years, the decarbonisation of steel products has taken on an increasingly central role for all sector investments, which can now rely on new technologies to be used in the production process, electricity produced from renewable sources and gas or hydrogen (when available), under competitive economic conditions to allow for a significant reduction in emissions from the industrial process of liquid steel production.
The gradual elimination of carbon from the primary metallurgy process will make it possible to reduce related GHG emissions (which today account for approximately 7% of global CO_2 production: an industrial sector second only to that of energy generation), leading to its transformation in line with the objectives of COP28, which require a decarbonisation that:

- initially leads to an improvement in the efficiency of blast furnaces, then
- to their gradual replacement with the use of new iron ore chemical reduction technologies using new DRI plants, first with natural gas and then hydrogen, in order to achieve the NET ZERO EMISSION TARGET.

The goal to limit average global temperature growth to no higher than 1.5°C, as reiterated at the COP28 in Dubai, will therefore require heavy financial commitment with investments in the steel sector intended for the use of new plants that significantly limit the use of coal in the production process.
Danieli has developed and possesses all these new technologies and can work to achieve these results in line with the sustainable development goals promoted by the United Nations Global Compact thanks to its know-how and solutions to reduce emissions towards ZERO, a target approved by the SBTi (Science-Based Targets initiative) and by CDP (formerly Carbon Disclosure Project), which in 2023 secured an "A" for leadership in Climate Action and the use of a sustainable Supply Chain thanks to significant efforts to develop innovative and environmentally friendly solutions for our customers.

In particular, demand is maintaining appreciable growth in the EU and in the USA where there are calls for new generation, low-emission, integrated plants and production with high quality and finishes used in mechanical engineering, car making and infrastructure, whereas the BRIC and North African countries are seeing demand for large-scale plants with technologies that make it possible to use local available resources with a decarbonised production and higher operating efficiency to support construction and civil works.
The production of low CO_2 green steel will be 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.

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 2024 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.
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;
- 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) and reducing CO_2 emissions costs, 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

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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
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 products, 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 1,378.8 million euro (1,187.3 million euro in 2022/2023) with EBITDA of 79.9 million euro (58.8 million euro in 2022/2023) which grew considerably both in absolute terms and even more so in percentage terms.
The value of production for the period includes 38.7 million euro (in 2022/2023, it was 31.9 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 and a scrap shear. These systems are part of a wider plan of investments 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 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, while shrinking the company's carbon footprint thanks to the new technologies implemented.
In this financial year, the Company still achieved significant turnover volumes, with a positive operating margin in relation to the orders developed, in spite of the presence of negative impacts linked to the increase in raw material costs and some additional costs incurred to launch innovative projects. The Parent Company also increased the provisions made to the contingency reserve for the risks of recoverability on problematic contracts, maintaining an overall prudent approach in view of the complexity of the current geopolitical situation.

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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 some operating equipment with next-generation modern work centres.
Financial management for the period shows a positive result, with an improvement in the Company's net financial position, thanks to an effective use of the cash flow related to job orders in progress, without significant penalties in the financial year for discounting financial receivables for which a deferred collection is expected beyond 12 months.
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 thanks to the result of exchange rate hedging implemented in the period, albeit faced with a mild revaluation of the dollar, which at June 30, 2024 traded at 1.0705 against an exchange rate of 1.0866 as at June 30, 2023.
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 2024/2025 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 nine companies operating in the steel sector:
- Acciaierie Bertoli Safau (ABS) S.p.A.
- ABS Centre Métallurgique (ACM) SAS
- ABS Deutschland GmbH
- ABS Scandinavia AB
- ABS Iberica s.l.
- ABS Sisak d.o.o.
- ABS ESW Röhrenwerke GmbH (no longer in operation)
- Rott – Ferr Srl (new acquisition)
- ABS Sfere S.r.l. (new incorporation)

ABS Group companies in Italy

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

ABS ended the 2023/2024 financial year with production value of 1,272.7 million euro (1,477.9 million euro in 2022/2023), operating income of almost 3 million euro, and a loss at the end of the period of 2 million euro.
While maintaining a good result in terms of tonnes of finished product shipped, the economic results for the period were significantly impacted by the decreasing trend in the prices of steel products that began in the first half of 2023.
The apparent consumption of steel in Europe progressively worsened throughout 2023. The phenomenon of destocking along industrial supply chains undercut the drive for the purchase of steel products, partly mitigated by levels of real consumption that remained strong, at least for the first half of the year. The lack of confidence

in the resilience of the values reached by steel in 2022 is linked to many elements of uncertainty, including geopolitical events such as the trade war between the USA and China, the ongoing and worsening conflicts in Ukraine and Palestine, the elections in a large number of countries in 2024, and financial elements, such as national debt in various countries that worsened in the post-Covid period, the gradual rising of interest rates and the still unclear effects of the European Green Deal in terms of various industrial supply chains, primarily automotive.
The result of this significant reduction in apparent consumption has been a gradual collapse in prices down to levels that, towards the end of the first half of 2024, were no longer sustainable for certain products.
Thanks to the extraordinary range of products and the development and diversification of markets, both in terms of end use and geography, ABS was able to ensure that production capacities were met throughout the entire financial year. The gradual drop in prices, which was more pronounced than cost factors, did, however, undermine overall product margins, leading to an overall reduction in the EBITDA value generated compared to previous years.
The ongoing projects seeking to reduce lead times and inventories made it possible in this very difficult period to offer an excellent service to the market, which is moving in the direction of a service economy, and remains one of the development priorities for ABS. In this sense, development continued of the ABS Service Centre in Brandico (BS) for the retail sale of steel intended to meet the needs of small and medium-sized companies.
Another mainstay of the business strategy targets the development and creation of new products. Thanks to effective interaction between customers, the ACM research centres and Operations, ABS has embarked upon a large number of projects that seek to market innovative products.
ABS also launched several round tables with end users to understand and better meet needs linked to the ecological transition of both products and production processes, working to offer a product carbon footprint and now investing to ensure the use of green energy.
The ABS sustainable development strategy, defined by taking account of enabling factors, megatrends and constantly evolving European regulations, drives the Company to adopt a low carbon emissions model that is highly innovative, where people and Customers are a central priority.
To pursue these targets, ABS follows a process of continuous improvement, mindful that, where it is not possible to eliminate the impacts, it is fundamental to reduce them while protecting the environment and creating value for Communities, anticipating future regulations on carbon emissions, social aspects and governance to achieve a competitive edge.
ABS has defined guidelines for medium/long-term growth by FY 2029/30, clearly specifying the production and shipment volumes, markets and target Customers, the technologies to be adopted and the investments to be made. These guidelines were integrated into the ABS Business Plan, which interprets and capitalises on Vision, Mission, and Company Values.
Closely connected to the Business Plan, and in tandem with it, ABS formulated an ESG Plan, which is a strategic document that defines objectives and actions in line with the business growth strategy, the regulatory contexts of reference and the voluntary targets for improvement of Sustainability topics.
The strategic levers of the ESG Business Plan are manifold:

- energy efficiency
- process optimisation
- circular economy
- use of renewable energy sources
- product and process innovation
- CO_2 capture and use (CCU) technologies
- management of carbon offsetting (guarantees of origin and carbon credits)
- stakeholder involvement in Sustainability objectives starting from the Supply Chain

The targets are as follows (reference FY2029/30 vs FY2022/23):

- lower GHG intensity: -30%
- lower energy intensity: -11%
- higher waste recovered: +7%

With regard to the 2023-24 financial year, the main investments by ABS were attributable to:

- initial project implementation stage to eliminate bottlenecks on the Luna Line (Luna Level Up);
- purchase of land and homes, in the context of expanding Plant scope in the South;
- preparation of civil infrastructure, buildings, electrical infrastructure for the transfer of Global Blue to the South;
- development of the circular economy, in particular new flame cutting plant for scrap and new *bertaggio* process (hammering using steel spheres);
- road and rail network for connection between plant and new areas in the South;

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- installation of the stress relieving furnace for the spheres produced by the Mercurio Line;
- acquisition of the company Rott-Ferr Srl, active in scrap collection (as reported below).

ABS Group companies in Europe

ABS Centre Métallurgique (ACM) SAS (France)

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 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. In relation to the behaviour of steel in contact with hydrogen gas, ACM began working on the European project FEATHER by RFCS (https://feather.steelyhydrogen.be/).
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*.
Overall, this year ACM was involved in 4 projects in synergy with Research Institutes and Universities. ACM worked on 50 medium and long-term projects, co-designing or collaborating with ABS customers.
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 2023-24 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 year ended as at June 30, 2024 ABS Sisak d.o.o. (ABS Sisak) continued to produce mainly for ABS Quality wire rod mill in the Group's Italian plant. The ABS Sisak products were improved according to Quality wire rod needs and requirements, while maintaining the quota of 26% of products intended for the overseas market.
As for production volumes, in 2023-24 the company achieved a record of 221.8 thousand tonnes of steel, even if the production process was still organised into 15 weekly shifts, rather than the possible 20. The reasons for not working across 20 shifts lie in the reduced demand for steel, as well as the difficulties in finding qualified workforce to form the fourth group and to work 7 days a week.
In 2023-2024 ABS Sisak sold 228.4 thousand tonnes of steel, namely 37% more compared to the previous year, and revenues increased by approximately 17%. Thanks to increased operating efficiency, ABS Sisak achieved a significant increase of 3 million euro in the gross operating margin compared to the previous year, thus continuing the ongoing positive trend of improvements in the operating results.
Nevertheless, the net result for the year ended as at June 30, 2024 still shows a loss of 1.8 million euro, thus reducing the loss by 1.7 million euro compared to the previous year despite the strong increase in financial costs due to the increase in financing costs.
This year, the focus of ABS Sisak was on reducing production process downtime and on optimising all production costs. Production downtime was reduced, but still did not reach the envisaged level. In future, the focus will shift to improving the maintenance process, with particular attention on prevention measures.
As regards production costs, we made significant improvements in several key cost components, such as consumption of electricity and electrodes, and in one part of the year we were able to make savings thanks to the decrease in the price of electricity. We will continue to focus on the further optimisation of consumption in the production process and on the achievement of new savings.

In recent months, the profitability of the steel industry has decreased, and this could influence the volume of future orders. Likewise, there is a risk of a significant increase in the price of electricity, which could negatively influence the company's activities in the next year.
Considering an ongoing negative net result and considering the uncertainties arising from the current macroeconomic context, the Directors deemed it appropriate to verify the existence of any permanent impairment with reference to the assets recognised in relation to the subsidiary. The test found no need to write down assets recognised in the financial statements.

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.
As regards the southern area of the site, however, environmental decontamination works concluded in accordance with the agreements with local authorities and the area was put up for sale.
Net profit for 2023/2024 amounted to 2.3 million euro and was mainly generated by the recovery in value of land being sold, written down over previous years, minus the environmental costs incurred for the complete restoration of the area.

Rott-Ferr S.r.l.

On July 11, 2023 ABS acquired Rott-Ferr S.r.l.; this strategic move was conceived with the intention to integrate the raw material collection process, consolidating the sustainability of its production cycle.
Ensuring itself a constant supply, ABS invested in Rott-Ferr S.r.l., a consolidated company that has offered its services for over 20 years to more than 200 machine shops and centres in Northern Italy, collecting approximately 100,000 tonnes of reusable material per year.
ABS sought to underline its commitment to a short, zero km supply chain, taking account of the geographical vicinity between the plants of the two businesses. This approach seeks to guarantee an ongoing supply of scrap, providing an effective response to potential tensions expected on the European market deriving from the gradual conversion of steel producers from the blast furnace cycle to the electric cycle, a phenomenon that requires greater caution and strategy in the procurement of raw materials required for the production process.
During the year, two new self-propelled hydraulic excavators with polyp grapples were purchased to improve the efficiency of the handling and loading/unloading of metal scrap; this investment led to a significant reduction in the consumption of diesel fuel per tonne of material handled and a decrease in atmospheric emissions, thanks to the more efficient motors of the new excavators.
In addition to the two machines mentioned above, at the Rott-Ferr site a new shear baler was purchased and installed, which will make it possible to reduce the volume of a high number of waste materials, thus optimising the load of lorries. As a result, it will be possible to transport a higher quantity of scrap per individual journey, reducing energy consumption and the emissions associated with the road transport of material.

ABS Sfere S.r.l.

ABS SFERE, a company recently established within the Group's steel segment, entered the market as a leading distributor of high-quality grinding media. Boasting the vast metallurgy experience of ABS, ABS SFERE provides a wide range of forged milling spheres destined for various industrial sectors, including mining, but also fertilisers, cement and industrial processing.
Global demand for grinding media is increasing, driven by the boom in ore processing, encouraged by the ecological transition. The transition to more sustainable and efficient solutions from an energy perspective is encouraging innovation in this sector, with a particular focus on the reduction of operating costs and environmental impact.
This year, ABS SFERE is strategically targeting the key markets of Latin America, with Mexico emerging as the largest and most significant market. In addition to Mexico, Brazil and Chile are also areas of interest, thanks to their solid mining sectors and growing demand for high-quality grinding media.
In addition to its main objective, ABS SFERE is closely monitoring Africa (Copperbelt and Maghreb), Scandinavia and the Balkans as potential neighbouring markets, where distribution and local content have become a crucial factor for the company's business development.

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Plant making

Group companies – Italy

Danieli Automation S.p.A.

In the 2022/2023 financial year, the company made revenues of 258.3 million euro (in 2022/2023 revenues were 218.7 million euro) and a profit of 13.6 million euro (7.7 million euro as at June 30, 2023).
The financial year ended as at June 30, 2024 was characterised by lower demand than the previous year, as a result of the conflicts in Ukraine and the Middle East, which led to economic uncertainties, slowing down or postponing certain planned investments.
China is having an impact on the steel market due to the drastic reduction in new plants and growing exports, especially to countries of the Far East, which are affecting production and new investments in those countries.
The main markets for this financial year were Mexico, the Middle East, Europe and Japan.
The year just ended was characterised by a strong market for plant modernisation, driven by sustainability, especially in Europe, which contributed to the sale of electronic solutions, in particular Q-ONE, the innovative technology for control of the arc current, voltage and frequency with greater operating efficiency, and Q-HEAT, the induction heating technology, drastically reducing the carbon footprint of heating processes.
For the next period a constant or slightly better trend is expected. New investments are envisaged in Europe, the United States and the Middle East, which were postponed and will likely come into force over the next financial year.
Another strategic area for growth is digital transformation, where new solutions developed by Danieli Automation for the management of production, automatic warehouses, quality and energy control, also supported by Artificial intelligence, are becoming essential tools for the most competitive steel companies. The supply chain is more stable and delivery times have improved compared to the previous year. Inflation also fell notably compared to the previous year, reducing uncertainties around costs and possible profits.
With the current order book, we also predict excellent results for the next year, which will see the start-up of strategic and innovative plants, marking a step forward in steel production. The order book as at June 30, 2024 amounted to 494 million euro (373 million euro as at June 30, 2023), making it possible to forecast good production and a positive result for 2024-25 two-year period as well.

Danieli Centro Combustion S.p.A.

The 2023/2024 financial year closed with a value of production of 77.8 million euro (69.4 million euro in 2022/2023), and a positive net profit of 7.7 million euro (2.5 million euro as at June 30, 2023).
During the year, the company acquired many new job orders, the most significant of which are:
- Deacero Sapi DE C.V. - Planta Ramos: 180 t/h walking beam furnace with Scale Free technology, for billets in carbon steel, blooms, small slabs, unfinished beams, prefabricated, natural gas, hydrogen-ready burners
- Arcelormittal Poland S.A. Branch of Swietochlowice: revamping of the existing HDGL furnace, efficient stabilisation of the strip with air after rapid cooling for the production of strips coated in Zn-Al-Mg
- TA2000 S.A. DE C.V.: 70 t/h moving beam furnace for low and medium-carbon steels, low alloy steels and steels for bearings, natural gas, hydrogen-ready burners
- A.G. Siderurgica Balboa S.A.: revamping of two furnaces: moving beam - combustion system; bogie hearth furnace: new coating of the roof to increase efficiency (decarbonisation)
- Makstil A.D: revamping to increase the efficiency of the furnace (approximately 10%) with better spare parts

Additionally, the final acceptances of the following plants were obtained during the year:
- Aceros Alfa/CP12F601
- Arvedi Servola/CPC33LA1
- ORI Martin/CPC6NR00

During financial year 2023/2024, Danieli Centro Combustion focused its research and development efforts on improving energy efficiency, reducing pollutant emissions, advancing decarbonisation and promoting digitisation. A fundamental resource in these initiatives was our Combustion Laboratory (CRC) at the Savona

University of Engineering, where infrastructure for the distribution of hydrogen and syngas to laboratory furnaces is being completed.
The most significant projects include the development of the HGB low-NOx digitised furnace for the HDGL line of Marcegaglia. This burner aims to optimise combustion processes, significantly reducing NOx emissions and improving operating efficiency thanks to digitisation. Furthermore, the extremely low NOx flameless FAB burner for Nucor Yamato represents important progress in minimising environmental impact, thanks to the achievement of extremely low NOx emissions.
DCC also focused on implementing oxygen enrichment and oxygen lancing on its burners, further improving the efficiency of combustion and reducing emissions. The European research projects HyInHeat and NAHV were fundamental for exploring hydrogen combustion technology, with the aim of completely decarbonising the thermal processes. These projects confirm the commitment of DCC to the development of technologies that support the transition of the steel industry towards more environmentally sustainable practices.
Overall, the R&D activities of DCC during this period reflect a strong commitment to innovation and sustainability, making the most of leading research facilities such as CRC to promote progress in the technology of industrial combustion.
The order book as at June 30, 2024, of 90 million euro forms the basis for a further development of profitability in the 2024/25 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 36.9 million euro is higher than in the previous period (14.3 million euro for 2022/2023) and the operating income for the 2023/2024 financial year shows a profit of 2.2 million (profit of 0.3 million euro last year).
During the 2023-24 financial year, the company carried out its services at a major site in 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.

Fata S.p.A. is an industrial company that operates in the field of Engineering Procurement and Construction (EPC) in various industrial sectors.
In the year ended as at June 30, 2024 the Company recorded new order acquisitions totalling 200 million euro. The main acquisition refers to Terna's Adriatic Link project, which comprises the design, supply, installation and commissioning of a high-voltage direct current (HVDC) undersea interconnection between Marche and Abruzzo that will make it possible to increase the electricity exchange capacity between the areas of Centre-South and Centre-North in Italy. The contract was acquired as part of a consortium with Siemens Energy, and Fata will be responsible for providing the balance of plant (BoP) of two substations using Siemens technology.
The order book as at June 30, 2024 amounted to approximately 652 million euro compared to 585 million euro as at June 30, 2023.
During financial year 2023-24 Fata was mainly committed to the following projects in the energy sector:
- Terna's Tyrrhenian Link project, the undersea interconnection between mainland Italy and the islands of Sicily and Sardinia, using high-voltage direct current (HVDC) technology through an electric connection 970 km long;
- EP Produzione, 880 MW combined cycle power plant in Ostiglia, Italy, a contract linked to the Italian capacity market;
- A2A, 870 MW combined cycle power plant in Monfalcone, Italy, a contract linked to the Italian capacity market.

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FY 2023-24 closed with revenues for 165 million euro. The net result, due to the provision for the hedging of certain risks connected to the completion of ongoing job orders and deterioration in the margins of some technologically innovative job orders, was negative for 29 million euro.

More S.r.l.

The company, which sells technology packages for electric furnaces used at steelworks, reported a value of production of 27.6 million euro (2022/2023: 29.0 million euro), with net profit of 5.0 million euro (2022/2023: 4.7 million euro) and an order book of approximately 201 million euro as at June 30, 2024.
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 fully autonomous Chinese branch Suzhou MORE Metallurgy Technology Co. Ltd. based in Changshu provides local customers with technology packages for the EAFs supplied by the parent company and creates direct jobs on the Chinese market, producing the equipment necessary for the products offered locally.
The US branch MORE North America Corporation, based in Kennesaw, Georgia, guarantees service to customers in North America, Canada and Mexico for technical assistance, advice on processes and the sale of spare parts.
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 2024-25 financial year.

Group companies - Europe

Danieli UK Holding Ltd. (United Kingdom)

The company recorded a turnover of 33.4 million pounds in 2023/2024, the equivalent of 38.9 million euro.
During the year, the company continued to record good results, acquiring new orders in the sector of metal recycling and providing engineering services for crushing plants in the high-growth areas of Central and Latin America. Investments in the aluminium sector in the United Kingdom saw the company benefit from the new business opportunities arising from these strategic investments in this financial year. The company recorded an increase in sales in Australasia, with revenues more than double than the previous year, confirming the strong market position developed in recent years. Furthermore, sales in Europe remained at levels in line with the previous year.
The recovery of the macroeconomic context and the need to recycle post-consumer scrap has led to sustained demand in the metal recycling sector. The ongoing development of the steel sector will further drive demand for an expanding range of products in the recycling sector. Thanks to the continuous recovery of global supply chains, the company continued to record a stabilisation in the prices of raw materials. This figure, alongside the price and availability of global logistics, continues to be carefully monitored by management.
The company launched a major investment plan to consolidate its activities into a cutting-edge engineering and distribution structure that offers a significantly greater capacity and that will make it possible to create further levels of growth.
The order book and the orders received by the company remain stable, with resulting 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 2024-25.

Innoval Technology Ltd. (United Kingdom)

The company recorded a turnover of 1.9 million pounds in 2023/2024, the equivalent of 2.2 million euro.
The annual turnover is in line with that of previous years. Despite the slowdown in the global aluminium industry recorded for most of 2023, the company recorded a strong recovery in new activities in the second half of FY 23/34. This positive aspect of the year's performance translated to a strong order book which placed the company in an optimal position for a successful 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. One of the main areas of our work remains centred around sustainability initiatives, the main driver of which is the reduction of greenhouse gas emissions through the replacement of primary aluminium with post-consumer scrap. The company has expanded its business capacity into life cycle analysis, feasibility studies and services linked to advanced scrap selection technologies.
The support of the Innoval Technology experts for the sale of new equipment and the assistance for implementation has ensured that our customers have access to the most advanced technological progress. Companies with older plants continue to benefit from this experience in order 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.
The company launched an investment programme to strengthen its position in the sector of materials testing, in order to maintain its worldwide reputation with customers.

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 103.5 million euro (2022/2023: 94.3 million euro) and a net profit of 19.5 million euro mainly in line with the result of the previous year.
Over the years the company has invested nearly 5 million euro in 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 last year and was used successfully throughout 2023/2024.
Alongside these investments, the company has dedicated many 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 for the entire Group.

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.

During the year, activities continued to strengthen the local technical organisation to expand its engineering and design capacity and to diversify the skills available.
Revenues for the year were UAH 49.5 million, equal to 1.2 million euro (UAH 49.9 million, equal to 1.3 million euro as at June 30, 2023) with a profit for the period of UAH 18.9 million, equal to 0.5 million euro (profit of UAH 38.8 million, equal to 1.0 million euro as at June 30, 2023).

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.
During the year just ended, the company signed two major contracts with customers in Bangladesh.
The company showed operating revenues of CZK 19.8 million equal to 0.8 million euro (2022/2023: CZK 43.7 million equal to 1.8 million euro) and a substantially break-even result in line with 2022/2023.

Danieli Germany GmbH (Germany)

Danieli Germany GmbH operates in Germany with almost eighty 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.

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In 2023, the company's central office was transferred from Duisburg to Düsseldorf. The new office is located in Airport City, directly in the international airport of Düsseldorf (DUS), in the Airport Garden building. This will help the company to cooperate more efficiently with its customers and partners from across the world.

The new Danieli Fata Fröhling business unit reinforced its synergy for technology and access to the market. This led to new orders in the copper and aluminium industry. These aspects benefited customers, who now have access to extensive solutions from a single source, with added value for project execution, assistance, and maintenance procedures.

Expertise in services, revamping and modernisation were reorganised into a new organisation of teams comprising customer advisory services, sales, design and execution. For flexible availability, this new structure of services was organised into a workshop area independent of the main projects and value chain.

Danieli Germany GmbH recorded revenues of 178.9 million euro with a profit of 7.4 million euro (108.8 million euro in revenues and 2.6 million euro in profit as at June 30, 2023).
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 CO_2 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'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.
Furthermore, in future we expect to see the start-up of certain new important projects, to underline the leading position on the technology market of Danieli Germany GmbH.

Considering the projects mentioned above, Danieli Germany's order book amounts to a total value of about 319 million euro as at June 30, 2024. 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 3.9 million euro (2022/2023: 3.1 million euro) and a net profit of 1.0 million euro (2022/2023: 0.5 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 2024-25 financial year, too.

Morgårdshammar AB (Sweden)

The company's value of production was SEK 62.7 million, equal to 5.5 million euro (2022/2023: SEK 49.6 million, equal to 4.5 million euro) and showed a positive result of 5.4 SEK million, equal to 0.5 million euro (2022/2023: loss of 6.0 SEK million, equal to 0.5 million euro).
The company stabilised its costs structure and generated a positive operating margin despite the negative effects of the exchange rate having led to a loss during the year.

Sund Birsta AB (Sweden)

The company's value of production amounted to SEK 474.6 million, equal to 41.3 million euro (2022/2023: 501.1 SEK million, or 45.3 million euro) and a net profit of SEK 78.6 million, equal to 6.8 million euro (2022/2023: SEK 85.5 million, or 7.7 million euro).
The operating result was positive, despite the acquisition of orders having been slightly below the budget objectives set at the start of the year. During the period, several new products that had already been developed were successfully released onto the market, including but not limited to robotic applications for label marking, electric binders and machinery for the electric separation and counting of bars.
During the year, activities continued for the development of 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.

Rotelec SA (France)

The financial year reported revenues of 14.1 million euro as at June 30, 2024 (2022/2023: 17.9 million euro), a net profit of 2.6 million euro (2022/2023: 3.2 million euro), thanks to the new products developed in recent years and the ongoing renewal process.
Rotelec has been a pioneer for over 40 years and remains a leading innovator, designing and building a complete range of solutions for metallurgy applications including commercial and special steels, and for casting and rolling of long and flat products.
Each technological solution is tailor-made. Each plant (over 3,300 units supplied) is developed and designed by the company's technical office, in synergy with the Danieli Group, by assessing the customer's needs in terms of productivity, product quality, operating flexibility, environmental sustainability and cost reduction.
The outlook for the coming year is 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 production while creating the least possible CO_2 emissions associated with this technology. The financial year ended on June 30, 2024, with consolidated operating revenues of 157.2 million euro and an operating profit of 10.4 million euro (after a turnover of 139.3 million euro and a profit of 11.4 million euro in the 2022/2023 financial year).
The main objectives for the new financial year include the commissioning of one of the two blast furnaces currently being built in Dung Quat, Vietnam, and additional progress in one of the largest projects in the company's history, namely the two blast furnaces in Hazira, India. The engineering activities for this project have been completed and during this financial year all hardware required by the contract for the first blast furnace will arrive on site. 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 risk for the construction phase.
For the 2024/2025 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, the conflict in the Middle East 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 during 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.
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.
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

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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.
Cash and cash equivalents and deposits with leading banking counterparties remained significant at June 30, 2024, as did investments in diversified bonds with prudent criteria. The low risk tolerance did not allow for high returns in absolute terms, but these 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, 2024, was just over 4 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 in line with the trend in the rates decided the two main central banks (ECB and FED).

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 maintained significantly reduced activities on the local market, operating in full compliance with the restrictions imposed by the EU.
As at June 30, 2024 the company reported total operating revenues of 2,594.3 million rouble, equal to 26.0 million euro (2022/2023: 1,775.8 million rouble equal to 24.5 million euro) and a loss of 64.9 million rouble equal to 0.7 million euro (2022/2023: profit equal to 0.3 million rouble equal to 0.0 million euro).
During the previous year, in light of the geopolitical situation and the operating difficulties, the tangible assets of the subsidiary were written down, a situation that remains unchanged as at June 30, 2024.

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.
The company closed financial year 2023/2024 in positive territory, after completing a significant management restructuring to redirect its activities to support maintenance services and services for Danieli customers in Turkey.
As at June 30, 2024 Termo Makina presented a final profit for 6.3 million Turkish lira, equal to 0.2 million euro (4.9 million Turkish lira equal to 0.2 million euro in the previous year).

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 US subgroup is formed of Danieli Holdings Inc. (holding), Danieli Corporation, Danieli Canada Inc. (Canada) and Danieli Taranis. The US subgroup's consolidated value of production was USD 596.8 million, equal to 550.1 million euro (2022/2023: USD 413.7 million, equal to 393.5 million euro) and showed a profit of USD 12.4 million, equal to 11.4 million euro (2022/2023: profit of USD 15.6 million, equal to 14.8 million euro).
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;

During the financial year, the company continued the consolidation of its three 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 2023/2024 financial year, significant contracts were acquired with important US customers, both excellent in terms of the size of the projects and their technological and innovative content.
The US steel market remains strong following the antidumping measures that continue to be supported by the US government, with demand for steel remaining consistent and prices persistently stable.
North American steelworks are still posting 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 investments in infrastructure 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 50 million dollars. In the 2023-24 tax year, the company reported a profit of 4.2 million dollars and ended the year with a volume of orders worth 24 million dollars. These results, plus the robust regional metal market, are expected to enable continuous and profitable growth in 2024/2025.
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.

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.
The company's revenues reached approximately USD 12.9 million, equal to 12.0 million euro (USD 12.4 million in 2023, equal to 11.8 million euro) with a positive result in line with the previous year.
The company has also invested in equipment to increase productivity and safety in the workplace and now has a workshop dedicated to providing internal support for customers' equipment and storage of spare parts. Order acquisitions and income continue to develop beyond the targets of the budget.

Group Companies – South-east Asia

Danieli Co. Ltd. (Thailand)

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In the 2023/2024 financial year, the company reported a result of 30.4 million euro (19.8 million euro in 2022/2023) with operating revenues of 253.7 million euro (227.9 million euro in 2022-23).
During the financial year, the US market continued to drive global demand, specifically with the major projects developed by Nucor, Deacero and Ternium, attesting to the notable growth and expansion of the American steel sector. Europe, Africa and the Middle East also contributed with the Uzmet, Thyssenkrupp and Scaw South Africa projects, reinforcing their positions as key players in the steel industry. On the contrary, Northern and Southeast Asia faced challenges due to the stagnation of the real estate market and the suspension of infrastructure and urbanisation projects. Nevertheless, Japanese steel manufacturers remained active, investing in projects such as the MiDa plant in Chiyoda, the new Q-One system for the electric arc furnace (EAF) of JFE in Japan and the mill for VIS bars in Vietnam. These investments were driven by a particular focus on decarbonisation, which led to the adoption of more efficient low emission technologies.
Similarly, Australia and New Zealand launched new investments to modernise existing steel plants. These initiatives were focused on improving plant performance and ensuring alignment with new government regulations for the reduction of carbon emissions. New projects in this region included the installation of a new electric arc furnace (EAF) with ECS and Q-One technology for New Zealand Steel and the use of advanced cranes for Infrabuild and Bluescope.
Thanks to the new projects acquired, engineering volumes and advisory services increased as a result, consolidating the partnership with external technical firms. This made it possible to manage workloads better with an improved set-up of the structure.
To increase productivity and competitiveness, certain targeted investments were made, such as the expansion of the manufacturing workshop with related improvement of the work areas; a new machine for waterjet cutting which makes it possible to reduce additional processes and prevents the alteration of the mechanical properties of metals; two new numerical control lathes (vertical and horizontal) to optimise the cells of the recycling machine rotors and the crane wheels; the new phosphating system plant for hydraulic blocks, which improves the management of the high workload of hydraulic specialisations and guarantees greater flexibility at a lower cost compared to outsourcing.
The company's commitment to the community in 2023-2024 remained solid: the company established relations with technical institutes to allow their students to put their working skills into practice in various workshops, with the aim of preparing the next generation of qualified professionals, thus strengthening the workforce and contributing to the growth of the local community. Furthermore, the company's sustainability initiatives included the reduction of consumption, the transition to renewable energies, sustainable production, waste management and water preservation.
The company received prizes and awards from the government, as proof of its alignment with legal requirements and global standards, including the IEAT Sustainability Business Leader - Carbon Footprint Organization prize and the award from the Italian Prime Minister for Corporate Social Responsibility.

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. DACO is the first company in Thailand to produce high-quality single-phase reactors for "Q-One". The company is known for its excellent professionalism in all the main strategic industries in Thailand: steel, automotive, rubber, plastic polymers, etc.
The company ended the financial year as at June 30, 2024 with significantly higher operating revenues equal to 214.4 million baht, equivalent to 5.5 million euro (158.7 million baht, equal to 4.3 million euro in the 2022/2023 financial year). The significant increase in EBITDA compared to the previous year is the result of the increase in turnover and the improvement in operating efficiency.
The company's order book as at June 30, 2024 should generate a sufficient sales volume to expect a positive result also 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 4,483.6 million, equivalent to 573.7 million euro (2023: CNY 3,597.7 million, equal to 493.9 million euro) and a net profit of CNY 376.2 million, equal to 48.1 million euro (2023: CNY 289.6 million, equal to 39.8 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 construction sector and a satisfactory volume in terms of turnover for services on the Chinese market, despite the decrease in the Chinese steel industry. *Important projects were acquired, such as the EAF order from Shougang for the production of near-zero* CO_2 emissions, high-quality steel and the extrusion press for Changbao for the production of precision steel tubes, etc. The four technologies of green steel will remain the main drivers of the Danieli business in China also for the new year.
The Company has maintained its commitment to support the development of local communities by funding local universities, collecting donations for exceptional cases of people in need, carrying out activities to protect the environment, etc.
The order book as at June 30, 2024 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 second year of full operation, with revenues that reached CNY 203.6 million, equal to 26 million euro (2023: CNY 234.9 million, equal to 32.2 million euro), and a net profit of CNY 31 million, equal to 3.9 million euro (2023: CNY 30.8 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 95.0 million yuan, equal to 12.2 million euro (50.4 million yuan in 2023, equal to 6.9 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 order book was larger than in the previous financial year even faced with operating performance that tended to be lower than expected, due to the general financial situation of the local steel sector.

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 presence also in other Asian countries. 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.

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In the 2023/2024 financial year, the company achieved total revenues of INR 12,035.4 million, equal to 133.9 million euro compared to INR 8,155.3 million in the 2022/2023 financial year, equal to 95.4 million euro, thanks to the expansion of the steel industry in the area.
The company achieved a net profit during the year of INR 505.5 million (equal to 5.6 million euro) compared to a profit of INR 387.1 million in the previous financial year (equal to 4.5 million euro), maintaining a positive trend that we believe will be repeated in financial year 2024-25.
The company also continues to support education in the local community with tangible support for local schools.

Danieli Centro Combustion India Pvt. Ltd. (India)

The company operates in the city of Pune, in the state of Maharashtra (India) with full autonomy and in complete collaboration with Danieli Centro Combustion SpA, 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 1,574.9 million, i.e. 17.5 million euro (2022/2023: INR 1,165.3 million, i.e. 13.6 million euro) with a net profit of INR 199.0 million, equal to 2.2 million euro (2022/2023: a profit of INR 125.6 million, i.e. 1.5 million euro).
During the year, activities continued to strengthen the local technical organisation in order to expand capacities for engineering and planning and to diversify the skills available, with support and collaboration from Danieli Centro Combustion S.p.A.
Thanks to the order book and the good results expected from ongoing projects, the company will also generate a positive result for the upcoming year. The order book as at June 30, 2024 and the orders envisaged for FY 24-25 point towards a positive first quarter, which is likely to be maintained throughout FY 25-26.
In the context of corporate social responsibility, the company is actively committed to supporting and creating entrepreneurial skills among disadvantaged women in nearby communities to support their families.

Danieli Engineering Japan Ltd. (Japan)

The company, which is based in Yokohama, Japan, achieved revenues for JPY 6,790.2 million (equal to 42.1 million euro) (JPY 1,255.9 million equal to 8.7 million euro as at June 30, 2023). It has operated for 13 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 2024-25.
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 2024 recorded revenues equal to VND 316,689.9 million, equivalent to 11.9 million euro (2022/2023: VND 250,579.2 million, equal to 10.1 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 stood at VND 23,868.8 million, equal to 0.9 million euro (VND 14,871.1 million, equal to 0.6 million euro in 2022/2023).
Despite the results of the Services Centre being lower than initially expected, especially due to the challenging economic conditions faced by local steel producers, the overall increase in turnover and profits derives from the increase in engineering activities during the year. This increase in activity made it necessary to expand the workforce and strengthen collaborations with local external technical firms.
During the year, the company saw major improvements in its operating sustainability. These included the refurbishment of buildings and completion of solar panel installations. These initiatives seek to reduce energy consumption and are in line with the Company's global targets, such as reducing emissions and combating climate change.

In line with the company mission, the company saw a considerable improvement to the skills of its employees, in particular in the project management and engineering departments. This improvement was made possible thanks to targeted training programmes, and thanks to the close collaboration with local engineering universities in Ho Chi Minh City and Hanoi. Thanks to the effective selection and swift adaptation of personnel, the company is well structured to support its product lines with new and efficient technical offices or to upgrade existing ones, in light of the numerous projects envisaged for the upcoming year.

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

At June 30, 2024, the main economic, equity and financial data were as follows:

- revenues: 4,349.8 million euro, an increase of 6% compared to the value of 4,102.1 million euro as at June 30, 2023;
- net profit for the period attributable to the Group: 240.8 million euro, a decrease of 1% compared to the value of 243.6 million euro as at June 30, 2023;
- total shareholders' equity: 2,628.8 million euro with an increase of 221.1 million euro compared to the value of 2,407.7 million euro as at June 30, 2023;
- positive net financial position: 1,707.7 million euro up by 104.9 million euro compared to 1,602.8 million euro as at June 30, 2023, including the financial lease liabilities of 35.6 million euro as at June 30, 2024, as required by IFRS 16.

The Group order book is well diversified by geographical area and by product type and as at June 30, 2024, amounted to approximately 5,751 million euro (of which 296 million euro in the special steel making segment), below the values as at June 2023 (of which 369 million euro for special steels). Specifically, the order book as at June 30, 2024 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.

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The sale of land 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 2024.
The ABS Sisak plant in Croatia worked even more efficiently during the period, using the new Digital Melter installed during the period, which also optimised 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, unattractive market conditions negatively affected production volumes and led to the achievement of a negative net result. 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 in 2022 and 2023, with an induced increase in inflation and interest rates in Europe and extremely high prices for gas and energy used by ABS Steel Making, before falling sharply in the second half of 2023 with strong corrections in the values of finished products and inventories, which negatively affected the results of the latter in the 2023-24 period.
In the Plant Making segment there are currently no active projects of significant value in Ukraine, whereas all residual ongoing projects as at June 30, 2024 with Russian customers have been slowed down or suspended following strong limitations, or terminated due to force majeure. For this reason, the order book prudentially no longer includes any value for projects still open due to their poor prospects for future development.
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 markets and the receivables on jobs in progress in such markets have already been adequately written down. The Group's operations in those countries has been limited (albeit with strong slowdowns) 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.
Several projects in Russia, production for which began prior to the outbreak of the conflict, are currently managed by the Chinese subsidiary Danieli Metallurgical Equipment & Service (China) Co. Ltd. These projects are in a late stage of completion and are managed in accordance with the international sanctions issued by the EU and the USA.
The activities carried out by our design centre situated in Ukraine are currently suspended in person, but they continue remotely in line with safety measures for local personnel, while the activities at our plant in Russia, focused on spare parts, continued during the year to a very reduced extent and only with a few non-sanctioned customers, with the company recording sharp drops in volumes (compared to the pre-conflict period) and a slightly negative result for the year. Danieli began the process of selling this production unit to third parties. However, to date, everything remains frozen due to an ongoing legal dispute with a Russian customer.
In addition to what has already been recognised in the financial statements as at June 30, 2024, in terms of write-downs, hedging risk and discounting on the values present in the register and related to industrial assets and other activities on specific projects in Russia, 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.
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 greater 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.
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.

Highlights of the consolidated income statement as at June 30, 2024 and outlook

(millions of euro)	30/06/2024	30/06/2023	Variation
Revenues	**4,349.8**	**4,102.1**	**6%**
Gross operating margin (Ebitda) (*)	**391.2**	**423.9**	**-8%**
% of revenues	9.0%	10.3%	
Depreciation, amortization and net write-downs of fixed assets and receivables	(170.4)	(158.9)	
Operating income	**220.8**	**265.0**	**-17%**
% of revenues	5.1%	6.5%	
Financial Income and charges	86.2	33.7	
Income/(charges) arising from the valuation of equity investments in assoc. with the equity method	0.5	(1.6)	
Profit before taxes	**307.5**	**297.1**	**4%**
Income taxes	(69.8)	(55.9)	
Net profit from continued operations	**237.7**	**241.2**	**-1%**
Profit and loss deriving from discontinued operations	2.3	2.4	
Net profit for the period	**240.0**	**243.6**	**-1%**
% of revenues	5.5%	5.9%	
(Profit)/loss attributable to non-controlling interests	0.8	-	
Net profit for the period attributable to the Group	**240.8**	**243.6**	**-1%**
% of revenues	5.5%	5.9%	

(*) The Gross Operating Margin (EBITDA) represents the operating result 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 Group's revenues rose by 6% compared to the previous year, with higher turnover in the Plant Making sector and lower turnover in the Steel Making sector, which shows stable production volumes but average selling prices compared to 2022/2023, with a partial and non-satisfactory saturation of the plants at both ABS SpA and ABS Sisak.

Group EBITDA as at June 30, 2024 was 391.2 million euro, a decrease of approximately 8% on the previous year; nevertheless, margins were still 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 derive from the compliance with the construction programmes contractually agreed with the customers, with an EBITDA of 315.7 million euro, better than the result for the 2022/2023 period, nevertheless recording extraordinary provisions made in the period for the start-up of some innovative plants.
Revenues for the Steel Making sector, while in line with the budget from the start of the year, show lower profits (EBITDA of 75.5 million euro), primarily due to the negative effect of the cost of energy factors that in Italy were more costly than in other European countries. These profits could improve in the upcoming financial year only with a normalisation of the cost of energy factors that since the start of 2024 have remained high, with prices per MWh still far from the average values of France and Germany.
The production sold during the financial year by the Steel Making segment (ABS Group) reached approximately 1.3 million tonnes (5% more 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.
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.
FY 2023/2024 therefore shows consolidated operating profits (EBIT) in line with the previous year despite penalisation for the unsatisfactory results of the ABS Steel Making sector.

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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 point towards positive Group results for next year, with the aim in 2024/25 of improving the result achieved by the ABS Steel Making sector in 2023/2024.
In particular, in the Plant Making segment, a similar or better operating result is expected in 2023/2024 with stable volumes and good margins, 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.
For the Steel Making sector, in 2024/2025 mild growth is expected in the production volumes but with better margins and greater efficiency in the production processes, thanks to the availability of three lines of product verticalisation: bars, wire rods and spheres. This said, the energy variable could still negatively affect the volumes and production 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 a good average remuneration both on investments in euro and on those denominated in foreign currencies (essentially in USD).
Net financial income came to a positive 73.0 million euro. Cash management was therefore handled efficiently in the period, maintaining a high solvency profile, with a positive net cash position at the end of the period. Additionally, considering the profile of investments already in place at the end of the financial year, we can also expect a good financial result for 2024/2025.
Total taxes for the period amounted to 69.8 million euro (55.9 million euro in the previous year), essentially deriving from the application of the ordinary taxation to the results of the consolidated companies without one-off distortive effects as happened last year at ABS SpA due to the tax credit for energy-intensive companies envisaged by the Italian tax administration.
Net profit for the period attributable came to 240.8 million euro, a decrease of 1% compared to 243.6 million euro for the year ended as at June 30, 2023.

Summary of results by business segment

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

Revenues

(millions of euro)	30/06/2024	30/06/2023	Variation
Plant making	3,033.7	2,597.6	17%
Steel making	1,316.1	1,504.5	-13%
Total	4,349.8	4,102.1	6%

Gross operating margin (Ebitda)

(millions of euro)	30/06/2024	30/06/2023	Variation
Plant making	315.7	253.0	25%
Steel making	75.5	170.9	-56%
Total	391.2	423.9	-8%

Operating income

(millions of euro)	30/06/2024	30/06/2023	Variation
Plant making	216.0	160.9	34%
Steel making	4.8	104.1	-95%
Total	220.8	265.0	-17%

Net profit for the period attributable to the Group

(millions of euro)	30/06/2024	30/06/2023	Variation
Plant making	241.6	143.6	68%
Steel making	(0.8)	100.0	-101%
Total	240.8	243.6	-1%

Revenues by geographical area

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

(millions of euro)	30/06/2024	%	30/06/2023	%	Variation
Europe	1,528.0	35%	2,553.5	62%	-40%
Middle East	208.5	5%	310.8	8%	-33%
Americas	1,293.9	30%	625.0	15%	107%
South East Asia	1,319.4	30%	612.8	15%	115%
Total	**4,349.8**	**100%**	**4,1021**	**100%**	**6%**

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

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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 30% of the total value of this area as at June 30, 2024, and for 37% of the total value of this area as at June 30, 2023.

Highlights of the reclassified consolidated balance sheet as at June 30, 2024

(millions of euro)	30/06/2024	30/06/2023
Investments	26.3	22.9
Net tangible and intangible fixed assets	1,058.2	1,018.1
Right of use	35.1	33.2
Net fixed assets	**1,119.6**	**1,074.2**
Working capital	(85.1)	(164.1)
Net invested capital	**1,034.5**	**910.1**
Group shareholders' equity	2,627.2	2,404.7
Non controlling interest in shareholders' equity	1.6	3.0
Total shareholders' equity	**2,628.8**	**2,407.7**
Provisions for risks and employee benefits	**113.4**	**105.2**
Current financial assets	(2,755.0)	(2,319.0)
Non-current financial assets	(0.2)	(0.3)
Current financial liabilities	536.3	461.8
Non-current financial liabilities	511.2	254.7
Positive net financial position	**(1,707.7)**	**(1,602.8)**
Total sources of funds	**1,034.5**	**910.1**

Net Invested Capital increased 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, 2024

(millions of euro)	30/06/2024	30/06/2023	Variation
Non-current financial assets			
Other financial receivables	0.2	0.3	(0.1)
Total	**0.2**	**0.3**	**(0.1)**
Current financial assets			
Securities and other financial assets	608.9	569.4	39.5
Cash and cash equivalents	2,146.1	1.749.6	396.5
Total	**2,755.0**	**2,319.0**	**436.0**
Non-current financial liabilities			
Non-current financial liabilities	487.9	228.4	259.5
Lease liabilities non-current IFRS 16	23.3	26.3	(3.0)
Total	**511.2**	**254.7**	**256.5**
Current financial liabilities			
Bank debts and other financial liabilities	524.0	453.7	70.3
Lease liabilities current IFRS 16	12.3	8.1	4.2
Total	**536.3**	**461.8**	**74.5**
Current net financial position	**2,218.7**	**1,857.2**	**361.5**
Non-current net financial position	**(511.0)**	**(254.4)**	**(256.6)**
Positive net financial position	**1,707.7**	**1,602.8**	**104.9**

The net financial position remained strong, increasing by 104.9 million euro compared to the value as at June 30, 2023.
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 441.8 million euro as at June 30, 2024 (401.6 million euro as at June 30, 2023). These amounts are still included as liabilities for contracts and customer advance payments in the consolidated balance sheet. As at June 30, 2024, 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. and by several subsidiaries over the past two years unused as yet for around 140 million euro and which will be offset over the next two years by tax expenses and contributions due in Italy.
Customer advances on job orders in production, net of advances paid to suppliers, amounting to 1,043.9 million euro as at June 30, 2024, and 1,049.6 million euro as at June 30, 2023, are included in working capital as they are used to finance job orders in progress. The related amounts are always included as liabilities for contracts 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 17 in the explanatory notes to the consolidated financial statements.
The financial position reached 1,707.7 million euro as at June 30, 2024. This amount is still high, partly due to advances collected on current contracts and partly by a careful financial management of production on job orders, enabling the Group to repay past due debt to banks and to finance the important investments in

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research and development in both the Plant Making and Steel Making segments for the new Digital Melter to be built at the Italian plant of ABS SpA.
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	30/06/2024	30/06/2023
ROE	Net profit for the period attributable to the Group / Group shareholders' equity	9.2%	10.1%
ROI	Operating income / Net invested capital	21.3%	29.1%
	Gross operating margin (Ebitda) / Patrimonio netto totale	14.9%	17.6%
	Gross operating margin (Ebitda) / Financial charges (*)	9.69	16.03
	Gross operating margin (Ebitda) / Operating revenues	9.0%	10.3%
	Gross financial indebtedness (**) / Gross operating margin (Ebitda)	1.46	0.66
ROS	Operating income / Operating revenues	5.1%	6.5%
Financial charges over turnover	Financial charges	0.9%	0.6%

Capital Ratios	Description	30/06/2024	30/06/2023
Debt to equity ratio	Gross financial indebtedness / Total shareholders' equity	39.8%	29.8%
Financial independence	Total shareholders' equity / Total Assets	35.1%	36.8%
Primary structural margin	Total shareholders' equity / Non-current assets	176.1%	181.8%
Secondary structural margin	Total shareholders' equity + Non Current Liabilities / Non-current assets	219.6%	211.0%
Current ratio	Current assets / Current liabilities	142.3%	139.3%
Quick ratio	Current assets -Inventories	96.8%	95.5%

(*) net of interests on discounting operations

(**) excluding advances on job orders not yet in production and indebtedness in accordance with IFRS 16

Profit indicators	30/06/2024	30/06/2023
Revenues per employee (thousands of euro)	**419.7**	**421.5**

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 19.0 million euro (an increase of 216.2 million euro in the previous year). The cash flow generated from operating activities amounted to 324.9 million euro (641.9 million in the previous period) and allowed the financial coverage of net operating investments of 164.7 million euro (190.7 million euro as at June 30, 2023). Hence, a final net cash increase, after financing operating investments, of 160.2 million euro (451.2 million euro as at June 30, 2023).
The total positive change in the net financial position, up by 105.488 million euro, includes the outlay for the payment of dividends in November 2023, amounting to 23.7 million euro, as well as the accounting effects arising from the trend in exchange rates.

(millions of euro)	30/06/2024	30/06/2023
Initial positive net financial position	**1,602.2**	**1,206.6**
Profit before taxes	307.4	299.5
Adjustment for the determination of cash flows from operations		
Depreciation, amortisation and other non-monetary components	172.8	185.5
Losses/(gains) on disposal of property plant and equipment	(4.6)	0.2
Net financial charges/(income) for the period	(86.6)	(33.7)
Gross cash flow from operations	**389.0**	**451.5**
Net change in working capital	(19.0)	216.2
Collected (paid) interest and income taxes	(45.1)	(25.8)
Cash flow generated /(absorbed) by operating activities	**324.9**	**641.9**
Investiments in tangible and intangible assets	(175.8)	(158.6)
Business combinations of the period and the previous financial year	(13.3)	-
Application of IFRS 16 - Right of use	(3.8)	(9.0)
Equity investments	(7.2)	-
Realised foreign exchange losses/(gains)	(5.4)	(21.4)
Disposals of tangible and intangible fixed assets	20.5	3.4
Changes in fair value of financial instruments measured at equity	20.3	(5.1)
Cash flow generated/(absorbed) by investing activities	**(164.7)**	**(190.7)**
Free cash flow	**160.2**	**451.2**
Other changes in net financial position		
dividends to parent company shareholders	(23.7)	(21.4)
Changes in balance sheet items due to exchange rate translation	(31.0)	(34.2)
Total	**(54.7)**	**(55.6)**
Total change in net financial position in the period	**105.5**	**395.6**
Final positive net financial position	**1,707.7**	**1,602.2**

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Investments and research activities

The main investments in tangible and intangible fixed assets in the period, totalling 161.6 million euro, were as follows:

- 88.1 million euro in the Steel Making segment are mainly related to the purchase of new land, completion of the new sphere mill and the new in-line control system for wire rods (LUNA) 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;
- 73.5 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 40 million euro for direct and indirect research activities (almost entirely supported by the Plant Making segment and equal to approximately 1.3% of the relevant turnover), with the management of a volume of innovative projects of approximately 200 million euro (approximately 7% 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, 2024

(millions of euro)	30/06/2024	30/06/2023	Variation
Revenues	**1,378.8**	**1,187.3**	16%
Gross operating margin (Ebitda) (*)	**79.9**	**58.8**	36%
% of revenues	5.8%	5.0%	
Depreciation, amortization and net write-downs of fixed assets and receivables	(33.8)	(19.7)	
Operating income	**46.1**	**39.1**	18%
% of revenues	3.3%	3.3%	
Financial Income and charges	42.7	18.6	
Profit before taxes	**88.8**	**57.7**	54%
Income taxes	(21.8)	(16.5)	
Net profit for the period	**67.1**	**41.2**	63%
% of revenues	4.9%	3.5%	

(*) The Gross Operating Margin (EBITDA) represents the operating result as in the 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 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.

Revenues for the year were 16% higher than in the previous year, with a positive gross operating margin, an improvement on last year.
The financial year showed a positive operating result, an improvement compared to the previous year, albeit having increased provisions to cover ongoing risks without significant additional costs. Net financial income was good with a positive exchange rate management faced with an 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 67.1 million euro, compared to the profit of 41.2 million euro as at June 30, 2023, net of the tax burden related to the composition of the relative tax base.

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Highlights of the reclassified balance sheet as at June 30, 2024

(millions of euro)	30/06/2024	30/06/2023
Investments	1,170.8	1,170.8
Net tangible and intangible fixed assets	85.0	80.9
Right of use	6.7	7.9
Net fixed assets	**1,262.5**	**1,259.6**
Working capital	(431.3)	(441.2)
Net invested capital	**831.2**	**818.4**
Total shareholders' equity	**890.6**	**847.2**
Non-current financial assets	75.0	75.0
Provisions for risks and employee benefits	61.9	55.2
Current financial assets	(769.4)	(606.6)
Non-current financial liabilities	259.4	160.0
Bank debts and other financial liabilities	388.7	362.7
Net financial position (*)	(121.3)	(84.0)
Total sources of funds	**831.2**	**818.4**

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, 2024, positive for 121.3 million euro, was determined including financial receivables and payables from/to Group companies.

Analysis of the net financial position as at June 30, 2024

(millions of euro)	30/06/2024	30/06/2023	Variation
Current financial assets			
Securities and other financial assets	39.4	28.0	11.4
Cash and cash equivalents	730.0	578.6	151.4
Total	**769.4**	**606.6**	**162.8**
Non-current financial liabilities			
Non-current financial liabilities	253.0	153.0	100.0
Lease liabilities non-current IFRS 16	6.4	7.0	(0.6)
Total	**259.4**	**160.0**	**99.4**
Current financial liabilities			
Bank debts and other financial liabilities	388.2	361.3	26.9
Lease liabilities current IFRS 16	0.5	1.4	(0.9)
Total	**388.7**	**362.7**	**26.0**
Current net financial position	**380.7**	**243.9**	**136.8**
Non-current net financial position	**(259.4)**	**(160.0)**	**(99.4)**
Net financial position (*)	**121.3**	**83.9**	**37.4**

(*) The net financial position would amount to approximately 196 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 90,911 thousand euro (42,368 thousand euro as at June 30, 2023). These amounts are included in the balance sheet as other current liabilities in the item liabilities for contracts and customer advance payments.

Customer advances on job orders in production (including those from Group companies), amounting to 690.8 million euro as at June 30, 2024, and to 691.7 million euro as at June 30, 2023, respectively, are included in working capital as they are used to finance jobs in progress. These amounts are still included as liabilities for contracts and customer advance payments in the balance sheet.

The net financial position as at June 30, 2024 was positive for 121.3 million euro, with an increase of 37.4 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 2024/2025 financial year.

During the year, the net cash flow arising from operating activities allowed the Parent Company to finance planned investments and repay the past due portion of its debt. At the end of 2023 the Parent Company received a disbursement of 100 million euro, bringing the funds received from the European Investment Bank to 253 million, for a multi-year development plan that will mainly involve the Steel Making sector and will be mostly transferred to the subsidiary ABS in support of 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.

Key financial ratios

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Profitability Ratios	Description	30/06/2024	30/06/2023
ROE	Net profit for the period / Total shareholders' equity	7.5%	4.9%
ROI	Operating income / Net invested capital	5.5%	4.8%
	Gross operating margin (Ebitda) / Total shareholders' equity	9.0%	6.9%
	Gross operating margin (Ebitda) / Financial charges (*)	3.40	3.01
	Gross operating margin (Ebitda) / Operating revenues	5.8%	5.0%
	Gross financial indebtedness (**) / Gross operating margin (Ebitda)	6.89	8.03
ROS	Operating income / Operating revenues	3.3%	3.3%
Financial charges over turnover	Financial charges / Revenues	1.70%	1.64%

Capital Ratios	Description	30/06/2024	30/06/2023
Debt to equity ratio	Gross financial indebtedness / Total shareholders' equity	72.8%	61.7%
Financial independence	Total shareholders' equity / Total Assets	25.4%	27.7%
Primary structural margin	Total shareholders' equity / Non-current assets	57.7%	56.9%
Secondary structural margin	Total shareholders' equity+Non Current Liabilities / Non-current assets	78.8%	71.5%
Current ratio	Current assets / Current liabilities	85.7%	78.8%
Quick ratio	Current assets-Inventories / Current liabilities	61.8%	56.9%

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

Profit indicators	30/06/2024	30/06/2023
Revenues per employee (thousands of euro)	**568.3**	**503.5**