



COGNE ACCIAI SPECIALI SPA

Interim financial statements as at 30 June 2022



GENERAL INFORMATION

COGNE ACCIAI SPECIALI SpA. is a legal entity operating in accordance with the legal system of the Italian Republic.

COGNE ACCIAI SPECIALI

Società per Azioni
Fully paid up Share Capital €250,000,000
Tax ID Code and Aosta Companies Register No.:
02187360967
VAT Reg. No.: 00571320076
AOSTA ECONOMIC ADMINISTRATIVE INDEX
NUMBER: 50474
Registered office in Aosta - Via Paravera 16

BOARD OF DIRECTORS

Chairman
Giuseppe Marzorati

Vice Chairman
Roberto Marzorati

Managing Director
Eugenio Marzorati

General Manager - Delegated Board Member
Monica Pirovano

Directors
Massimiliano Burelli
Emilio Giacomazzi

BOARD OF STATUTORY AUDITORS

Chairman
Giuseppe Piaggio

Statutory auditors
Roberto Piatti
Aldo Valsecchi

Alternate statutory auditors
Roberto Piaggio
Alessandra Perlo

SUPERVISORY BODY

Chairman
Paolo Mantegazza

Members
Roberto Piatti
Maurizio Bortolotto
Aldo Valsecchi



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MANAGEMENT REPORT



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1. Profile

Work, commitment, integration and innovation are the defining values that have always marked the activities of the main plant in Valle d'Aosta and one of the great historical Italian businesses.

The idea of building a metalwork strategically close to the raw materials came in the early years of the 20th century, and was realised in 1916 at the initiative of Belgian entrepreneur Charles Van Der Straten Pontoz, who established the company "Società Miniere di Cogne". However, the development of the electro-steel works in Valle d'Aosta came thanks to the work of Pio Perrone, his determination and the skill of Italian and Swedish engineers, thanks to whom in a difficult period - that of the First World War - set up a unique electrical steelworks, supplied by magnetite from Cogne and powered by the power stations of Aymavilles, Chavonne and Champagne.

In the 1970s and 80s, Cogne experienced the troubled state participation in the steel industry, surviving the struggles that ended with the liquidation firstly of Egam and then Finsider, to end up as part of the Ilva Group. In subsequent years, many of the most industrialised countries had to drastically reduce their production capacity in the cast iron and steel sector. Excess supply and reduced consumption were the result of new products and new manufacturers from Far Eastern markets. For Ilva, Italy's top manufacturer, the rationalisation process led to progressive downsizing, achieved following significant restructuring and plant closures. In the early 1990s Ilva decided to focus its activities on its core business only, that of the production of flat steels. Despite its recognised quality in the long products sector, the plant in Aosta risked closure as it was no longer part of the Group's strategic plans.

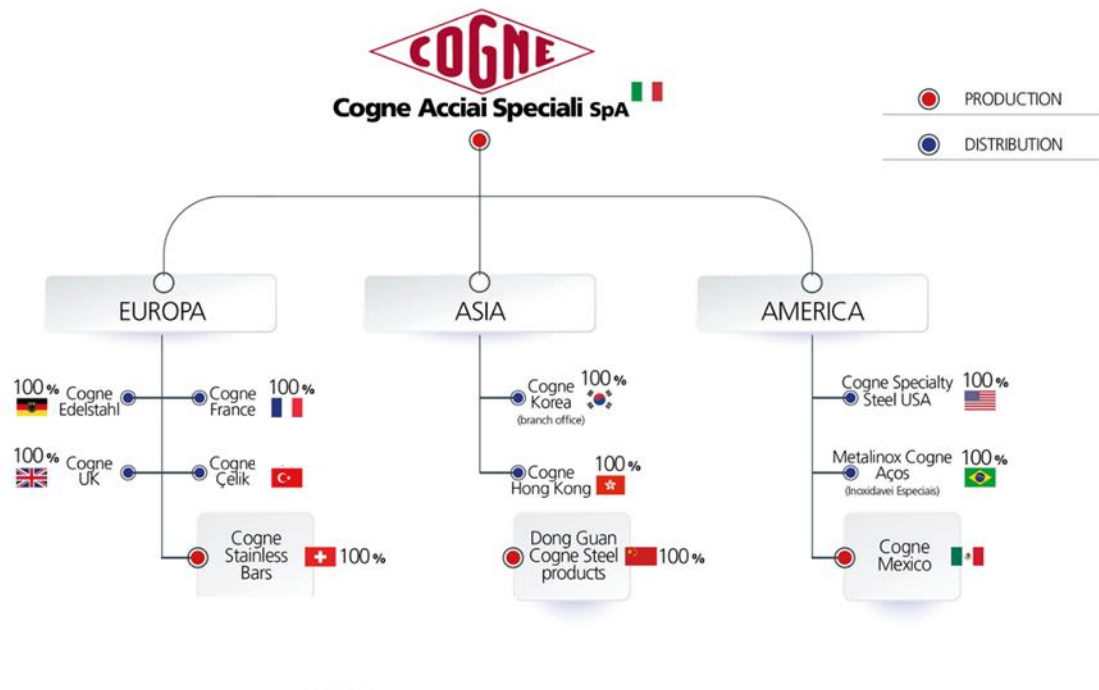
On 1 January 1994, Cogne Acciai Speciali was bought out by private buyer, who planned its industrial restructuring and subsequent relaunch. Reducing the areas occupied by the plant half and their subsequent optimization returned an area - Espace Aoste - to the city, for the development of new business entities.

The plant as we know it today was in fact reborn from the meeting of two traditions that led to the Cogne Acciai Speciali project:

- a long-standing one linked closely to Valle d'Aosta, which stood out after the war for its production of special and stainless steels;
- a family-run business, consolidated over the generations and willing to invest in order to develop this excellent business.

In recent years, an ambitious company restructuring programme has been successfully completed, with significant interventions in plants and sales. The Management developed a consolidation and relaunch programme based on several priorities: reduce the product cost, explore new markets maintaining a high quality level, support the new strategic plan by increasing its sales competitiveness worldwide, develop process know-how, increase the level of customer services, change the company culture by supporting a more competitive, flexible and widespread market approach based on the principles of Lean Organisation. The company's international character is accompanied by solid local roots. For over one hundred years, Cogne has been exchanging work and value with the local community, fuelling economic growth and supporting social (and urban) development. Cogne has drawn the strength necessary to return to conquer world markets, establish itself among the leading producers of stainless and special steel and now once again takes its place as an important, qualified and coveted employment opportunity, precisely as a result of this combination of entrepreneurship and ties with the city.

2. The Group



The Company holds a 100% stake in the share capital of the company Cogne Stainless Bars SA, with registered office in Switzerland; the company cold processes the products of the holding company which it then sells and distributes within the group and to third party customers.

The Company holds 100% of the share capital in the company Cogne Edelstahl GmbH, with registered office in Germany; the subsidiary activities are performed in two facilities in Germany, one in Neuss, which is also the legal and administrative headquarters, and a warehouse in the south of the country, in Ditzingen. The sales staff in Ditzingen also manage clients in East Germany.

The company holds 100% of the share capital in the company Cogne UK LTD, located in Great Britain and organised into operational divisions based on the type of product distributed, and works from the warehouse in Sheffield for distribution to wholesalers and end customers.

The company holds a 100% interest in the share capital of Cogne France S.A.; the subsidiary operates across the warehouses, which hold stock intended for end clients in the Eragny-Paris and Lyon areas, in order to closely look after its clients based in the South of France.

The company owns a 100% interest in the company Metalinox Cogne Aços Inoxidáveis Especiais Ltda in Brazil. The subsidiary manages the distribution, over the whole national market, mainly of the holding company stainless steel products, and has a leased warehouse in Sao Paulo.

The company operates in Hong Kong through Cogne Hong Kong Ltd, with a 100% interest. The company is a holding of 100% of the shares in Dongguan Cogne Steel Products Co. Ltd, an operational company in China



(Guangdong Province, Dongguan City and Changan Town) which produces and sells stainless steel products on the local and nearby markets.

In 2010 Cogne Acciai Speciali SpA established the company Cogne Celik Sanayi ve Ticaret Limited, controlled 100%, in Istanbul, Turkey, with a share capital of ITL 8,952,125 which works in the distribution and sale of stainless steel products on the local market.

The company holds 100% of the share capital in Cogne Speciality Steel USA Inc., registered in Fairfield, New Jersey, which carries out distribution in the US market through its warehouses in Chicago, Illinois and Lyndhurst, New Jersey.

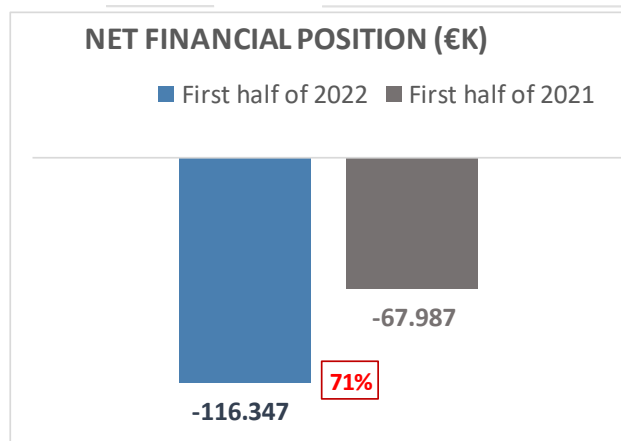
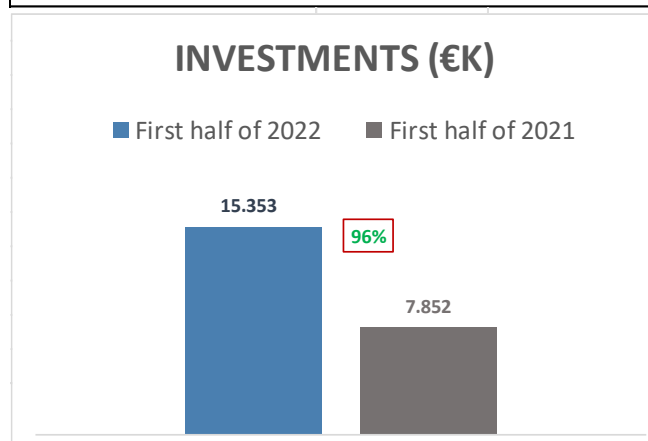
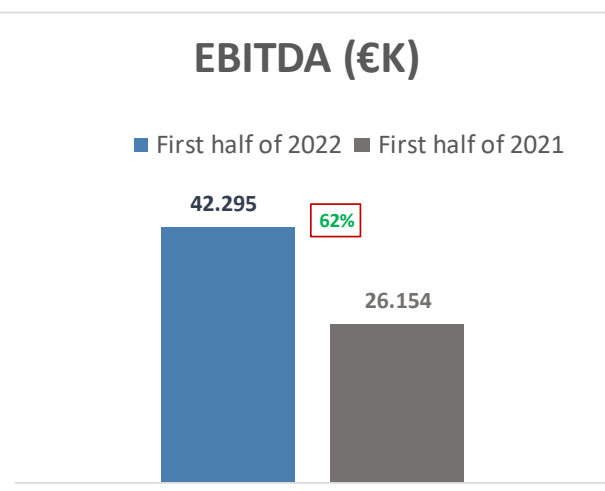
The company also has a branch office (Cogne Korea) in Seoul in South Korea, which is used to develop the Group's sales in the country, and works from a warehouse rented in the Busan area.

At the end of 2014, the company formed a new subsidiary in Mexico called Cogne Mexico, in which it holds a 99% of the share capital. The company was established in Mexico City, with the aim of producing and selling stainless products on the local market.



3. Key Financial Statements Data

€K	First half of 2022	First half of 2021
REVENUES	487.889	279.376
EBITDA	42.295	26.154
% of sales	9%	9%
NET INCOME	22.199	8.592
NET FINANCIAL POSITION	-116.347	-67.987
INVESTMENTS IN FIXED ASSETS	15.353	7.852
INVENTORIES	242.804	157.875
TOTAL SALES (Tonnes)	98.121	87.217



4. The economic scenario

The international economic scenario

The Russian attack on Ukraine had a disruptive effect on the global economy, severely affecting the short- and medium-term outlook.

The immediate consequence of the conflict on world markets was a generalised increase in the prices of raw materials, especially energy, for which Russia has always held a large share of the supply. Overall, the war exacerbated downside risks for the global business cycle, pushing inflation up everywhere.

The International Monetary Fund anticipated a cut in the July World Economic Outlook (in publication) of its growth estimates for the major advanced economies.



In the United States, where economic activity has shown – since the beginning of the year – signs of expansion despite a high rate of inflation, total GDP growth for 2022 is currently estimated at +2.9% (compared to +3.7% forecast in April).

Despite a much higher than expected growth rate in the first quarter of the year (+4.8%), the Chinese economy is showing signs of distress, mainly due to the prolonged and repeated anti-Covid restrictions imposed by the government. Based on data published by the National Bureau of Statistics, GDP grew by only 0.4% in the second quarter of the year, well below the forecast of 1%. The country's chances of reaching the +5.5% growth target set for 2022 are thus receding.

The economic situation in the euro area was also strongly affected by the tensions related to the conflict and the sanctions imposed on Russia.

After +0.6% in the first three months of the year, growth should continue in the second quarter, albeit at a very moderate rate. According to ECB projections published in early June, GDP should grow by 2.8% in 2022 and 2.1% in each of the following two years. Given that the EU countries as a whole absorbed almost 40% of Russian exports – a share that rises to over 50 for oil and over 60 for gas – the exposure of the European economic system to the effects of the war is significantly higher than that of the other major economies.

Initially buoyed by the pick-up in demand due to the restart of production after the Covid-19 lockdowns, and subsequently by fears related to the outbreak of the conflict, energy products are among the commodities that have seen the largest price increases during the first six months of 2022.

Specifically, after peaking at €225/MWh at the beginning of March, the price of European natural gas gradually fell back to around €80/MWh at the beginning of June, close to the price levels recorded before the Russian invasion. However, the Kremlin's decision at the end of the same month to reduce gas supplies to Germany and other European countries – including Italy – had an immediate effect on the increase in prices, which reached the 180 €/MWh mark within a few days. There was a similar development in electricity prices, gas being one of the main sources of production.

As far as oil is concerned, with the start of the conflict Brent prices reached USD 133 per barrel, the highest value since 2008. The increase was subsequently calmed by the OPEC countries' decision to raise their production targets for the second half of the year, as well as by the risk of a sharp weakening of demand due to a possible international economic recession. These fears brought prices back to around USD 100/barrel.

The difficult geopolitical situation, sharp movements in interest rates at the international level and inflationary waves resulting from generalised price increases had a major impact on currency markets. While the US dollar strengthened against most major currencies, the positioning of the euro gradually weakened, mainly due to European countries being more vulnerable to the possible consequences of war because of their geographical proximity and strong energy dependence.

In early July – for the first time since 2002 – the dollar reached parity with the European currency.



The Italian scenario

After record growth in 2021 of +6.6%, at the beginning of the year Italy's GDP returned to the levels of the end of 2019.

Recent ISTAT forecasts estimate the country's growth in 2022 at 2.6%.

The energy crisis has revealed a profound weakness in the Italian economic system. Natural gas and oil meet more than three quarters of national energy needs and are almost entirely imported. At the same time, production in the agri-food sector is more than 22% dependent on foreign supplies (e.g. cereals and fertilisers, of which Russia and Ukraine are major producers). The dependence on energy and food products is a critical factor for the expansion of the Italian economy: driven by commodity price increases, inflation reached 8% in June, the highest value since January 1986.

In 2021 Italian industrial production had already surpassed the levels of the end of 2019. In the first five months of 2022, the index grew by 3.4% year-on-year, albeit with significant differences between the main industries. Developments in the construction, refining and electronics sectors were positive. On the other hand, the sectors suffering include the automotive sector, with new registrations down by more than 22% compared to the first half of 2021, and 36% compared to the same period in 2019.

Inevitably, the economic performance of the country will be strongly influenced by the continuation of the neighbouring conflict.

The stainless steel market

Statistics published by the association Worldstainless covering the first five months of 2022 show a 1% year-on-year growth in global output of long stainless steel products (the company's target market).

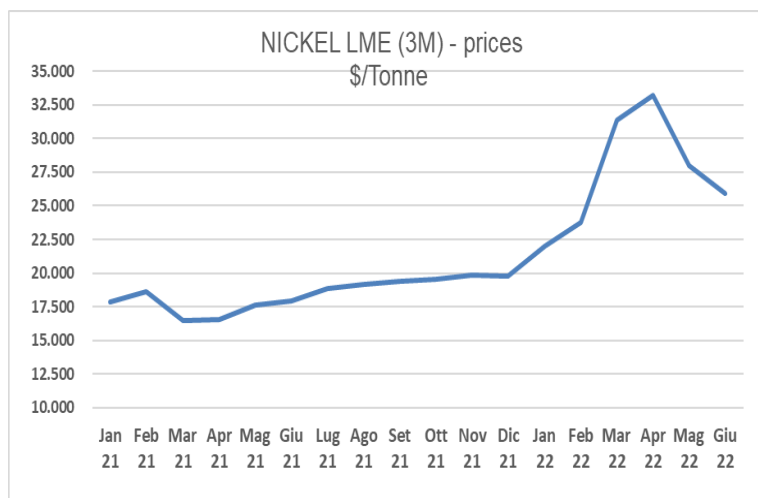
Going into product detail, the best performance was achieved by hot-worked products (+9%), while the production of cold-worked products declined by 27%.

The same association estimates an overall growth in consumption of stainless long products of 2.4% in 2022, followed by +3.8% in 2023.

Specifically, the European market growth is expected to be +3.4% in 2022 and +3.8% in 2023, in line with the global market.

The raw materials market

Average monthly prices - Nickel
January 2021 - June 2022



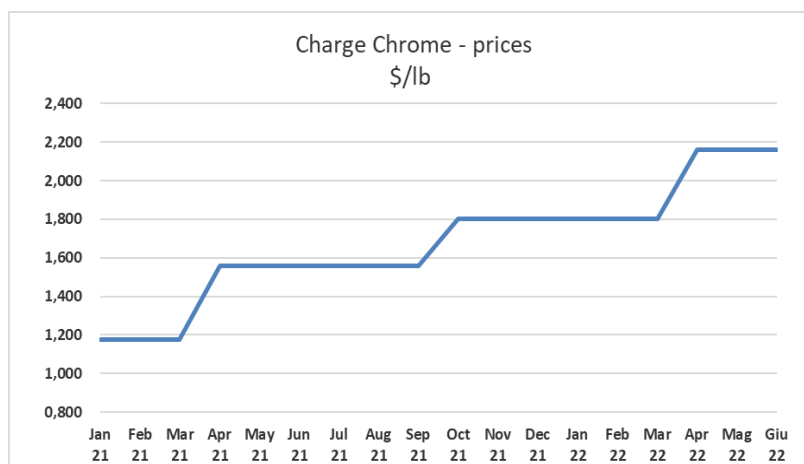
Nickel

During the second quarter, nickel reabsorbed the shock that had led to the suspension of trading on the London Metal Exchange, following the bullish excesses (record quotations close to 100,000 \$/t) caused by fears of shortages related to the Russia/Ukraine conflict.

The average price in US dollars for the first six months of 2022 was about 56% higher than the average value for the first six

months of the previous year (+73% on values expressed in euros, due to the €/€ exchange rate trend).

Average monthly prices - Charge Chrome
January 2021 - June 2022



Chrome

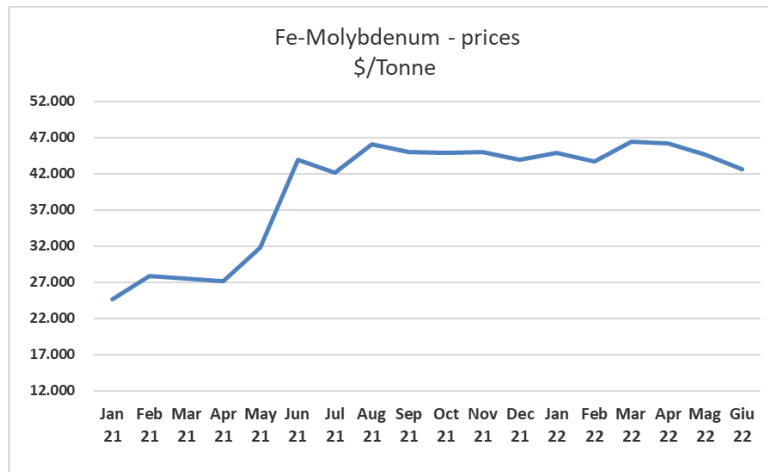
In the second quarter of the year, the effects of the conflict and the generalised rise in energy costs pushed the European benchmark to \$2.16/lb (+20% from the previous quarter).

The value announced for Q3 brought the price back to previous levels (\$1.80/lb), reflecting a drop in demand.

Overall, the average value in USD in the first six months of 2022 was 45% higher than in the same period of the previous year (+60% over the values in €).



Average monthly prices - Iron Molybdenum
January 2021 - June 2022



Molybdenum

Throughout the first half of the year, ferroalloy prices remained stable, with limited fluctuations in the range of \$42,000 to \$46,000 per tonne, the highest values in the last 10 years.

Compared to the same period in 2021, the average price in USD was +47%, an increase that rises to 62% when comparing average prices in euros.

5. Significant Events During the Period

January 2022

In January 2022, the Company received the disbursement of two loans guaranteed by SACE Cura italia: the first from Deutsche Bank for the total amount of €15,000,000 and the second from Banco Popolare di Milano for the total amount of €20,000,000

March 2022

In March 2022, the Company applied to the Special Wages Guarantee Fund in order to mitigate any further spikes in energy costs. The application was granted on 6 May 2022.

To date, no hours under this fund have been used.

On 29 March 2022, the Company received a loan guaranteed by SACE Cura Italia from Intesa for a total amount of €8,800,000.

April 2022

In April 2022, the Company submitted an application for a Fondo GID subsidised loan in the amount of €30 million from Agenzia Invitalia. After providing the data and clarifications requested by the agency, the Company's application was granted on 23 June 2022. The loan is scheduled to be disbursed in August 2022.

May 2022

In May 2022 the Company received a SACE Green secured loan from Intesa for a total amount of €3,000,000.

June 2022

On 8 June 2022, a contract was signed by the parties officialising Walsin Lihwa Corporation's entry into the capital of Cogne Acciai Speciali SpA. The closing of the agreement remains subject to the normal authorisations of the competent authorities, which are expected to be received in 2022.

6. Comment on the results

In the following chapters the economic, capital and financial trends are analysed individually using specific performance indicators, both financial and non-financial, as envisaged by the second paragraph of art. 2428 of the Italian Civil Code.

The reclassified frameworks are illustrated in the following tables.

Reclassified Balance Sheet

(Figures in EUR/000)	30.06.2022	%	31.12.2021	%
Tangible fixed assets	120.956		115.583	
Intangible fixed assets	23.865		24.926	
Financial fixed assets	73.747		63.821	
Total fixed assets	218.568	54%	204.330	66%
Inventory	242.804		197.140	
Trade Receivables	229.047		120.346	
Trade Payables	(285.513)		(203.933)	
Total Working Capital	186.338	46%	113.553	37%
Other Receivables	23.923		12.903	
Other Payables	(18.160)		(19.600)	
Financial assets other than fixed assets				
Provisions for Risks and Charges	(3.808)		(660)	
Employee Severance Indemnity	(2.537)		(2.619)	
Total Net Working Capital	185.755	46%	103.576	34%
Net Invested Capital	404.323	100%	307.906	100%
Total application of funds	404.323	100%	307.906	100%

Fixed Assets recorded an increase in value attributable to investments made in the first half of 2022 and as a result of share capital increases granted to certain Subsidiaries.



The **Inventory** amounted to €243 million at 30 June 2022, up compared to the comparison period. A detailed comparison with the inventory at 31 December 2021:

- **Raw materials inventory:** there was a 20% increase in unit values, which was mainly attributable to the mix and the increase in raw material prices in the first half of 2022.
- **Inventory of semi-finished products and work-in-progress:** overall increase in volume of 48% accompanied by an increase in unit value of 3%. Excluding the volume effect, the other changes are attributable to a deviation in the mix and an increase in raw material values.
- **Inventory of finished products:** compared to 2021, there was a decrease in quantities of 8%, while unit values show an increase of 10% due to the mix and the increase in raw material values. Inventory values were compared with selling prices in June 2022, which showed a write-down for alignment to market values of approximately €22 thousand.
- **Inventory of miscellaneous and consumable materials:** the Company continues to analyse inventories with the aim of reducing the volume of stocks and identifying any obsolete codes in order to verify their actual possibility of use or possible resale. The value of inventory increased by €683 thousand compared to 31 December 2021.

The Company maintains and encourages a policy of transferring the inventories of certain consumables and spare parts to third-party custodians, recording a significant improvement in the management of inventories and generating a positive impact from a financial point of view. Compared to 2020, the inventory of miscellaneous and consumable materials still increased in value by 5%. This increase is attributable to the increase in purchase prices recorded in the first half of 2022.

The increase in **Trade Receivables** reflects the higher turnover recorded in the first half of 2022; the Company has continued to intensively monitor the past due payments, recording a general stability in the past due levels.

The increase in **Trade Payables** of €82 million is due to the increase in the volume of purchases, as a result of the increase in turnover, and the increase in purchase prices of raw materials.

Operating Working Capital composed of warehouse inventory, trade receivables (including receivables from subsidiaries) and trade payables (including payables to suppliers and to subsidiaries) recorded an increase of approximately 64% compared to the comparison period.

In terms of **Net Working Capital**, there was an increase in other receivables mainly due to the increase in tax receivables and the increase in receivables from factoring companies.

Net Invested Capital increased compared to 2021 mainly due to the increase in Operating Working Capital.



The details for the **sources of funds** as at 30 June 2022 are as follows:

(Figures in EUR/000)	30.06.2022	31.12.2021
Cash and cash equivalents	59.486	54.587
Financial assets other than fixed assets	8.921	2.399
Cash-pooling account	-	-
Payables to banks due within the year	(68.878)	(24.379)
Payables to other short-term lenders - factoring	-	-
Total current financial payables	(471)	32.607
Bonds - short term	(3.000)	(3.000)
Payables for short-term loans	(20.165)	(16.661)
Short-term financial receivables from subsidiaries	-	-
Short-term financial payables to subsidiaries	-	-
Financial derivatives liabilities	(2.230)	(394)
Payables for short-term loans	(25.866)	12.553
Medium/long-term bonds	(8.902)	(10.379)
Payables for medium/long-term loans	(81.579)	(47.678)
Securities	-	-
Medium/long-term financial receivables from subsidiaries	-	-
Net m/l-term financial position	(90.481)	(58.057)
NET FINANCIAL POSITION -NFP	(116.347)	(45.504)
Net equity	(287.976)	(262.402)
Share capital and reserves	(265.777)	(233.595)
Net Income (loss) for the Period	(22.199)	(28.807)
Total Sources of funds	(404.323)	(307.906)

The net financial position increased compared to the comparison period in order to cope with the higher requirements resulting from the increase in working capital.



Reclassified Income Statement

Revenues of €488 million were up 74% compared to the comparison period.

The increase in turnover is attributable to the quantity component (98,121 tonnes sold, up 13% compared to the same comparison period) and the price effect, which increased by 55% compared to the first half of 2021.

The average price increase for the year is consistent with the price trends of the main commodities.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), showed a positive result of €42,295 thousand, recording an increase in relation to the comparison period (+€16.1 million).

This increase is related to the higher sales margins recorded in the first six months of 2022.

The first half closed with a positive **pre-tax income** of €26,771 thousand, a marked increase over the result for the comparison period.

The first half ended with a **profit** of €22,199 thousand.

(Figures in EUR/000)	30.06.2022	%	30.06.2021	%
Revenues from sales and services	487.889	100%	279.376	100%
Other Revenues and Income	15.558	3%	2.879	1%
Cost of Raw Materials and inventory changes	(387.838)	79%	(193.235)	69%
Service Costs	(36.410)	7%	(28.978)	10%
Costs for use of third party assets	(2.357)	0%	(1.934)	1%
Personnel Costs	(30.617)	6%	(29.516)	11%
Provisions	(848)	0%	(30)	0%
Other Operating Costs	(2.376)	0%	(1.702)	1%
EBITDAR	43.001	9%	26.860	10%
Leases	(706)	0%	(706)	0%
EBITDA	42.295	9%	26.154	9%
Depreciation/Amortisation	(11.022)	2%	(10.795)	4%
Net Financial Income and Charges	(2.468)	1%	(1.020)	0%
Value adjustments to financial assets	(2.034)	0%	(2.851)	1%
Income (loss) before taxes	26.771	5%	11.489	4%
Income tax	(4.571)	1%	(2.897)	1%
Net Income (loss) for the Period	22.199	5%	8.592	3%



7. Analysis of financial ratios

Below is an analysis of the financial ratios chosen from those deemed to be most significant in relation to the Company situation.

Profitability ratios		30.06.2022		30.06.2021	
ROE (Return on Equity) =	$\frac{\text{Net Income}}{\text{Net Equity}}$	22.199	7,71%	8.592	3,50%
		287.976		245.615	
ROI (Return on Investment) =	$\frac{\text{Operating Income}}{\text{Total assets}}$	31.272	4,00%	15.360	2,94%
		782.748		523.190	
ROS (Return on Sales) =	$\frac{\text{Operating Income}}{\text{Revenues from sales}}$	31.272	6,41%	15.360	5,50%
		487.889		279.376	
ROCE (Return On Capital Employed) =	$\frac{\text{Operating Income}}{\text{Net invested capital}}$	31.272	7,73%	15.360	4,90%
		404.323		313.602	
Debt ratio					
Financial debt =	$\frac{\text{Net financial debt}}{\text{Net Equity}}$	116.347	40,40%	67.987	27,68%
		287.976		245.615	

8. Analysis of non-financial ratios

		30.06.2022		30.06.2021	
Labour costs		(30.617)		(29.516)	
Average number of employees		1.106		1.049	
Per-capita labour costs	$\frac{\text{Labour costs}}{\text{Average number of employees}}$	(30.617)	(28)	(29.516)	(28)
Per-capita productivity	$\frac{\text{Revenues from sales}}{\text{Average number of employees}}$	487.889	441	279.376	266



9. Business outlook and going concern assumption

Note that from the point of view of sales volumes, in 2022 the Company expects to achieve the volumes envisaged in the 2022 Budget (178,000 tonnes forecast). This forecast is the result of an assessment that takes into account the actual turnover levels achieved in the first six months of 2022 and the orders taken to date.

Average sales prices in the first six months of 2022 were higher than forecasts in the 2022 Budget (+15%).

In light of the foregoing, and taking into account the continuing efficiency measures and cost containment already implemented in the previous periods, the company believes that it has sufficient resources to cover its financial requirements for 2022 by continuing to operate as a going concern.

10. Investments

As of 30.06.2022, the Company realised investments in fixed assets gross of divestments of €15,353,288.

Category	Euro Recognised in 2021	Euro Reclassified under finished goods 2021	Area	Euro Recognised in 2021	Euro Reclassified under finished goods 2021
Environment and Safety	1.469.954	738.383	Steel Mill	4.058.936	451.022
Energy Efficiency	283.935	153.965	Forge	3.081.168	1.208.311
ICT	31.564	-	Laminats	4.128.810	576.281
Productivity	93.035	90.628	Quality	977.192	924.193
Strategic Development	6.075.581	1.916.273	Plant	3.107.182	1.917.973
Environment and Safety	7.399.218	2.178.530		15.353.288	5.077.780
	15.353.288	5.077.780			

Additionally, the strongly “capital intensive” nature of the Company’s industry requires that strategic plans and investments be evaluated on the basis of a broad long-term outlook, especially considering the fundamental factors guiding the future evolution of demand for steel products.



11. Human Resources

CAS's workforce as at 30 June 2022 consisted of 1,126 employees, including 12 executives, 815 blue-collar workers 299 white-collar workers. In terms of Annual Work Units, as at 30/06/2022 the number of employees was 1,107 AWU.* 75% of workers are under 50 years of age. 37% have completed compulsory schooling, while 12% earned a qualification, 39% a high school diploma and 11% a university degree. 79% of new hires in 2022 have a qualification, a high school diploma or a university degree.

*The AWU index, used by ISTAT, was created in order to standardise and interpret the number of working hours and days used in a specific activity. For the calculation of AWUs, all employees of the company with fixed-term or permanent employment contracts must be counted, with the exception of those who have been made redundant. For the purposes of calculating AWUs, part-time employees are counted as a fraction of AWU in proportion to the ratio of the hours worked under the part-time contract to those set by the relevant collective agreement. For example, if the reference contract provides for 36 hours per week and the part-time contract for 18, the employee is counted as 0.5 AWU for the period of work. Maternity, paternity and parental leave regulated by Legislative Decree no. 151 of 26 March 2001 are not counted. Employees are defined as those employed by the company with fixed-term or permanent contracts, registered in the company's payroll and bound to the company by forms of contract that provide for the bond of dependency, with the exception of those made redundant. The number of employees corresponds to the number of annual working units (AWU), i.e. the average monthly number of employees employed full-time during a year, with part-time and seasonal employees representing fractions of AWU. Apprentices with an apprenticeship contract and persons with a training or placement contract are not counted. The calculation is made on a monthly basis, considering a month to be when work is performed for more than 15 calendar days.

Workforce and AWU

Workforce	
Average 1° half 2022	1.107
At the end of the June 2022	1.126

On average, in the first six months of 2022 the company employed 144 workers on fixed-term contracts in order to ensure continuity of production, especially where work involves teams with a minimum number of employees.

Following up on the strategic decision taken in recent years to identify and hire new, increasingly qualified resources capable of contributing to the growth of Cogne Acciai Speciali in the Automotive, Oil&Gas and Aerospace markets, the company has raised the level of study for new hires, taking into consideration applications from individuals with either a diploma or at least a professional qualification, or, as a third step, a middle school diploma and at least ten years' of professional experience in a relevant sector.

12. Health and Safety

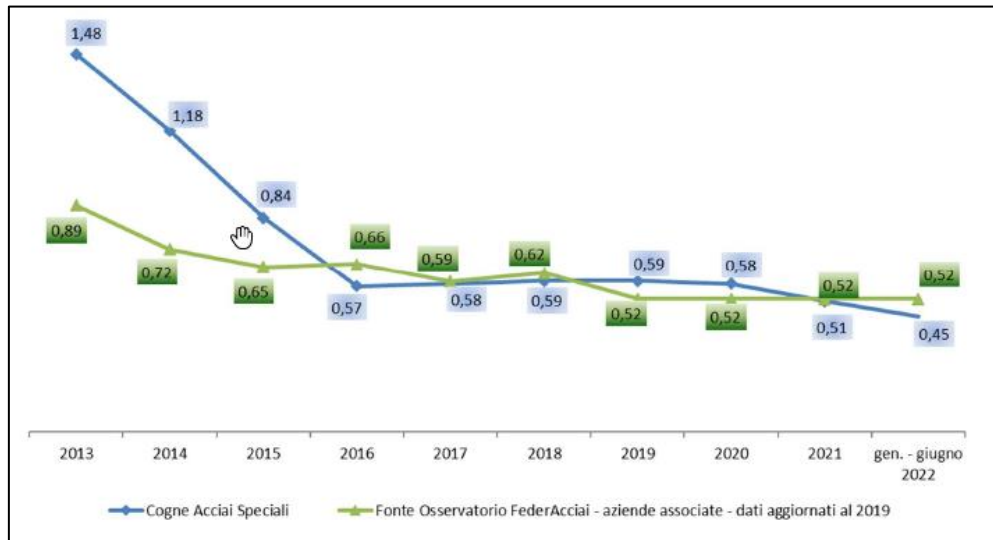
The production of steel in a safe and reliable manner is one of the company's guiding principles.



The following charts show the development of the Severity and Frequency indices up to June 2022.

The severity index, updated to June 2022, shows an improvement compared to 2021.

SI - SEVERITY INDEX



FI – FREQUENCY INDEX



13. Greenhouse gas emissions

From 2021 onwards, CO₂ emissions are assessed according to the already known mass balance rules for process emissions and emission factor calculations for emissions from natural gas combustion. In addition to this, annual monitoring of the activity levels of all sub-installations identified as assignees of free allowances will be introduced in 2021-2025.

14. Risk analysis

The specific risks that may determine the company's obligations are subject to assessment when determining associated provisions, and they are mentioned in the notes to the financial statements along with significant contingent liabilities. Below is a list of risk and uncertainty factors related mainly to the economic-regulatory and market context, which may influence the performance of the company itself.

In the following sections, in accordance with the first paragraph of Article 2428 of the Italian Civil Code, the main risks and uncertainties are individually analysed, starting with financial factors followed by non-financial ones.

15. Financial risks

The current economic situation exposes the company to the following financial risks.



According to the information requested under Article 2428, paragraph 3, no. 6-bis, points a) and b), Italian Civil Code, the following is noted.

The Company carries out collection operations in different financial markets using different techniques, in order to guarantee a suitable level of liquidity, both current and prospective. The strategic objective is to ensure that the company has sufficient credit to meet the financial obligations of the next twelve months.

- **Market risks**

These are represented by the risk that the value of a financial instrument can change depending on market trends (interest rates, exchange rates...).

- **Risk connected to fluctuations in the price of raw materials**

Cogne Acciai Speciali SpA results are considerably influenced by trends in the price of raw materials used to manufacture steel products, and specifically, by the effects these trends can cause to margins (represented by the difference between the steel product prices generated by the manufacturing process and the price of raw materials). Additionally, in order to carry out productive activities, Cogne Acciai Speciali SpA is obliged to hold adequate stocks of raw and finished materials; the company is exposed to fluctuations in the market price of those stocks. The risk of price variation and its related cash flow is closely tied to the nature of the business and is mitigated through the use of appropriate sales policies through which the base price is increased by the alloy surcharge, calculated on the cost of the main raw materials, as well as through the use of commodity hedging derivatives for a part of the purchase volume. The careful and efficient management of supplies is coupled with these policies, to avoid significant fluctuations in the commodities markets having a negative impact on the Company's economic and financial situation.

- **Exchange rate risk**

The Company's activities are structurally exposed to fluctuations in exchange rates insofar as the guide prices for the purchase of raw materials and for part of the sale of products in USD, GBP, CNY, TRY, ZAR, KRW and REAL. With regard to the management of the aforementioned risk, the company has entered into, during the period and those preceding it, purchase and sale currency forward contracts, with the intention to mitigate the structural exposure to said currencies.

- **Interest rate risk**

Floating rate loans expose the company to risks of variations in performance and cash flows due to the market rates trends. With regard to the management of the aforementioned risk, Cogne Acciai Speciali SpA has subscribed an Interest Rate Swap contracts during the period and previous years, with the intention to mitigate the structural exposure to variations in the floating interest rate on medium and long-term loans and lease contracts. All medium-long term floating rate loans entered into by the Company in 2021 are covered by Interest Rate Swaps.

- **Credit risk**



This is the risk that one of the parties of a financial instrument fails to meet its obligation, causing a financial loss to the other party.

The steel industry is the reference market for the company and is made up of multinational corporations and small and medium-sized operators in the sector. The company's exposure to credit risk is minimal, however, as most of its credit is covered by an insurance policy and most clients fall within the credit limit, except for rare cases motivated by commercial strategies. Credit risk is monitored through a careful selection and assessment of clients, and a constant and thorough management of clients and situations that are deemed to be risky. Credit risk is monitored through a careful selection and assessment of clients, and a constant and thorough management of clients and situations that are deemed to be risky. In addition, the company has analysed the credit amount as at 30 June 2021, and on the basis of this risk it has set up a fund to protect Cogne Acciai Speciali SpA against the potential risk of client insolvency.

- **Liquidity risk**

This is the risk that a company will have difficulties finding the funds to meet its obligations.

The company finances its activities both through the cash flow generated by operations and through recourse to external sources of financing. Therefore, exposed to liquidity risk represented by the fact that the financial resources may not be sufficient to meet with financial and commercial obligations within the predefined deadlines and expiries. The company's cash flow, the borrowing needs and liquidity are monitored taking into account the deadlines of the financial assets (trade receivables and other financial assets) and financial flows expected from the related activities.

The Company carries out collection operations in different financial markets using different techniques, in order to guarantee a suitable level of liquidity, both current and prospective.

Its strategic objective is to ensure that the company always has sufficient credit lines to meet its financial obligations.

The company expects to meet its financial requirements and anticipated investments through the available liquidity and the use of loans, granted until December 2022. Specifically, the amount of credit lines used, on average, falls in a range between 60% and 70%.

16. Non-financial Risks

It is noted that the main non-financial risks that the company is exposed to are as follows, with an indication for each of the related reduction and management policies for said risks:

- **Internal Risks**

- Risks relating to an interruption in production**

The company's business activity depends significantly upon its plant in Valle d'Aosta. This activity is subject to the risks relating to accidents as well as interruptions due to unplanned stoppages. Cogne Acciai Speciali SpA believes that the complexity and modularity of its plants make it possible to limit any negative effects caused



by unplanned stoppages and that the continually improved safety measures in effect allow any risk of accidents to be reduced to a minimum. The Company, in respect of these risks, also avails itself of substantial insurance cover through an All Risks policy against direct/consequential damage.

- **External risks**

- **Environmental Risks**

The Company's business activities are governed by numerous European Union, national, regional and local environmental regulations. The absolute priority of Cogne Acciai Speciali SpA is carrying out its business activities in full compliance with the environmental legislation requirements.

However, the risk of environmental responsibility is inherent to the business and there can be no certainty that new future legislation will not lead to additional costs. The Company, in respect of these risks, also avails itself of substantial insurance cover through environmental TPL insurance.

17. Obligations pursuant to Italian Decree 231/01

The internal monitoring system, among other changes, was strengthened by adopting an appropriate Organisational Model (hereinafter referred to as the "Model"), initially implemented by the Board of Directors on 20 December 2005 and was subsequently updated on 17 December 2007, 24 June 2010, 20 December 2011, 14 October 2013, 9 September 2014, 30 March 2016, 26 February 2018, 17 December 2018, 25 March 2019, 12 October 2020 and lastly on 22 March 2021.

The Model consists of:

- the General Section, which illustrates the function, rationale and structure of the Model itself, indicates the Company's general information and organisation, and describes the role and tasks of the Supervisory Body and the disciplinary system. The General Section also consists of the Annexes indicated therein and, in particular: i) organisation chart, ii) Code of Ethics, iii) documents summarising the regulatory principles, iv) risk assessment and gap analysis.
- the Special Sections, which refer to the specific types of offences analysed and to the Sensitive Activities, identified therein, for the purpose of preventing the offences provided for in the Decree. These are:
 - A) offences committed in relations with the Public Administration;
 - B) corporate offences and corruption between private individuals;
 - C) crimes committed in breach of workplace health and safety regulations;
 - D) IT crimes and illicit data processing;
 - E) offences of receiving stolen goods, money laundering, use of money, goods or assets of illegal origin, and self laundering;
 - F) environmental offences;



-
- G) employment of illegal aliens;
 - H) tax offences.
 - The corporate procedures referred to in the individual Special Parts of the Model governing sensitive processes, including the procedure relating to information flows to the Supervisory Body.

As required by Art. 6, para. 1b) of Legislative Decree no. 231/01, the Board of Directors appointed the Supervisory Body (hereinafter also the “SB”), with independent powers of initiative and control, in charge of monitoring the effectiveness, suitability, operation and compliance of the Organisational Model, and managing its constant updating. In this last regard, note that as suggested by the Supervisory Body, further updating of the Model is under way to stay up to date with Legislative Decree no. 231/2001 as most recently issued and recent organisational changes in the company.

The Supervisory Body of Cogne Acciai Speciali S.p.A. is composed of Paolo Mantegazza, Chairman, Roberto Piatti, Maurizio Bortolotto and Aldo Valsecchi.

During the year 2022, the Supervisory Body carried out supervision regarding the effectiveness and observance of the Organisational Model and met on 24 January, 10 March and 7 July.

The General Part of the Model and the Code of Ethics of CAS are published on the official website, www.cogne.com; the complete version of the Organisational Model (General and Special Parts), together with all their Annexes, among which the Code of Ethics and procedures are all available for staff members on the company intranet.

18. Privacy Obligations

With reference to privacy, in 2022 the company continued to maintain up-to-date documents and procedures according to the provisions of Reg. EU 679/2016 and the Privacy Code, as required by Legislative Decree no. 101/2018.

19. Research and Development: Innovation for improvement

Pursuant to paragraph 3. no. 1) of article 2428 of the Italian Civil Code, it should be noted that Cogne Acciai Speciali S.p.A. did not plan or carry out research and development activities in 2021.

However, activities relating to “Product and Process Innovation and Development” were carried out by a group established in 2018 which, from the second half of 2019 was reduced in number due to a company reorganisation. Despite this reorganisation, the working group carried out numerous improvement projects in the three main areas of the company in order to gain a competitive advantage in the market.

20. Relations with subsidiaries, associates and holding companies

Pursuant to paragraph 3, no. 2 of Article 2428 of the Italian Civil Code, note that the company holds equity investments in subsidiary companies, as detailed in the Notes to the Financial Statements, to which reference should be made for further details.

**Relations with Subsidiaries and Associates**

Intragroup transactions take place according to market conditions. The economic-financial performance of Subsidiaries, considerations relating to the value assessment of the same, and the write-downs observed during the period are illustrated in detail in the notes to the financial statements.

€/000	Receivables		Payables	
	Kind	Amount	Kind	Amount
Metalinox Cogne Aços inoxidáveis especiais Ltda	Commercial receivables	5.852	Commercial payables	241
	Financial receivables	121	Financial payables	
Cogne Hong Kong Ltd	Commercial receivables	2.768	Commercial payables	59
Cogne France S.A.	Commercial receivables	6.638	Commercial payables	158
	Financial receivables	-	Financial payables	-
Cogne UK Ltd	Commercial receivables	6.135	Commercial payables	-
Cogne Edelsthal GmbH	Commercial receivables	12.886	Commercial payables	337
	Financial receivables	-	Financial payables	-
Cogne Celik Sanayi Ve Ticaret Limited	Commercial receivables	1.063	Commercial payables	20
	Financial receivables	-	Financial payables	-
Cogne USA Inc.	Commercial receivables	11.311	Commercial payables	177
Cogne Stainless Bars SA	Commercial receivables	6.931	Commercial payables	297
	Financial receivables	-	Financial payables	-
Cogne Mexico SA	Commercial receivables	1.396	Commercial payables	-
Other Companies	Commercial receivables	463	Commercial payables	5.642
Total		55.564		6.931

Revenues from subsidiaries account for 26.98% of total revenues from sales and services.



€/'000	Revenues		Costs	
	Kind	Amount	Kind	Amount
Metalinox Cogne Aços inoxidáveis especiais Ltda	Revenues from sales	9.136	Costs for materials	173
	Revenues from services	-	Costs for services	34
	Financial incomes	-	Financial charges	-
Cogne Hong Kong Ltd	Revenues from sales	18.461	Costs for materials	-
	Revenues from services	22	Costs for services	58
	Financial incomes	-	Financial charges	-
Cogne France S.A.	Revenues from sales	10.330	Costs for materials	22
	Revenues from services	6	Costs for services	137
	Financial incomes	-	Financial charges	-
Cogne UK Ltd	Revenues from sales	11.514	Costs for materials	-
	Revenues from services	2	Costs for services	-
	Financial incomes	-	Financial charges	-
Cogne Edelsthal GmbH	Revenues from sales	25.647	Costs for materials	64
	Revenues from services	37	Costs for services	538
	Financial incomes	- 3	Financial charges	-
Cogne Celik Sanayi Ve Ticaret Limited	Revenues from sales	2.322	Costs for materials	-
	Revenues from services	13	Costs for services	21
	Financial incomes	-	Financial charges	-
Cogne USA Inc.	Revenues from sales	18.245	Costs for materials	-
	Revenues from services	286	Costs for services	56
	Financial incomes	-	Financial charges	-
Cogne Stainless Bars SA	Revenues from sales	30.479	Costs for materials	9.495
	Revenues from services	268	Costs for services	437
	Financial incomes	-	Financial charges	92
Cogne Mexico	Revenues from sales	1.152	Costs for materials	-
	Revenues from services	-	Costs for services	-
	Financial incomes	-	Financial charges	-
Other Companies	Revenues from sales	62	Costs for materials	629
	Revenues from services	12	Costs for services	4.393
	Financial incomes	-	Financial charges	-
Total		127.991		16.149

Relations with the Holding Company

Pursuant to Articles 2497-bis and 2497-ter of the Italian Civil Code on the subject of publication and accounting information to be supplied with reference to the management and coordination activities, it is noted that the company is not subject to management and coordination activities exercised by the holding company MEG SA, inasmuch as the Company's Board of Directors enjoys full decision-making autonomy, pursuant to Article 2497 and following of the Civil Code. As of 30 June 2021 and for the first half of 2021 there were no relationships of a commercial/financial nature with the holding company MEG SA.



Relations with Other Related Parties

Transactions with related parties have primarily concerned the supply of finished or semi-finished products. These supplies have taken place according to the market values. A table summarising the equity, economic and financial effects of transactions with related parties is provided below.

The amounts are expressed in thousands of euro and the date refer to the period from 01-01-2022 to 30-06-2022				
Business name	Revenues		Costs	
	Kind	Amount	Kind	Amountt
Related parties				
Novametal SA	Revenues from sales	29.368	Costs for materials	0
Novametal USA	Revenues from sales	0	Costs for materials	0
Ferriere di Stabio SA	Revenues from sales	10.930	Costs for materials	32
T.I.M. Mexico	Revenues from sales	19.596	Costs for materials	0
Novametal do Brasil	Revenues from sales	7.736	Costs for materials	279
Wire Products Stainless Steel	Revenues from sales	1.520	Costs for materials	0
T.D.V. Trefileries des Voges SA	Revenues from sales	4.254	Costs for materials	0
Novametal Europe Srl	Revenues from sales	0	Costs for services	0
Total		73.404		311

The amonuts are expressed in thousands of euro and the date refer to the period ended on 30-06-2022				
Business name	Receivables		Payables	
	Kind	Amount	Kind	Amount
Related parties				
Novametal SA	Commercial receivables	6.488	Commercial payables	0
Novametal USA	Commercial receivables	0	Commercial payables	0
Ferriere di Stabio SA	Commercial receivables	1.806	Commercial payables	27
T.I.M. Mexico	Commercial receivables	22.454	Commercial payables	37
Novametal do Brasil	Commercial receivables	5.755	Commercial payables	0
Wire Products Stainless Steel	Commercial receivables	1.070	Commercial payables	0
T.D.V. Trefileries des Voges SA	Commercial receivables	1.488	Commercial payables	0
Novametal Europe Srl	Commercial receivables	0	Commercial payables	0
Total		39.061		0

21. Number and nominal value of own shares



Pursuant to and by effect of Art. 2428, paragraph 3, no. 3 of the Italian Civil Code, it is acknowledged that the Company does not hold any own shares, nor shares of the Holding Company, nor has it acquired or sold any during the period.

22. List of Secondary Offices

Pursuant to paragraph 5 of Art. 2428 of the Italian Civil Code, it is reported that the Company has no secondary branches, but five local units, the most important of which are the warehouse in Cornaredo (MI) in Via Pitagora 5 and the warehouse in Mirano (VE) in Via Stazione 80.

On behalf of the Board of Directors

The Chairman

Giuseppe Marzorati



COGNE ACCIAI SPECIALI SPA

Registered office in Aosta - Via Paravera 16
Fully paid up Share Capital €250,000,000
Registered in the Aosta Companies Register
Registration Number and Tax ID Code 02187360967

BALANCE SHEET **INCOME STATEMENT** **CASH FLOW STATEMENT**



Assets	30/06/2022	31/12/2021
A) Unpaid capital contribution from shareholders	-	-
B) Fixed assets		
I - Intangible assets		
1) Start-up and expansion costs	34.156	45.725
4) Concessions, licences, trademarks, and similar rights	16.727.010	17.401.352
7) Others	7.103.577	7.479.181
Total	23.864.743	24.926.258
II - Tangible assets		
1) Land and buildings	5.531.608	5.348.881
2) Plant and machinery	94.374.535	99.804.319
3) Fixtures, fittings, tools and equipment	3.877.041	3.521.804
4) Others	857.137	866.609
5) Work in progress and advances	16.315.749	6.040.941
Total	120.956.070	115.582.554
III - Investments		
1) Investments	73.592.930	63.668.133
a) Financial investments from subsidiary companies	69.962.303	60.056.207
d-bis) Financial investments from others companies	3.630.627	3.611.926
2) Receivables	404.308	152.864
c) Receivables from parent companies	250.000	-
LT receivables from parent companies	250.000	-
d-bis) Receivables from other companies	154.308	152.864
ST receivables from other companies	154.308	152.864
Total	73.997.238	63.820.997
Total assets (B)	218.818.051	204.329.809
C) Current assets		
I - Inventory		
1) Raw materials, consumable and supplies	50.180.798	46.148.382
2) Work in progress and components products	120.753.949	78.985.100
4) Finished products and goods	71.869.164	72.006.567
Total	242.803.911	197.140.049
II - Receivables		
1) Trade receivables	173.481.387	90.696.434
- less than 12 months	173.481.387	90.696.434
2) Receivables from subsidiaries companies	55.565.393	30.127.339
- less than 12 months	55.565.393	30.127.339
5-bis) Tax receivables	4.953.894	613.681
- less than 12 months	4.813.976	422.857
- more than 12 months	139.918	190.824
5-ter) Deferred tax assets	128.470	3.552.725
5-quater) Other receivables	16.048.784	7.711.469
- less than 12 months	16.046.645	7.708.372
- more than 12 months	2.139	3.097
Total	250.177.928	132.701.648
III - Investments that do not constitute a fixed asset		
5) Derivative financial instruments	8.920.824	2.399.049
Total	8.920.824	2.399.049
Cash and cash equivalents		
1) Banks and postal current accounts	59.485.582	54.587.475
Total	59.485.582	54.587.475
Total current assets (C)	561.388.245	386.828.221
Prepayments and accrued income	2.541.596	1.024.991
1) Accrued incomes	214	273
2) Deferred charges	2.541.382	1.024.718
Total assets	782.747.892	592.183.021

Per il Consiglio di Amministrazione
IL PRESIDENTE
Ing. Giuseppe Marzorati



Liabilities and Net equity	30/06/2022	31/12/2021
Net equity		
I - Share capital	250.000.000	200.000.000
III- Revaluation reserve	-	14.690.000
IV - Legal reserve	3.399.502	1.959.150
VI - Other reserves, with distinct indication	2.207.273	2.207.273
VII - Cash flow hedging reserve	3.352.625	(22.354)
VIII - Retained Earnings	6.817.331	14.760.655
IX - Net profit (loss) for the period	22.199.366	28.807.028
Total net equity (A)	287.976.097	262.401.752
B) Provisions for risks and other charges		
2) Deferred tax and other tax liabilities fund	2.435.433	134.769
3) Reserve for derivative financial instruments	2.230.000	393.792
4) Other provisions fund	1.372.806	525.000
Total provisions for risks and other charges (B)	6.038.239	1.053.561
C) Employee severance indemnity	2.537.485	2.619.262
D) Payables		
1) Debenture loans	11.901.502	13.379.166
ST portion debenture loans	3.000.000	3.000.000
LT portion debenture loans	8.901.502	10.379.166
4) Payables due to banks	170.621.748	88.717.975
- less than 12 months	89.042.577	41.040.027
- more than 12 months	81.579.171	47.677.948
6) Advances	-	478.186
ST advances from customers	-	478.186
7) Payables to suppliers	278.581.860	196.536.973
ST payables to suppliers	278.581.860	196.536.973
9) Payables to subsidiaries companies	6.931.238	7.396.030
- less than 12 months	6.931.238	7.396.030
12) Tax payables	2.752.048	5.562.161
- less than 12 months	2.752.048	4.792.161
- more than 12 months	-	770.000
13) Payables to social security institute	3.911.262	4.786.182
- less than 12 months	3.911.262	4.786.182
14) Other payables	10.733.695	8.816.264
- less than 12 months	10.331.331	8.367.087
- more than 12 months	402.364	449.177
Total	485.433.353	325.672.937
E) Accruals and Deferred Income	762.718	435.509
Deferred income	384.224	237.832
Accrued interests	378.494	197.677
Total liabilities	782.747.892	592.183.021

Per il Consiglio di Amministrazione
IL PRESIDENTE
Ing. Giuseppe Marzorati



Profit and Loss			30/06/2022	30/06/2021
A) Production value				
1) Revenues from sales and services			487.888.706	279.375.672
2) Change in work in progress and finished goods			42.006.446	18.348.334
5) Other revenue and income			15.558.127	2.879.003
a) Grants			10.466.488	13.755
b) Other revenues			5.091.639	2.865.248
Total production value (A)			545.453.279	300.603.009
B) Cost of production				
6) for raw material and consumables			433.877.018	211.294.153
7) for services			36.409.795	28.977.523
8) for rents and leases			3.063.119	2.639.931
9) Personnel costs			30.617.386	29.515.882
a) Salaries and wages			21.631.858	21.050.195
b) Social security costs			7.240.352	7.211.576
c) Provision for severance indemnity			1.349.269	1.219.433
e) Other costs			395.907	34.678
10) Amortization, depreciation and provision			11.022.446	10.794.820
a) Amortization of intangible assets			1.876.826	1.732.791
b) Amortization of tangible fixed assets			9.122.246	9.047.207
d) Write-offs of net working capital receivables and cash and cash equivalents			23.374	14.822
11) Variation in inventory of raw material and consumables			(4.032.416)	289.391
12) Provision for risks			847.806	30.000
14) Other operating losses			2.375.643	1.701.758
Tptal production costs (B)			514.180.797	285.243.458
Differences production value and cost of production (A-B)			31.272.482	15.359.551
C) Financial income and charges				
15) Income from equity investments			-	-
a) Income from equity investments in subsidiary companies			-	-
16) Other financial income			(3.382)	59.393
a) from receivables from fixed assets			-	34.803
- verso imprese controllate			-	34.803
d) Other financial income			(3.382)	24.590
- da imprese controllate			(3.672)	(1.679)
- altri proventi diversi dai precedenti			290	26.269
17) Interests expenses and similar charges			3.118.862	2.173.945
Interest and other financial charges from subsidiary companies			92.145	56.524
Others			3.026.717	2.117.421
17-bis) Profit (loss) on exchange difference			654.265	1.094.809
Exchange profits and losses			71.356	12.945
Unrealised exchange profits and losses			582.909	1.081.864
Total financial income and expenses (C)			(2.467.979)	(1.019.743)
D) Financial assets revaluations or write-offs				
18) Revaluations			6.121.432	3.544.856
d) Revaluations of derivative financial instruments			6.121.432	3.544.856
19) Write-offs			8.155.325	6.395.528
d) Devaluations of derivative financial instruments			8.155.325	6.395.528
Total financial assets revaluations or write-offs (D)			(2.033.893)	(2.850.672)
Result before taxes (A-B+/-C+/-D)			26.770.610	11.489.136
20) Income taxes			4.571.244	2.897.486
a) Current taxes			1.822.804	1.122.989
b) Previous years taxes			-	-
c) Deffered/Advanced taxes			2.748.440	1.774.497
Profit (loss) for the year			22.199.366	8.591.650

Per il Consiglio di Amministrazione
IL PRESIDENTE
Ing. Giuseppe Marzorati



Cash Flow Statement	30.06.2022	31.12.2021
A) Cash Flow Statement (indirect method)		
Profit/Loss for the year	22.199.366	28.807.028
Income tax	4.571.244	3.564.024
Interest expense/(income)	3.122.244	4.441.975
(Dividends)	-	-
(Gains)/Losses on disposal of assets	-	-
1) Profit/Loss for the year before income tax, interest, dividends and capital gain/losses on disposal	29.892.854	36.813.027
<i>Adjustments for non-monetary items that did not have a counterpart in net working capital</i>		
Provisions/(proceeds) to funds	929.557	467.600
Amortisation of fixed assets	10.999.072	22.007.015
Impairment losses/revaluations	-	-
Value adjustments to financial assets and liabilities of derivative financial	2.184.971	(286.742)
Other adjustment up/(down) for non monetary items	(2.216.535)	(819.020)
Total adjustment for non-monetary items that did not have a counterpart in net working capital	11.897.065	21.368.853
2) Cash flow before changes in net working capital	41.789.919	58.181.880
<i>Total net working capital</i>		
Decrease/(Increase) in inventories	(45.663.862)	(57.324.125)
Decrease/(Increase) in trade receivables	(114.223.007)	(49.340.166)
Increase/(Decrease) in trade payables	81.101.909	93.604.283
Decrease/(Increase) in accrued income	(1.516.605)	361.328
Increase/(Decrease) and prepaid expenses	327.209	(92.641)
Other decreases/(Other increases) in net working capital	(13.933.887)	4.747.763
Total changes in net working capital	(93.908.243)	(8.043.558)
3) Cash flow after changes in net working capital	(52.118.324)	50.138.322
<i>Other adjustments</i>		
Interest received/(paid)	(2.885.994)	(4.612.107)
(Income taxes paid)	(848.909)	-
(Use of provisions)	-	23.765
Change in other provisions for risks and charges/severance pay	(163.528)	(1.685.937)
Dividends collected	-	-
Other receipts/(payments)	-	-
Total other adjustments	(3.898.431)	(6.274.279)
Cash Flow operating activities (A)	(56.016.755)	43.864.043
B) Cash flow from investing activities		
<i>Tangible fixed assets</i>		
(Flow s from investments)	(14.676.650)	(17.243.326)
Flow s from disinvestments	180.888	-
<i>Intangible fixed assets</i>		
(Flow s from investments)	(815.311)	(2.629.020)
Flow s from disinvestments	-	-
<i>Financial fixed assets</i>		
(Flow s from investments)	(4.185.141)	964.747
Flow s from disinvestments	8.900	4.685.003
<i>Movable financial assets</i>		
(Flow s from investments)	-	-
<i>Changes in other financial assets</i>		
Cash flow from investing activities (B)	(19.487.314)	(14.222.596)
C) Cash flows from financing activities		
<i>Third party means</i>		
Increase/(Decrease) amounts due to banks	45.995.075	5.384.131
Increase/(Decrease) other financial payables	337.666	337.666
Disbursement of loans	46.800.000	16.980.000
(Repayment of loans)	(12.730.565)	(29.605.636)
Increase/(Decrease) in payables for treasury current account	-	-
Dividends	-	-
Cash flow from financing activities (C)	80.402.176	(6.903.839)
Cash flows from extraordinary transactions (merger/division) (D)		
	-	-
Increase (decrease) in cash and cash equivalents (A ± B ± C ± D)	4.898.107	11.425.386
Cash and cash equivalents as the beginning of the period	54.587.475	20.424.481
Cash and cash equivalents at the end of the period	59.485.582	31.849.867
Increase/(decrease) in cash and cash equivalents	4.898.107	11.425.386

Per il Consiglio di Amministrazione
IL PRESIDENTE
Ing. Giuseppe Marzorati



COGNE ACCIAI SPECIALI SPA

Registered office in Aosta - Via Paravera 16
Fully paid up Share Capital €250,000,000
Registered in the Aosta Companies Register
Registration Number and Tax ID Code 02187360967

NOTES TO THE FINANCIAL STATEMENTS



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NOTES TO THE FINANCIAL STATEMENTS
01.01.2022 – 30.06.2022

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INTRODUCTION

These interim financial statements, consisting of the balance sheet, the income statement, the cash flow statement and the notes to the financial statements, have been prepared in accordance with the provisions of Legislative Decree no. 127 of 9 April 1991, as supplemented by the amendments introduced by Legislative Decree no. 6 of 17 January 2003 and Legislative Decree no. 139 of 18 August 2015, and give a true and fair view of the Company's operating result, assets and liabilities and financial position for the period. In addition, these financial statements are accompanied by the management report.

The financial statements are prepared in accordance with Articles 2423 ter, 2424, 2424 bis, 2425, 2425 bis, 2425 ter of the Italian Civil Code. The values shown are in euro units. Items not expressly included in the statements are deemed to have a zero balance, both in the financial statements of the period being closed and in the previous one.

The notes to the financial statements contain the information required by Articles 2427 and 2427 bis of the Italian Civil Code. Unless otherwise specified in the comments on the respective item, the values shown are in euros. Any differences in the detailed schedules in the notes are due to rounding.

CHANGE OF ACCOUNTING PRINCIPLES

With the publication of Legislative Decree no. 139 of 18 August 2015 on the Official Gazette dated 4 September 2015, the procedure for implementation of the Directive 34/2013/EU was completed. This decree updated the rules of the Italian Civil Code in relation to financial statements and Legislative Decree 127/1991 with regard to consolidated financial statements.

The provisions of the Decree came into force on 1 January 2016. Legislative Decree 139/2015 provides, in general, that the new provisions be applied retrospectively on the basis of the provisions of OIC 29 ("*Changes of accounting principles, of accounting estimates, error corrections, events occurred after the end of the year*") except in the cases where it is possible to avail of the right of the prospective application, as provided by art. 12, paragraph 2 of Legislative Decree 139/2015.

ERROR CORRECTION

An error is detected when an incorrect qualitative or quantitative representation of an item in the financial statements or information provided in the notes to the financial statements is found, and information and data is available to make the correction. The correction is made by amending the corresponding net equity item, attributing the correction of the error to the opening balance of the net equity for the period in which the error was made.



When feasible, and only for the purposes of comparison, the company will correct a significant error made in the previous period by comparing amounts again. If an error is made in earlier periods, it is corrected by recalculating the opening balance of the prior period. If it is not feasible to determine the cumulative effect of a significant error for all previous periods, the company will recalculate the comparative values to correct the error based on the earliest date on which it is feasible to do so. Minor errors from previous periods will be recorded in the income statement for the period in which the mistake is identified.



PART ONE: GENERAL PRINCIPLES

These financial statements have been clearly written and in order to give a true and fair view of the Company's operating result, assets and liabilities and financial position for the period (Art. 2423, para. 2 of the Italian Civil Code).

The information required by the specific legal provisions governing the preparation of interim financial statements was deemed sufficient to give a true and fair view. However, additional information considered appropriate for more complete and detailed disclosure has been provided. Among them, in particular:

- net financial position;
- reclassified balance sheet and income statement (included in the management report);
- further significant information in view of the characteristics and size of the company (Art. 2423, para. 3 of the Italian Civil Code).

The measurement criteria are those envisaged in Article 2426 of the Italian Civil Code, there were no exceptional cases that made it necessary to resort to exceptions, and therefore the provisions of Article 2423 bis et seq. of the Italian Civil Code were applied, which are considered compatible with true and fair representation (Article 2423, para. 4 of the Italian Civil Code).



PART TWO: BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements as at 30 June 2022 were prepared in accordance with the regulations of the Italian Civil Code, interpreted and supplemented by the accounting standards drawn up and revised by the Italian Accounting Standard-Setter (OIC), and, where absent and not in conflict, by those issued by the International Accounting Standards Board (IASB). As envisaged in Articles 2423 and 2423 bis of the Italian Civil Code, they comply with the general principles of prudence, accrual and relevance, taking into account the prevalence of the substance of the transaction or contract. The interim financial statements have also been prepared on a going concern basis, as specified in the Management Report under the heading “Business Outlook and Going Concern Assumption”.

On 20 December 2021 the Board of Directors of Cogne Acciai Speciali approved the Economic and Financial Budget for the year 2022, which foresees an increase in revenues and volumes, and therefore in the Company's profitability. The positive performance of these indicators, confirmed by the data reported in the first half of the year, is expected to provide the Company with a positive operating cash flow in 2022.

The application of the principle of prudence entailed the individual valuation of the components of the individual items of assets or liabilities, in order to avoid offsets between realised losses that had to be recognised and profits that were not to be recognised because they were unrealised. Only profits realised at the end of the period have been indicated (Art. 2423 bis, para. 1, no. 2 of the Italian Civil Code).

On an accrual basis, the effect of transactions and other events has been recognised in the financial statement and attributed to the period such transactions and events refer to, and not to the period the relevant collections and payments take place in (Art. 2423 bis, para. 1, no. 3 of the Italian Civil Code). In accordance with the principle of cost-income correlation, the costs associated with the profits attributed to the period were considered to be accrued.

Risks and losses pertaining to the period were taken into account, even if they became known after the end of the period (Art. 2423 bis, para. 1, no. 4 of the Italian Civil Code).

The heterogeneous elements included in the individual items were valued separately (Art. 2423 bis, para. 1, no. 5 of the Italian Civil Code).

The measurement criteria were not changed with respect to the previous period (Art. 2423 bis, para. 1, no. 6 of the Italian Civil Code).

The following criteria were followed in structuring the balance sheet and income statement:

- a) In the balance sheet and income statement, the items provided for in Articles 2424 and 2425 of the Italian Civil Code (Art. 2423 ter, para. 1 of the Italian Civil Code) were entered separately, and in the order indicated.
- b) Entries preceded by Arabic numerals or lower case letters have not been further subdivided. For the sake of clarity, however, it was deemed appropriate to indicate the value adjustments of items recorded under assets in the balance sheet separately.
- c) No other items have been added, since their content is included in those envisaged in Articles 2424 and 2425 of the Italian Civil Code (Art. 2423 ter, para. 3 of the Italian Civil Code).
- d) Items preceded by Arabic numerals have not been adjusted, as the nature of the activity performed does not require it (Art. 2423 ter, para. 4 of the Italian Civil Code).
- e) The values of the financial statements as at 30 June 2022 are shown in comparative form with those of the financial statements as at 31 December 2021 for the balance sheet and with those of the interim financial statements as at 30 June 2022 for the income statement. Where made,



reclassifications are explained in the notes to the financial statements (Art. 2423 ter, para. 4 of the Italian Civil Code).

f) No offsets were made (Art. 2423 ter, para. VI of the Italian Civil Code).

No asset and liability items fall under more than one caption of the statements (Art. 2424, para. 2 of the Italian Civil Code).



PART THREE: PRESENTATION AND MEASUREMENT CRITERIA

The accounting principles used in the preparation of the Interim Financial Statements are explained below. At the outset, note that there were no repurchase transactions.

1. Intangible fixed assets

Expenses and charges that will be useful in the future have been recorded under intangible fixed assets.

Intangible fixed assets were recorded at purchase or production cost, including ancillary charges.

The cost of intangible fixed assets, whose use is time-limited, is systematically amortised according to their residual potential for utility. The amortisation plan drafted along the aforementioned principles is described in the subsequent explanatory paragraph under "Intangible Fixed Assets".

The amortisation criteria and coefficients applied to the previous period have not been modified (art. 2426, para. 1, no. 2 of the Italian Civil Code).

As at the balance sheet date, the company assesses if there are any indications of impairment on the intangible fixed assets (including goodwill).

If there is any such evidence, the book value of the activity is reduced to the relative recoverable value understood as the higher value between the fair value less costs to sell, and its value in use. If it is not possible to estimate the recoverable value of the asset, the company will estimate the recoverable value of the cash-generating unit (CGU) to which the asset belongs. The value in use of an asset is calculated by determining the present value of the expected future cash flows, applying a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. An impairment is recognised if the recoverable value is lower than the net accounting value.

Any impairment is recovered, if the reasons for impairment no longer apply. The recovery amount cannot exceed the value the asset would have had if there had been no impairment. No recovery is carried out on goodwill and on the costs covering multiple years.

2. Tangible fixed assets

They were entered at their purchase cost, production cost or contribution cost, including all directly attributable ancillary charges.

Costs incurred after the acquisition of a single asset are charged to the increase of the initial cost only if they constitute a significant and tangible increase in the original production capacity or useful economic life of the asset. Ordinary maintenance and repair costs, not including incremental expenses, are not capitalised and are recognised in the income statement for the period in which they are incurred.

The value of certain tangible fixed assets as determined above was revalued according to specific laws, economic revaluation carried out in previous periods (Revaluation Law no. 266 of 23 December 2005, Revaluation Law no. 126 of 13 October 2020). The revalued amount was determined based on an independent appraisal.

Fixed assets, whose use are limited in time, are systematically depreciated each period based on the economic-technical rates defined in relation to the possibility of use and justified according to expected replacement and/or modification of the current assets in order to counteract the process of obsolescence and deterioration inherent to fixed assets. For assets that entered into operation during the period, the rates have been reduced to half in order to take into account their lower use on a lump-sum basis, in accordance with Italian accounting practice.

The depreciation plan based on the aforementioned principles is presented in the subsequent explanatory paragraph under "Tangible Fixed Assets".

Assets with a low unit value are fully depreciated over the period they are first used, given their short duration and rapid consumption.



The amortisation criteria and coefficients applied to the previous period have not been modified (art. 2426, para. 1, no. 2 of the Italian Civil Code).

As at the balance sheet date, the company assesses if there are any indications of impairment on the tangible fixed assets.

If there is any such evidence, the book value of the activity is reduced to the relative recoverable value understood as the higher value between the fair value less costs to sell, and its value in use. If it is not possible to estimate the recoverable value of the asset, the company will estimate the recoverable value of the cash-generating unit (CGU) to which the asset belongs. The value in use of an asset is calculated by determining the present value of the expected future cash flows, applying a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. An impairment is recognised if the recoverable value is lower than the net accounting value.

Any impairment is recovered, if the reasons for impairment no longer apply. The recovery amount cannot exceed the value the asset would have had if there had been no impairment.

The disposal or transfer of tangible fixed assets is recognised in the financial statements by eliminating the cost and depreciation fund from the balance sheet and recording the relative gain or loss in the income statement.

Financial leases

Capital assets, the subject of financial leases, are recognised in accordance with the accounting approach already adopted in the past, applying the equity method consistent with the current legislative interpretation on the subject, accounting for lease payments on an accrual basis as costs for the period.

In the following section on "Tangible Fixed Assets", the notes illustrate the accounting effects of applying the financial method, as required by international accounting practice (IAS 17).

3. Financial fixed assets

3.a Equity Investments Recorded Under Financial Fixed Assets

If equity investments are deemed to be long-term investments, they are recorded under financial fixed assets. If they were acquired for subsequent disposal, then they are registered under financial assets not constituting fixed assets.

Investments in subsidiaries and other companies are valued at acquisition cost, including ancillary charges, or subscription cost or, in the case of company contributions, on the basis of the values established in the relevant deeds and corresponding to those resulting from appraisals, possibly written down as a result of impairment losses, or up to the limit of the share of losses for the period of the investees for which there is an obligation or intention to cover them. Impairment losses exceeding the corresponding carrying values of equity investments are entered under "provisions for risks and charges on investees".

Write-downs of equity investments included in financial fixed assets are not maintained in subsequent periods if the assumptions they were based on no longer apply.

The cost of investments in foreign companies is converted into euros at the historical acquisition or subscription exchange rates, or at the lower exchange rate at the end of the period if the reduction is to be considered lasting.

3.b Receivables Recorded Under Financial Fixed Assets

With reference to the new regulations introduced by Legislative Decree 139/2015 in relation to the amortised cost measurement and the discounting of receivables, it is hereby reported that the Company availed itself of the right of prospective application provided under Article 12, paragraph 2 of said decree.

However, the financial receivables recognised in the financial statements before the financial year starting from 1 January 2016 are recognised at their nominal value, adjusted for impairment when necessary. If the reasons for impairment no longer apply in subsequent financial years the value of the asset is reversed up to its original amount.



The financial receivables entered in the financial statements after 1 January 2016 are measured at amortised cost, taking into account the time value of money and the presumed realisable value.

The transaction costs, any commission income or expense and every difference between the initial value and the nominal value on maturity are included in the calculation of the amortised cost using the effective interest method over the receivable's expected life.

The amortised cost criterion cannot be applied to receivables when its use has negligible effects for the purposes of providing a true and fair representation of the item.

Time deposits are recorded at nominal value. This value is adjusted in the event of an impairment loss, through allocation to a specific allowance for doubtful receivables. Interest accrued, unpaid at the time of the financial statements, is included under the item "Accrued income and prepayments".

4. Inventory

As determined below, the value of fungible assets does not differ appreciably from current costs at the end of the period.

Inventories of raw materials, consumables and supplies

Inventories of raw materials, consumables and supplies were recorded at purchase cost, including ancillary charges. This cost was calculated using the weighted average method. However, it is not higher than the presumed market value, taking into account the utility/functionality of the goods within the production process.

Inventories of work in progress, semi-finished and finished products

Inventories of work in progress, semi-finished and finished products were recorded at production cost, including all directly attributable costs. Distribution costs were not included in the production cost. The production cost of work in progress and finished products was determined by taking into account direct variable costs (raw materials, direct labour and consumables), direct fixed costs, and the accrued portion of industrial depreciation. This cost was determined using the weighted average method.

However, the production cost is not higher than the presumed market value, taking into account the utility/functionality of the goods within the production process.

Regarding obsolete and slow-moving stock, if circumstances require it, the write-down is based on the possibility of use or realisation.

5. Receivables Recorded Under Current Assets

With reference to the new regulations introduced by Legislative Decree 139/2015 in relation to the amortised cost measurement and the discounting of receivables, it is hereby reported that the Company availed itself of the right of prospective application provided under Article 12, paragraph 2 of said decree.

Therefore, receivables recognised prior to the year opening on 1 January 2016 are recorded at the presumed realisable value, which is the difference between the nominal value of the receivables and the adjustment recorded under the allowance for doubtful receivables, recognised as a direct reduction in the items they refer to.

Receivables recognised starting from 1 January 2016 are instead entered according to the amortised cost criterion, taking account of the time value of money and the presumed realisable value.

The initial value of the receivables is represented by the nominal value net of all premiums, discounts and rebates, and including any costs directly attributable to the transaction which generated the payable.

The transaction costs, any commission income or expense and every difference between the initial value and the nominal value on maturity are included in the calculation of the amortised cost using the effective interest method over the receivable's expected life.

The amortised cost criterion cannot be applied to receivables when its use has negligible effects for the purposes of providing a true and fair representation of the item.



The allowance for doubtful receivables, recorded as a direct reduction to receivables, includes allocations associated to items for which it is reasonable to expect a risk of non-collection, considering existing insurance policies.

Receivables are classified before and after the period based on the contract expiry.

Receivables originally expressed in foreign currency, entered at the exchange rate in force on the date of their occurrence, have been aligned to current exchange rates at the close of the period, as detailed further in the paragraph "Transactions in foreign currencies".

Factoring transactions

The company used the disposal of trade receivables as a source of financing, mainly through assignment without risk of recourse to factoring companies.

Supply receivables assigned with recourse to factoring companies remain on the assets side of the balance sheet, entered in the accounts under the item "Trade receivables" until they are successfully collected. The Company asks the factor to provide financing in the form of advances on sold items. These prepayments are allocated to liabilities under item D.5 "Debts to other financial backers" and the related offset is entered to increase the company's current accounts.

Receivables sold without recourse to factoring companies are removed from the balance sheet assets and the difference between the corresponding amount and the nominal value of the receivable at the time of the sale is recognised. In previous years, the Company entered into contracts for the assignment of receivables without recourse in which the insolvency risk was fully transferred to the factoring company, as well as a contract for the assignment of receivables with recourse where the insolvency risk remains with the assignor.

The accrued charges up to the period's closing date and not yet paid at this date are entered under accrued expenses.

6. Financial assets other than fixed assets

With reference to the new regulations introduced by Legislative Decree 139/2015 in relation to the amortised cost measurement and the discounting of receivables, it is hereby reported that the Company availed itself of the right of prospective application provided under Article 12, paragraph 2 of said decree.

However, the financial receivables recognised in the financial statements before the financial year starting from 1 January 2016 are recognised at their nominal value, adjusted for impairment when necessary. If the reasons for impairment no longer apply in subsequent financial years the value of the asset is reversed up to its original amount.

The financial receivables entered in the financial statements after 1 January 2016 are measured at amortised cost, taking into account the time value of money and the presumed realisable value.

The transaction costs, any commission income or expense and every difference between the initial value and the nominal value on maturity are included in the calculation of the amortised cost using the effective interest method over the receivable's expected life.

The amortised cost criterion cannot be applied to receivables when its use has negligible effects for the purposes of providing a true and fair representation of the item.

7. Cash and cash equivalents

This item includes bank and postal accounts.

These assets are recorded at nominal value.

8. Accruals and deferrals

Accruals and deferrals are calculated on an accrual basis by applying the physical time criterion.

9. Provisions for risks and charges

These mainly involve provisions to cover charges of a definite nature and certain or probable existence, for which, however, at the end of the period, it was not possible to determine the amount or date of occurrence. The provisions are the result of the most reliable possible estimate on the basis of the commitments undertaken and of elements to hand.

In detail, they consist of:

- a. *“Provision for deferred tax and other tax liabilities”*: includes deferred taxes determined as described in the paragraph on income taxes;
- b. *“Provision for derivative financial instruments”*: for the detail relating to this item please refer to the paragraph on derivative financial liabilities;
- c. *“other provisions”*: essentially cover risks associated with the performance of the contractual commitments undertaken, risks for legal disputes in progress and provisions made to cover losses exceeding the net equity of the subsidiaries.

10. Employee severance indemnity

This is determined based on the existing legislation (specifically Italian law no. 297 of 29 May 1982, which provides for its mandatory fixed and variable revaluation) and the collective labour agreement contract.

Starting from 1 January 2007, the Budget Act and the related decrees implemented introduced significant changes in the regulation of the Employee Severance Indemnity for companies with more than 50 employees. This act foresees the employee deciding on the destination for their accrued Employee Severance Indemnity (to supplementary pension funds or to a “Treasury Fund” managed by INPS, the Social Security institute). Therefore, it follows that the obligation to INPS, as well as the contributions to supplementary pension schemes are paid to the respective institutions, while the shares part of the Employee Severance Indemnity prior to 31 December 2006 are processed as in previous years.

The fund is adjusted to the accrued amount at period end by the staff in service on that date, net of the corresponding prepayments and represents the company’s debt towards its employees.

11. Payables

With reference to the new regulations introduced by Legislative Decree 139/2015 in relation to the amortised cost measurement and the discounting of payables, it is hereby reported that the Company availed itself of the right of prospective application provided under Article 12, paragraph 2 of said decree.

Accordingly, payables arising prior to the financial year beginning on or after 1 January 2016 are recognised in the financial statements at their nominal value.

Payables recognised starting from 1 January 2016 are instead entered according to the amortised cost criterion, taking account of the time value of money.

The initial value of the payables is represented by the nominal value net of all premiums, discounts and rebates, and including any costs directly attributable to the transaction which generated the payable.

The transaction costs, any commission income or expense and every difference between the initial value and the nominal value on maturity are included in the calculation of the amortised cost using the effective interest method over the payable’s expected life.

The amortised cost criterion cannot be applied to payables when its use has negligible effects for the purposes of providing a true and fair representation of the item.

Payables are classified before and after the period based on their contract expiry.

Payables originally expressed in foreign currency, initially entered at the exchange rate in force on the date of their occurrence, have been aligned to current exchange rates at the close of the period, as detailed further in the paragraph “Transactions in foreign currencies” of this part.



12. Derivatives

Derivative financial instruments are used for economic hedging purposes to reduce exchange rate risk. In compliance with *OIC 32 - Derivative financial instruments*, all derivative financial instruments are valued at fair value.

Derivative financial instruments can be accounted for under the conditions laid down for hedge accounting only when there is a formal designation and documentation of the hedging relationship at the outset. It is therefore expected that the hedging will be highly effective, and that said effectiveness can be reliably assessed for all the financial years to which it has been designated.

When the derivative financial instruments fulfil the requirements for accounting according to the established hedge accounting method, it is applied as follows: if a derivative financial instrument is designated to hedge the variability of future cash flows of an asset or liability or of an highly likely anticipated transaction which could influence the income statement, the effective profit or loss on the derivative financial instrument is recorded directly to net equity under item A) VII *Cash flow hedging reserve*. The accumulated profit or losses are accounted for in the income statement in the same period in which the related economic effect of the transaction subject to the hedging and are added as adjustment to the hedged item. Profits and losses associated with a hedge (or part of a hedge) that has become ineffective are immediately entered in the income statement respectively under item D) 18 d) *write-up of derivative financial instruments* and D) 19 d) *write-down of derivative financial instruments*. When a hedging instrument or hedging relationship is terminated, but the transaction subject to the hedging has not yet been carried out, the accumulated profits or losses, until the time they are entered in the appropriate net equity reserves, are recorded in the income statement at the time the related transaction is made in connection with the recognition of the economic effects of the hedged transaction. If the hedged transaction is no longer considered likely, the unrealised accumulated profits or losses recognised under net equity are immediately entered in the income statement under D18 d) or D19 d).

Derivative financial instruments with a positive fair value are classified as current assets (item C.III.5 *Derivative financial assets*) namely in the "Financial fixed assets" (item B.III.4 derivative financial assets). Derivative financial instruments with a negative fair value are classified in the Risk provisions if the fair value is negative (entry B3 *Provision for derivative financial instruments*).

If hedge accounting cannot be applied, the profits or losses deriving from the valuation of the derivative are immediately recorded in the income statement under items D18 d) or D19 d).

As laid down in Legislative Decree 139/2015, the innovations introduced with respect to financial derivative instruments were applied retrospectively, pursuant to *OIC 29 - Changes in accounting principles, changes in accounting estimates, error corrections, events occurring after year end*.

13. Commitments, guarantees and contingent liabilities not resulting from the balance sheet

The table annexed to the notes to the financial statements highlights management events that, while not quantitatively affecting the net equity and the result of operations at the time of entry, could however produce effects subsequently. Such elements are entered at their nominal value or at the value of the commitment.

14. Revenues and costs

Revenues from the sale of products are recorded on an accruals basis at the time of the transfer of ownership, which normally coincides with the delivery or shipment of the goods. Revenues associated to services are recorded in the income statement to the extent that the associated services are carried out over the course of the period. Revenues from sales and services are indicated net of client returns, discounts, allowances and premiums, as well as of taxes directly connected with the sale of products or services.

Costs, net of customer returns, discounts, rebates and premiums, are reported in the financial statements on an accrual basis.



15. Dividends

Dividends paid by investee companies are recognised in the income statement when received.

The distribution of dividends to the shareholders of the Company entails the registration of a payable at the time of the approval of the shareholders' resolution.

16. Transactions in foreign currencies

Items expressed in currencies of countries outside the Eurozone are accounted for based on the following criteria.

Profits and losses deriving from the conversion of receivables and payables are respectively credited and debited to the Income Statement under item C.17 bis "Profit (loss) on exchange difference". Any unrealised net profit is allocated to the specific non-distributable reserve until it is realised.

Monetary foreign currency assets and liabilities have been entered at the spot exchange rate on the date of closure of the period.

The non-monetary assets and liabilities (fixed assets, inventories, accrued interests and deferred charges, etc.) in foreign currencies are recorded at the spot exchange rate at the purchase date or if lower at the date of the closing of the period, when an impairment loss is recognised.

In the case of currency exchanges, the net positive/negative balance derived from the valuation of available liquid assets at the close of the period is recorded as a realisation gain/loss in the income statement under item C.17-bis.

17. Income tax

The taxes due on income are a reasonable estimate of the taxes payable, calculated by applying the tax provisions based on the determination of the taxable income and taking into account applicable exemptions and tax credits.

The associated payable amount is shown net of advances, withholdings and tax credits under "tax liabilities", while the net payable position is recorded under the item C.II.5 bis "Tax receivables" of the current assets.

Pursuant to the provisions of OIC 25, the table "Reconciliation between the Theoretical Tax Rate and the Actual Tax Rate" is provided in Part Four below, in the section "Income Taxes".

18. Deferred tax

The Company recognised deferred tax in the financial statements with respect to temporary taxable differences that arose during the period. Specifically, deductible temporary differences, which occur in the presence of negative income components whose deduction is partially or totally postponed to subsequent periods, generate prepaid taxes to be recorded under item C.II.5 ter of assets. Temporary taxable income differences, which arise in the presence of positive income components taxable in a period subsequent to that in which they are relevant for statutory purposes or negative income components deducted in a period prior to that in which they are recognised in the income statement, generate deferred tax liabilities to be recorded under item B.2 of liabilities. Deferred tax is determined on the basis of the tax rate currently in force and taking into account the expected tax rates for future periods.

The amount shown under "Income Taxes for the Period" is the result of the algebraic sum of current and deferred taxes, so as to express the actual tax burden for the period.

Deferred tax assets for which there is no reasonable certainty of their future recovery have not been recognised. Deferred taxes on reserves and withheld tax amounts are recorded when it is expected that said reserves will be distributed or otherwise used and that said distribution or use will lead to tax liabilities.

In the income statement, deferred and prepaid taxes are indicated separately, under Income Taxes for the Period.



The description of the temporary differences that led to the recognition of deferred and prepaid taxes, the relative rate and change compared to the previous period, the amounts credited and debited to the income statement and net equity, the details of the temporary differences excluded as well as the prepaid taxes recognised in relation to the losses incurred are reported in the comments section of item 20 of the Income Statement "Current, deferred and prepaid income taxes" (Article 2427, para. 1, no. 14 of the Italian Civil Code).



PART FOUR: ILLUSTRATION OF THE ITEMS OF THE FINANCIAL STATEMENTS

ASSETS

A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL DUE

B) FIXED ASSETS

I. INTANGIBLE FIXED ASSETS

The table below provides a breakdown of the intangible fixed assets, with the changes that occurred during the period (Art. 2427, para. 1, no. 2 of the Italian Civil Code).

Intangible assets	31/12/2021	Change in area/ extraordinary transaction	Increases	Amortization	Decrements	Other movements	30/06/2022
Start-up and expansion costs	142.606	-	-	-	-	-	142.606
Amortization fund start-up and expansion costs	(96.881)	-	-	(11.569)	-	-	(108.450)
Start-up and expansion costs	45.725	-	-	(11.569)	-	-	34.156
Development costs	620.264	-	-	-	-	-	620.264
Amortization fund development costs	(620.264)	-	-	-	-	-	(620.264)
Concessions, licences, trademarks, and similar rights	17.023.644	-	-	-	-	-	17.023.644
Amortization fund concessions, licences, trademarks, and	(949.843)	-	-	(472.760)	-	1	(1.422.602)
Concessions, licences, trademarks, and similar rights	16.073.801	-	-	(472.760)	-	1	15.601.042
Software	7.068.780	-	94.308	-	-	-	7.163.088
Amortization fund software	(5.741.229)	-	-	(295.891)	-	-	(6.037.120)
Software	1.327.551	-	94.308	(295.891)	-	-	1.125.968
Concessions, licences, trademarks, and similar rights	17.401.352	-	94.308	(768.651)	-	1	16.727.010
Others	2.084.703	-	225.000	-	-	-	2.309.703
Amortization fund others	(1.377.464)	-	-	(158.095)	-	-	(1.535.559)
Others	707.239	-	225.000	(158.095)	-	-	774.144
Costs for plants compliance	2.023.819	-	41.789	-	-	-	2.065.608
Amortization fund costs for plants compliance	(1.639.608)	-	-	(84.663)	-	1	(1.724.270)
Costs for plants compliance	384.211	-	41.789	(84.663)	-	1	341.338
Costs for improvements on third parties assets	15.337.642	-	454.212	-	-	-	15.791.854
Amortization fund costs for improvements on third parties	(8.949.911)	-	-	(853.848)	-	-	(9.803.759)
Costs for improvements on third parties assets	6.387.731	-	454.212	(853.848)	-	-	5.988.095
Others	7.479.181	-	721.001	(1.096.606)	-	1	7.103.577
Total	24.926.258	-	815.309	(1.876.826)	-	2	23.864.743

More specifically, intangible fixed assets include the following items:

B.I.1) Start-up and expansion costs

Start-up and expansion costs include the costs incurred for the merger by incorporation of the subsidiary Cogne Distribuzione Italia S.r.l. and the notary costs incurred for the deed relating to the free increase in share capital pursuant to Art. 2442 of the Italian Civil Code, on 16 December 2019. The duration of the amortisation is 5 years. The amortisation for the period is EUR 109,000.

Description	31/12/2021	Increases	Amort.	Decreases	30/06/2022
Start-up and expansion costs	142,606	-	-	-	142,606
Accumulated amortisation start-up and expansion costs	(96,881)	-	(11,569)	-	(108,450)
Start-up and expansion costs	45,725	-	(11,569)	-	34,156

B.I.2) Research, development and advertising costs.



No further research and development costs with long-term utility were recognised under the assets in the financial statements. The values of these costs, previously recognised with the consent of the board of statutory auditors, are amortised on a straight-line basis over a period not exceeding the period allowed for tax purposes (five years).

Description	30/06/2022	Increases	Amort.	Decreases	30/06/2022
Development costs	620,264	-	-	-	620,264
Accumulated amortisation development costs	(620,264)	-	-	-	(620,264)
Development costs	-	-	-	-	-

B.I.4) Concessions, licences, trademarks and similar rights.

The investments made during the period under the item “Software costs” amounted to €94 thousand. The amortisation for the period is €296 thousand.

Description	31/12/2021	Increases	Amort.	Decreases	30/06/2022
Concessions, licences, trademarks, and similar rights	17,023,644	-	-	-	17,023,644
Accumulated amortisation concessions, trademarks and licences	(949,842)	-	(472,760)	-	(1,422,603)
Concessions, licences, trademarks, and similar rights	16,073,801	-	(472,760)	-	15,601,041
Software	7,068,780	94,308	-	-	7,163,088
Accumulated amortisation software	(5,741,229)	-	(295,891)	-	(6,037,121)
Software	1,327,551	94,308	(295,891)	-	1,125,967
Concessions, licences, trademarks, and similar rights	24,712,688	94,308	-	-	24,806,995
Accumulated amortisation concessions, licences, trademarks and similar rights	(7,311,335)	-	(768,652)	-	(8,079,987)
Concessions, licences, trademarks and similar rights	17,401,352	94,308	(768,652)	-	16,727,010

Pursuant to Article 2427, paragraph 2 of the Italian Civil Code, below is the residual value of revalued assets in the period under review (amounts in thousands of Euro):

Category	Law	Amount €/000	Residual value to amortise 30/06/2022 €/000
Concessions, licences, trademarks, and similar rights	Italian Law no. 126 of 13/10/2020	17,000	15,583
Total		17,000	15,583

B.I.7) Other intangible fixed assets

The following table shows the contents of this item:



Description	31/12/2021	Increases	Amort.	Decreases	30/06/2022
Other multi-year costs	2,084,703	225,000	-	-	2,309,703
Accumulated amortisation other multi-year costs	(1,377,464)	-	(158,095)	-	(1,535,559)
Other multi-year costs	707,239	225,000	(158,095)	-	774,144
Costs for plants compliance	2,023,819	41,789	-	-	2,065,609
Accumulated amortisation costs for plants compliance	(1,639,607)	-	(84,663)	-	(1,724,271)
Costs for plants compliance	384,212	41,789	(84,663)	-	341,338
Costs for improvements to third parties' assets	15,337,642	454,212	-	-	15,791,854
Accumulated amortisation costs for improvements to third parties' assets	(8,949,911)	-	(853,848)	-	(9,803,759)
Costs for improvements to third parties' assets	6,387,731	454,212	(853,848)	-	5,988,095
Costs for multi-year loans	1,730,023	-	-	-	1,730,023
Accumulated amortisation costs for multi-year loans	(1,730,023)	-	-	-	(1,730,023)
Costs for multi-year loans	-	-	-	-	-
Equipment and plants transfer costs	4,076,429	-	-	-	4,076,429
Accumulated amortisation equipment and plants transfer costs	(4,076,429)	-	-	-	(4,076,429)
Equipment and plants transfer costs	-	-	-	-	-
Other assets	25,252,616	721,001	-	-	25,973,618
Accumulated depreciation other tangible fixed assets	(17,773,434)	-	(1,096,606)	-	(18,870,041)
OTHER ASSETS	7,479,182	721,001	(1,096,606)	-	7,103,577

Others	30/06/2022	31/12/2021	Variation
Others	774.144	707.239	66.905
Costs for plants compliance	341.338	384.211	- 42.873
Costs for improvements on third parties asse	5.988.095	6.387.731	- 399.636
Total	7.103.577	7.479.181	(375.604)

Depreciation for the period amounted to €1,097 thousand. Specifically, improvements to buildings not owned are depreciated at the following rates, consistent with their economic-technical life:

- 2007: 5.26%, corresponding to approximately 19 years
- 2008: 5.55%, corresponding to approximately 18 years
- 2009: 5.88%, corresponding to approximately 17 years
- 2010: 6.25%, corresponding to approximately 16 years
- 2011: 6.64%, corresponding to approximately 15 years
- 2012: 7.14%, corresponding to approximately 14 years
- 2013: 7.69%, corresponding to approximately 13 years
- 2014: 8.34%, corresponding to approximately 12 years
- 2015: 9.09%, corresponding to approximately 11 years

- 2016: 10%, corresponding to approximately 10 years
- 2017: 11.11%, corresponding to approximately 9 years
- 2018: 12.00%, corresponding to approximately 8 years
- 2019: 14.29%, corresponding to approximately 7 years
- 2020: 16.66%, corresponding to approximately 6 years
- 2021: 20%, corresponding to approximately 5 years
- 2022: 25%, corresponding to approximately 4 years

The item “other multi-year costs” includes costs incurred by the Company for activities in support of the “Lean Organisation” project mainly aimed at production efficiency and improving inventory management. The increase of this item in the period amounted to €225 thousand with amortisation determined over three years. This item also includes costs incurred by the company for consultancy services for the revaluation pursuant to Italian Law no. 126 of 13/10/2020, with amortisation over 10 years.

II. TANGIBLE FIXED ASSETS

Changes in tangible fixed assets are shown in the table below (Art. 2427, para. 1, no. 2 of the Italian Civil Code). The values are shown net of depreciation:

Tangible assets	31/12/2021	Change in area/ extraordinary transaction	Increases	Amortization	Decrementi	Other movements	30/06/2022
Land	853.500	-	-	-	-	-	853.500
Buildings	7.715.964	-	358.308	-	-	-	8.074.272
Amortization fund buildings	(3.220.583)	-	-	(175.581)	-	-	(3.396.164)
Buildings	5.348.881	-	358.308	(175.581)	-	-	5.531.608
Generic plants	41.466.684	-	497.671	-	-	-	41.964.355
Amortization fund generic plants	(33.368.122)	-	-	(814.457)	-	-	(34.182.579)
Generic plants	8.098.562	-	497.671	(814.457)	-	-	7.781.776
Internal means of transport	818.151	-	53.000	-	(15.494)	-	855.657
Amortization fund internal means of transport	(788.869)	-	-	(7.789)	15.494	1	(781.163)
Internal means of transport	29.282	-	53.000	(7.789)	-	1	74.494
Furnaces and appliances	73.895.112	-	375.579	-	-	-	74.270.691
Amortization fund furnaces and appliances	(48.880.054)	-	-	(1.986.452)	-	-	(50.866.506)
Furnaces and appliances	25.015.058	-	375.579	(1.986.452)	-	-	23.404.185
Specific plants	226.739.246	-	1.831.064	-	(60.000)	1	228.510.311
Amortization fund specific plants	(160.077.829)	-	-	(5.321.402)	3.000	-	(165.396.231)
Specific plants	66.661.417	-	1.831.064	(5.321.402)	(57.000)	1	63.114.080
Plant and machinery	342.919.193	-	2.757.314	-	(75.494)	1	345.601.014
Amortization fund plant and machinery	(243.114.874)	-	-	(8.130.100)	18.494	1	(251.226.479)
Plant and machinery	99.804.319	-	2.757.314	(8.130.100)	(57.000)	2	94.374.535
Fixtures, fittings, tools and equipment	22.973.217	-	1.064.577	-	-	-	24.037.794
Amortization fund fixtures, fittings, tools and equipment	(19.451.413)	-	-	(709.340)	-	-	(20.160.753)
Fixtures, fittings, tools and equipment	3.521.804	-	1.064.577	(709.340)	-	-	3.877.041
Furniture and office equipments	593.569	-	15.792	-	(25.895)	(476)	582.990
Amortization fund furniture and office equipments	(267.598)	-	-	(26.288)	25.895	1.957	(266.034)
Furniture and office equipments	325.971	-	15.792	(26.288)	-	1.481	316.956
EDP equipment	1.543.989	-	66.480	-	-	(1)	1.610.468
Amortization fund EDP equipment	(1.072.130)	-	-	(70.596)	-	-	(1.142.726)
EDP equipment	471.859	-	66.480	(70.596)	-	(1)	467.742
Vehicles	232.228	-	15.737	-	-	(178)	247.787
Amortization fund vehicles	(170.253)	-	-	(10.341)	-	(86)	(180.680)
Vehicles	61.975	-	15.737	(10.341)	-	(264)	67.107
Office electric machines	61.815	-	-	-	-	-	61.815
Amortization fund office electric machines	(55.011)	-	-	-	-	(2.268)	(57.279)
Office electric machines	6.804	-	-	-	-	(2.268)	4.536
Other tangible assets	2.431.601	-	98.009	-	(25.895)	(655)	2.503.060
Amortization fund other tangible assets	(1.564.992)	-	-	(107.225)	25.895	399	(1.645.923)
Other tangible assets	866.609	-	98.009	(107.225)	-	(256)	857.137
Work in progress and advances	6.040.941	-	10.398.696	-	(123.888)	-	16.315.749
Total	115.582.554	-	14.676.904	(9.122.246)	(180.888)	(254)	120.956.070

The depreciation schedule, drawn up on the basis of the principles described in Part Three above, is as follows:

Category:	Assumed useful life	Rates:
Buildings	20 years	5%
Generic plants	10 years	10%
Internal means of transport	5 years	20%
Furnaces and Accessories	10 years	10%
Specific automated systems	10 years	10%
Various equipment	4 years	25%
Processing systems	5 years	20%
Cars	4 years	25%
Furniture and office machinery	8 years	12%
Electronic office machinery	5 years	20%

Work on generic plants, furnaces and accessories and specific automated systems subject to revaluation pursuant to Italian Law no. 126 of 13/10/2020, as well as those subject to appraisal of their useful life together with increases in 2022 have an assumed useful life of 10 years and a depreciation rate of 10%.

B.II.1) Land and buildings

The buildings owned and the building hosting the Quality function in Aosta stand on land owned by third parties with a land lease. The headquarters in Aosta stands on its own land. Overall depreciation for the period totalled €176 thousand and was calculated on the basis of the useful life of the assets rather than according to the allowed tax rate.

Description	31/12/2021	Increases	Depreciation	Decreases	30/06/2022
LAND	853,500	-	-	-	853,500
Buildings	7,715,964	358,308		-	8,074,272
Accumulated depreciation buildings	(3,220,583)	-	(175,581)	-	(3,396,164)
BUILDINGS	4,495,381	358,308	(175,581)	-	4,678,108

B.II.2) Plants and machinery

The breakdown of the item is as follows:

Plant and machinery	30/06/2022	31/12/2021	Variation
Generic plants	7.781.776	8.098.562	(316.786)
Internal means of transport	74.494	29.282	45.212
Furnaces and appliances	23.404.185	25.015.058	(1.610.873)
Specific plants	63.114.080	66.661.417	(3.547.337)
Total	94.374.535	99.804.319	(5.429.784)

Increases for the period in the item “Plants and machinery” net of disposals and scrapping amounted to €2,757 thousand and the total depreciation for the period amounted to €8,130 thousand.

Description	31/12/2021	Increases	Depreciation	Decreases	30/06/2022
Plant and machinery	41,466,684	497,671			41,964,355
Accumulated depreciation plant and machinery	(33,368,122)		(814,457)		(34,182,580)
Plant and machinery	8,098,562	497,671	(814,457)	-	7,781,755
Internal means of transport	818,151	53,000		(15,494)	855,657
Accumulated depreciation internal vehicles	(788,868)	-	(7,789)	15,494	(781,164)
Internal means of transport	29,282	53,000	(7,789)	-	74,494
Furnaces and accessories	73,895,112	375,579			74,270,691
Accumulated depreciation furnaces and accessories	(48,880,054)		(1,986,452)		(50,866,506)
Furnaces and accessories	25,015,058	375,579	(1,986,452)	-	23,404,185
Specific plants	226,739,247	1,831,064		(60,000)	228,510,312
Accumulated depreciation specific plants	(160,077,829)		(5,321,402)	3,000	(165,396,231)
Specific plants	66,661,418	1,831,064	(5,321,402)	-	63,114,081
Plant and machinery	342,919,194	2,757,315	-	-	345,601,015
Accumulated depreciation plant and machinery	(243,114,874)	-	(8,130,100)	-	(251,226,480)
PLANT AND MACHINERY	99,804,320	2,757,315	(8,130,100)	-	94,374,535

B.II.3) Industrial and commercial equipment

The increases for the period of “Miscellaneous equipment” net of disposals and scrapping amounted to €1,065 thousand and the total depreciation for the period was €709 thousand.

Description	31/12/2021	Increases	Depreciation	Decreases	30/06/2022
Fixtures, fittings, tools and equipment	22,973,217	1,064,577	-	-	24,037,795
Accumulated depreciation fixtures, fittings, tools and equipment	(19,451,413)		(709,340)	-	(20,160,753)
Fixtures, fittings, tools and equipment	3,521,804	1,064,577	(709,340)	-	3,877,042

B.II.4) Other assets

“Other tangible fixed assets” are broken down as follows:

Others	30/06/2022	31/12/2021	Variation
Furniture and office equipments	316.956	325.971	(9.015)
EDP equipment	467.742	471.859	(4.117)
Vehicles	67.107	61.975	5.132
Office electric machines	4.536	6.804	(2.268)
Other tangible assets	796	-	796
Total	857.137	866.609	(9.472)

Increases for the period in “Other tangible fixed assets” net of disposals and scrapping amounted to €82 thousand and the total depreciation for the period was €107 thousand.

Description	31/12/2021	Increases	Depreciation	Decreases	30/06/2022
Furniture and office equipment	464,700	15,792	-	-	480,492
Accumulated depreciation furniture and office equipment	(181,327)		(24,020)	-	(205,348)
Furniture and office equipment	283,373	(15,792)	(24,020)	-	275,144
EDP equipment	1,543,988	66,480	-	-	1,610,468
Accumulated depreciation EDP equipment	(1,072,130)	-	(70,596)	-	(1,142,725)
EDP equipment	471,859	66,480	(70,596)	-	467,743
Vehicles	186,197	-	-	-	186,197
Accumulated depreciation vehicles	(147,767)	-	(10,341)	-	(158,109)
Vehicles	38,430	-	(10,341)	-	28,089
Office electric machines	61,815	-	-	-	61,815
Accumulated depreciation office electric machines	(55,011)	-	(2,268)	-	(57,279)
Office electric machines	6,804	-	(2,268)	-	4,536
Other tangible fixed assets	2,265,287	82,272	-	-	2,347,558
Accumulated depreciation other tangible fixed assets	(1,464,821)	-	(107,225)	-	(1,572,046)
OTHER ASSETS	800,465	82,272	(107,225)	-	775,512

B.II.5) Assets under development and payments on account

Assets under development refer to investments for the period relating to assets that have not yet entered into operation. The decreases are related to the assets entered into operation in the period and reclassified under the pertinent tax categories.

Pursuant to Article 2427, paragraph 2 of the Italian Civil Code, below is the residual value of revalued assets in the period under review (amounts in thousands of Euro):



Category	Law	Amount €/000	Residual value to depreciate as at 30.06.2022 €/000
Plant and machinery	Italian Law no. 126 of 13/10/2020	4,778	4,061
Furnaces and Accessories	Italian Law no. 126 of 13/10/2020	10,955	9,312
Large specific and automatic plants	Italian Law no. 126 of 13/10/2020	50,350	42,798
Buildings	Decree Law no. 185 of 28/11/2008	1,163	378
Total		67,246	56,549

Financial lease transactions

With regard to leased assets, which are accounted for using the equity method with the recognition of lease payments in the income statement, if the financial method had been adopted the net equity and the result for the period would have been respectively higher by €720 thousand and higher by €185 thousand, gross of the related tax effects. Additional indirect effects are reported for the purpose of providing more complete information on the treatment of leases under the financial method (amounts in thousands of Euro), pursuant to Article 2427, paragraph 1, no. 22 of the Italian Civil Code:

Financial lease transactions - effects on the net income (loss) for the period

Thousands of Euro	Amount
a.1) Reversal of fees on financial leases	1,002
a.2) Recognition of financial charges on financial leases	(37)
a.3) Recognition of amortisation on existing contracts	(708)
a.4) Adjustments/recoveries on financially leased assets	
a) Effect on profit before tax (lower/increased costs)	257
b) Recognition of the tax effect	(72)
c) Net effect on the net income (loss) for the period of the recognition of lease transactions using the financial method versus the equity method adopted (a-b)	185

Financial lease transactions – effect on equity

Thousands of Euro	Amount
Assets	
a) Existing contracts	
a.1) Financially leased assets at the end of the previous period*	
a.1) Financially leased assets at the end of the previous period	35,733
Related accumulated depreciation	(30,082)
a.2) Assets acquired under financial leases during the period	-
a.3) Financially leased assets redeemed during the period	-
a.4) Accumulated depreciation for the period	(708)
a.5) Adjustments/recoveries on financially leased assets	
a.6) Financially leased assets at the end of the period	
a.6) Financially leased assets at the end of the period	35,733
Related accumulated depreciation	(30,790)



b) Redeemed assets	
b.1) Higher/lower total value of redeemed assets, determined according to the financial method, compared to their net book value at the end of the period	
Total (a.6+b.1)	4,943
Liabilities	
c) Implicit liabilities	
c.1) Implicit liabilities for financial leases at the end of the previous period	
c.1) Implicit liabilities for financial leases at the end of the previous period	(4,910)
of which due in the following period	
of which due beyond the next period within 5 years	
of which due beyond 5 years	
c.2) Implicit liabilities arising during the period	0
c.3) Repayment of principal and redemptions during the period	965
c.4) Implicit liabilities for financial leases at the end of the period	
c.4) Implicit liabilities for financial leases at the end of the period	(3,945)
of which due in the following period	
of which due beyond the next period within 5 years	
of which due beyond 5 years	
d) Total gross effect at the end of the period (a.6+b.1-c.4)	999
e) Tax effect	(279)
f) Effect on net equity at the end of the period (d-e)	720

II. FINANCIAL FIXED ASSETS

Changes in financial fixed assets are shown in the table below (Art. 2427, para. 1, no. 2 of the Italian Civil Code).

Investments	31/12/2021	Change in area/ extraordinary transaction	Increases	Decrements	Devaluations	Other movements	30/06/2022
Financial investments from subsidiary companies	60.056.207	-	9.906.096	-	-	-	69.962.303
Financial investments from others companies	3.611.926	-	18.701	-	-	-	3.630.627
Total	63.668.133	-	9.924.797	-	-	-	73.592.930
LT receivables from parent companies	-	-	250.000	-	-	-	250.000
Security account	152.864	-	1.444	-	-	-	154.308
Total	152.864	-	251.444	-	-	-	404.308
Total	63.820.997	-	10.176.241	-	-	-	73.997.238

B.III.1) Equity Investments

The details of equity investments, whether held directly or through other parties, are set out below (Art. 2427, para. 1, no. 5 of the Italian Civil Code).

The table includes a comparison between the value of the investments held by Cogne Acciai Speciali S.p.A. in the subsidiaries as at 30 June 2022 and the pro-rata net equity resulting from the financial position for the first half of 2022, adjusted to conform to the Group's accounting principles.



Equity investments	Net book value at 30.06.2022 (A)	S.E. in foreign currency 30.06.2022	Currency	Exchange rate currency/Euro 30.06.2022	Net book value at 30.06.2022	% Interest	S.E. in Euro CAS (B)	Delta (B-A)
Cogne UK	4.094.296	6.429.073	GBP/000	0,8582	7.491.345	100,00%	7.491.345	3.397.049
Cogne France	6.197.865	8.231.397	EUR/000	1,0000	8.231.397	100,00%	8.231.397	2.033.532
Cogne Edelstahl	385.001	9.613.281	EUR/000	1,0000	9.613.281	100,00%	9.613.281	9.228.280
Metainox	10.239.120	69.928.368	BRL/000	5,4229	12.895.013	100,00%	12.895.013	2.655.893
Cogne Hong Kong	23.156.491	32.020.820	USD/000	1,0387	30.827.785	100,00%	30.827.785	7.671.294
Cogne Special Steel USA	6.162.235	13.000.569	USD/000	1,0387	12.516.192	100,00%	12.516.192	6.353.957
Cogne Celik (*)	2.394.970	48.008.103	TRY/000	17,3220	2.771.510	99,99%	2.771.233	376.263
Cogne Mexico	2.330.348	61.496.059	MXN/000	20,9641	2.933.398	99,00%	2.904.065	573.716
Stainless Bars	15.000.000	15.056.157	CHF/000	0,9960	15.116.624	100,00%	15.116.624	116.624
Total	69.960.327							

(*) A provision for impairment of investments of Keuro 165 has been established.

Subsidiaries

COGNE UK LTD, Don Road-Newhall – Sheffield – South Yorkshire S9 2UD – ENGLAND

Share Capital GBP 3,000,000

The carrying value of the equity investment at the end of the period, representing 100% of the capital, was €4,094 thousand.

The Company's net equity (expressed by adjusting the value of equity resulting from the application of local accounting principles to Italian accounting principles) amounted to €7,491 thousand (equal to GBP 6,429 thousand), including the profit for the period of €2,249 thousand (equal to GBP 1,894 thousand).

At the end of the period, the carrying value of the equity investment was lower than the net equity by €3,397 thousand.

COGNE FRANCE S.A., ZA des Bellevues à Eragny, 16 Rue de la Patelle, 95613 CERGY PONTOISE – FRANCE

Share Capital EUR 6,068,446

The carrying value of the equity investment at the end of the period, representing 100% of the capital, was €6,198 thousand.

As at 30 June 2022, the subsidiary had net equity of €8,231 thousand, including the profit for the period of €1,742 thousand.

The carrying value of the equity investment at the end of the period was lower than the net equity by €2,033 thousand.

COGNE EDELSTAHL GMBH, Carl-Schurz-Strasse, 2 – 41460 Neuss – GERMANY

Share Capital EUR 3,328,000

The carrying value of the equity investment at the end of the period, representing 100% of the capital, was €385 thousand.

As at 30 June 2022, the subsidiary had net equity of €9,613 thousand. The result for the period, amounting to €4,871 thousand, fully confirms the positive results achieved since 2016.

As at 30 June, the carrying value of the equity investment was lower than the net equity by €9,228 thousand.

METALINOX COGNE AÇOS INOXIDAVEIS ESPECIAIS METAIS LTDA, Av. Presidente Wilson, 4.382 IPIRANGA – CEP 04220-001 San Paolo – BRAZIL.

Share Capital BRL 76,501,989



The carrying value of the equity investment at the end of the first half of the year, representing 100% of the capital, was €10,239 thousand.

As at 30 June, the subsidiary had net equity of €12,895 thousand (equivalent to BRL 69,928 thousand), including the profit for the period of €1,338 thousand (equivalent to BRL 7,434 thousand).

During the first half of 2022 a capital increase in the amount of €4,500 thousand was made by waiving trade receivables.

As at 30 June, the carrying value of the equity investment was lower than the net equity by €2,656 thousand.

COGNE HONG KONG Limited, 183 QUEEN'S ROAD EAST, HONG KONG

Share Capital USD 28,580,000

The carrying value of the equity investment at the end of the first half of the year, representing 100% of the capital, was €23,156 thousand. Cogne Hong Kong holds 100% of the shares of Dong Guang Cogne Steel Product, a manufacturing company operating in the Chinese market.

Total net equity as at 30 June, resulting from the financial position of Cogne Hong Kong, amounted to €30,828 thousand (equivalent to USD 32,021 thousand), including profit for the period of €212 thousand (equal to USD 232 thousand).

At the end of the period, the carrying value of the equity investment was lower than the pro-rata net equity by €7,671 thousand.

COGNE SPECIALITY STEEL USA, INC – 277 FAIRFIELD ROAD- STE 315 – 07004 – FAIRFIELD, New Jersey

Share Capital USD 6,650,200

The carrying value of the equity investment at the end of the period, representing 100% of the capital, was €6,162 thousand.

As of 30 June, the subsidiary had a net equity of €12,516 thousand (equivalent to USD 13,001 thousand), including the profit for the period of €2,453 thousand (equivalent to USD 2,682 thousand).

Note that a share capital increase in the amount of €3,108 thousand was made in the first half of 2022.

At the end of the period, the carrying value of the equity investment was lower than the net equity by €6,354 thousand.

COGNE ÇELİK SANAYI VE TICARET LIMITED – Blok No:1 Industrial Area, 2003 – 41400 – Gebze/Kocaeli

Share Capital TRY 23,952,125

The carrying value of the equity investment at the end of the period, representing 99.99% of the capital, was €2,395 thousand. As is known, a provision for risks of €165 thousand was recognised on the shareholding as of 2016.

As at 30 June, the subsidiary had net equity of €2,772 thousand (equivalent to TRY 48,008 thousand), including a profit for the period of Euro 940 thousand (equivalent to TRY 15,288 thousand).

Note that a share capital increase in the amount of €965 thousand was made in the first half of 2022.

At the end of the period, the carrying value of the equity investment was lower than the net equity by €376 thousand.

COGNE MEXICO, S.A. DE C.V. Av. – Otomies SN Parque Industrial -Xicohtencatl II – 90500 – Huamantla, TLAX -Mexico

Share Capital MXN 55,025,139

The carrying value of the equity investment at the end of the period, representing 99% of the capital, was €2,330 thousand. As at 30 June, the subsidiary had net equity of €2,933 thousand (equivalent to MXN 61,496 thousand), including the profit for the period of €28 thousand (equivalent to MXN 618 thousand).



At the end of the period, the carrying value of the equity investment was lower than the net equity by €574 thousand.

COGNE STAINLESS BARS S.A. – Via Laveggio n. 6/A – STABIO – 6855 CANTON TICINO – SWITZERLAND
Share Capital CHF 1,000,000

The carrying value of the equity investment, representing 100% of the capital, is therefore €15 million.

As at 30 June, the subsidiary had net equity of €15,117 thousand (equivalent to CHF 15,056 thousand), including the profit for the period of €3,477 thousand (equivalent to CHF 3,588 thousand).

At the end of the period, the carrying value of the equity investment was lower than the net equity by €117 thousand.

Other companies

The breakdown of the item is as follows:

Equity investments in other companies	30/06/2022
Immobiliare Siderurgica S.r.l.	44
Consorzio per le costruzioni dell'ingegneria strutturale in Europa	4,000
Consorzio Geostorage	2,000
Consorzio nazionale Confidi Finance	250
Consorzio Metal Interconnector	3,628,583
Total	3,634,877

B.III.2) Receivables

The detail of "Receivables from others" is as follows:

Receivables	30/06/2022	31/12/2021	Variation
Receivables from parent companies	250.000	-	250.000
Receivables from other companies	154.308	152.864	1.444
Total	404.308	152.864	251.444

There are no receivables with a residual maturity of more than five years (Art. 2427, para. 1, no. 6 of the Italian Civil Code).

The breakdown of receivables by geographical area is as follows:

Geographic area	Italy	EU	Extra EU	Total
Receivables from parent companies	-	250.000	-	250.000
Receivables from other companies	154.308	-	-	154.308
Fixed receivables	154.308	250.000	-	404.308

Receivables from parent companies

Note that an interest-bearing loan to the holding company MEG in the amount of €250 thousand was disbursed during the period.

Receivables from others

The breakdown is as follows:

Receivables from other	30/06/2022	31/12/2021	Variation
Security account	154.308	152.864	1.444
Total	154.308	152.864	1.444

C. CURRENT ASSETS

I. INVENTORY

The changes that occurred in the inventories included in current assets are detailed in the following table (Article 2427, para. 1, no. 4 of the Italian Civil Code).

Inventory	30/06/2022	31/12/2021	Variation
Raw materials, consumable and supplies	50.180.798	46.148.382	4.032.416
Work in progress and components products	120.753.949	78.985.100	41.768.849
Finished products and goods	71.869.164	72.006.567	(137.403)
Total	242.803.911	197.140.049	45.663.862

The changes that occurred in the inventories included in current assets are detailed in the following table (Article 2427, para. 1, no. 4 of the Italian Civil Code).

The total value of closing inventories net of inventory write-downs increased by €45.6 million. The effect is determined by an exponential growth in the value of the alloys contained.

Work in progress and semi-finished products increased by a total of €41,769 million due to the combined effect of the increase in quantity (+47.7%) and average cost value.

Consumables include stocks of raw materials used in the production process (€35 million) and various consumables, spare parts and equipment (€15.6 million). With regard to the raw materials for production, the quantities in stock did not change significantly, while the unit cost of the value of alloys increased dramatically, reaching +€6,517 million.

Finished goods net of changes in inventories of the Korean branch increased by €410 thousand despite a decrease in quantity (-8.1%). The increase is attributable to price effects.

The value of inventories at 30 June 2022 was compared with the market value calculated on the sales price in June and July. The codes with a higher cost than the market value were written down to make them consistent with the market value.



II. RECEIVABLES

The changes that occurred in receivables included in current assets are detailed in the following table (Article 2427, para. 1, no. 4 of the Italian Civil Code).

There are no receivables with a residual maturity of more than five years (Art. 2427, para. 1, no. 6 of the Italian Civil Code).

Crediti del circolante	30/06/2022	31/12/2021	Variation
1) Trade receivables	173.481.387	90.696.434	82.784.953
- less than 12 months	173.481.387	90.696.434	82.784.953
2) Receivables from subsidiaries companies	55.565.393	30.127.339	25.438.054
- less than 12 months	55.565.393	30.127.339	25.438.054
5-bis) Tax receivables	4.953.894	613.681	4.340.213
- less than 12 months	4.813.976	422.857	4.391.119
- more than 12 months	139.918	190.824	(50.906)
5-ter) Deferred tax assets	128.470	3.552.725	(3.424.255)
5-quater) Other receivables	16.048.784	7.711.469	8.337.315
- less than 12 months	16.046.645	7.708.372	8.338.273
- more than 12 months	2.139	3.097	(958)
Total	250.177.928	132.701.648	117.476.280

C.II.1) Trade receivables

The item "Trade receivables" (nominal value €174,239 thousand net of the allowance for doubtful receivables of €758 thousand) includes all short-term trade receivables from third parties.

The movements in the allowance for doubtful receivables posted with regard to third party clients are as follows:

Allowance for doubtful receivables	31/12/2021	Accrual	Release	Other movements	30/06/2022
Allowance for doubtful ST receivables	740.394	23.374	(2.175)	(3.514)	758.079
Total	740.394	23.374	(2.175)	(3.514)	758.079

The valuation of the risk of uncollectability of the items outstanding at the end of the period was determined taking into consideration the existing insurance policies and the related credit facilities, as mentioned in Part three above. Based on a detailed analysis of the receivables, the provision is deemed to be adequate.

C.II.2) From Subsidiaries

Receivables from subsidiaries (due within and beyond the period) are broken down as follows:

Details of receivables from subsidiaries companies	30/06/2022	31/12/2021	Variation
Cogne Distribuzione Italia Srl	-	-	-
Cogne Hong Kong Ltd	2.768.331	1.982.703	785.628
Cogne Edelstahl GmbH	12.885.823	5.560.962	7.324.861
Cogne France S.A.	6.638.244	3.572.831	3.065.413
Cogne Celik Ltd	1.063.371	967.234	96.137
Cogne UK Ltd	6.135.360	4.600.833	1.534.527
Cogne USA Inc	11.311.067	4.661.170	6.649.897
Metalinox Cogne	5.973.142	5.061.489	911.653
Cogne Mexico	1.396.285	620.831	775.454
Cogne Stainless Bars S.A.	6.930.884	2.487.364	4.443.520
Other entities	462.886	611.922	(149.036)
Total	55.565.393	30.127.339	25.438.054

Receivables originally expressed in foreign currency, entered at the exchange rate in force on the date of their occurrence, were aligned to current exchange rates at the end of the period. This transaction resulted in a positive exchange difference on receivables in foreign currencies outstanding at 30 June 2022 for a total amount of €1,306 thousand, of which €311 thousand related to receivables from subsidiaries and negative €995 thousand related to receivables from third parties.

The breakdown of receivables by geographic area is shown below, separately for each item (Art. 2427, para. 1, no. 6 of the Italian Civil Code):

Geographic area	Italy	EU	Extra EU	Total
Trade receivables	82.079.895	40.450.769	50.950.723	173.481.387
Receivables from subsidiaries companies	462.887	25.659.427	29.443.079	55.565.393
Tax receivables	4.953.894	-	-	4.953.894
Deferred tax assets	128.470	-	-	128.470
Other receivables	16.048.784	-	-	16.048.784
Receivables	103.673.930	66.110.196	80.393.802	250.177.928

C.II.4 bis) Tax receivables

The breakdown of the item is as follows:

Tax receivables	30/06/2022	31/12/2021	Variation
ST tax receivables for income taxes	447.608	226.066	221.542
ST VAT	70.243	-	70.243
Other ST tax receivables	4.296.125	196.791	4.099.334
Other LT tax receivables	139.918	190.824	(50.906)
Total	4.953.894	613.681	4.340.213

Tax receivables increased by a total of €4,340 mainly due to the recognition of energy and natural gas tax credits recorded in the first half of 2022.

C.II.4 ter) Prepaid taxes

This specific item amounted to €128 thousand. Prepaid taxes decreased during the period by €3,424 thousand mainly due to the use of prior IRES tax losses of €2,748, primarily resulting from the recognition of the Patent



Box benefit recognised in 2021. The prepaid taxes are shown in the appropriate table in the comment paragraph under item 20) "Income Taxes" in the Income Statement, to which reference should be made.

C.II.5) Receivables from others

The breakdown is as follows:

a) receivables within the period:

- less than 12 months	30/06/2022	31/12/2021	Variation
ST receivables from employees	7.178	8.901	(1.723)
ST receivables from social security institutes	47	47	-
ST receivables from factoring companies	10.481.709	4.559.253	5.922.456
ST receivables from insurances	29.459	29.410	49
ST advances to suppliers	5.474.656	3.034.283	2.440.373
ST receivables from others	53.596	76.478	(22.882)
Total	16.046.645	7.708.372	8.338.273

b) receivables beyond the period:

- more than 12 months	30/06/2022	31/12/2021	Variation
LT receivables from employees	2.139	3.097	(958)
Total	2.139	3.097	(958)

It should be noted that there are no receivables due after more than five years.

III. FINANCIAL ASSETS OTHER THAN FIXED ASSETS

Derivative financial instruments - assets

On 30 June 2022, forward agreements were in place, signed with the aim of mitigating structural exposure in BRL, GBP, ZAR and KRW. Said contracts reduce the company's exposure to the risk of changes in the exchange rate on sales and purchases in currencies other than the Euro.

With regard to the forward purchase and sale transactions involving foreign currencies as at 30 June 2022, aimed at hedging exchange rate fluctuations, write-ups of derivative financial instruments were entered for €261 thousand; these amounts include the sterilization impact of the profits and losses on exchange rates recorded on the hedged positions.

The following table groups the contracts by currency:



Type	currency	Notional outstanding (EUR)	MTM (EUR)
Forward	GBP	4,253,088	70,881
Forward	ZAR	2,761,665	44,025
Non-deliverable forward	BRL	5,592,694	145,046
Non-deliverable forward	KRW	226,008	798
Total		12,833,455	260,750

Commodities

During the period, the Company entered into commodity derivative contracts to hedge the risk related to the fluctuation of electricity and methane for which reserves of €1,235 thousand for expected cash flows were recognised.

The fair value of derivatives entered into to hedge fluctuations in the value of the raw material Nickel amounted to €2.052 thousand.

IV. CASH AND CASH EQUIVALENTS

- more than 12 months	30/06/2022	31/12/2021	Variation
LT receivables from employees	2.139	3.097	(958)
Total	2.139	3.097	(958)

This item includes short-term cash balances with banks.

D) ACCRUED INCOME AND PREPAYMENTS

Prepayments and accrued income	30/06/2022	31/12/2021	Variation
Other accrued incomes	214	273	(59)
Leasing deferred charges	754.462	939.703	(185.241)
Other deferred charges	1.786.920	85.015	1.701.905
Total	2.541.596	1.024.991	1.516.605

“Prepayments for leases” amounting to €754 thousand relate to maxi-fees of lease contracts taken out in recent years. “Other prepayments” mainly related to CO2 allowances for €1,559 thousand and services for €217 thousand.

Note that there are no portions of prepayments that can be reabsorbed beyond five years.



LIABILITIES

A) NET EQUITY

The changes in the amounts of the items that make up net equity are shown in the following table (Article 2427, para. 1, no. 4 of the Italian Civil Code).

Net equity	31/12/2021	Increases	Decreases	Appropriation of net income	30/06/2022
Share capital	200.000.000	50.000.000	-	-	250.000.000
Share premium reserve	-	-	-	-	-
Revaluation reserve	14.690.000	-	(14.690.000)	-	-
Legal reserve	1.959.150	-	-	1.440.352	3.399.502
<i>Extraordinary reserve</i>	2.061.651	-	-	-	2.061.651
<i>Merger reserve</i>	145.622	-	-	-	145.622
Other reserves, with distinct indication	2.207.273	-	-	-	2.207.273
Cash flow hedging reserve	(22.354)	3.374.979	-	-	3.352.625
Retained Earnings	14.760.655	-	(35.310.000)	27.366.676	6.817.331
Net profit (loss) for the period	28.807.028	22.199.366	-	(28.807.028)	22.199.366
Total Net equity	262.401.752	75.574.345	(50.000.000)	-	287.976.097

Net equity as at 30 June 2022 amounted to €287,976 thousand, including the profit for the period of €22,199 thousand.

On 12 April, the Company resolved to increase its share capital by €50 million by fully utilising the revaluation reserve on fixed assets recognised in the 2020 financial year and retained earnings.

The changes in the amounts of the items that make up net equity, as well as the related possibility of use and distribution, are shown in the following table (Art. 2427, para. 1, nos. 4, 7 and 7 bis of the Italian Civil Code). As suggested by OIC document no. 28, the availability of reserves is coded on the basis of the first letters of the alphabet, as follows:

- A) For share capital increase;
- B) To cover losses;
- C) For dividends;
- D) For other regulatory constraints.

Use of Shareholders' Equity	Closing balance	Origin / Kind	Possibility of use	Available Portion	Summary of usage in the last year	
					Loss coverage	Other
Share capital	250.000.000,00					
Legal reserve	3.399.502,00					
Altre riserve distintamente indicate						
<i>Extraordinary reserve</i>	2.061.651,00					
<i>Merger reserve</i>	145.621,99					
Cash flow hedging reserve	3.352.625,00					
Retained Earnings	6.817.331,31					
Net equity	265.776.731			-	-	-

B) PROVISIONS FOR RISKS AND CHARGES



The changes in the amounts of the items that make up the provisions for risks and charges are shown in the table below (Art. 2427, para. 1, nos. 4 and 7 of the Italian Civil Code):

Provisions for risks and other charges	31/12/2021	Accrual	Other movements	30/06/2022
Deferred tax liabilities fund	134.769	-	477.860	612.629
Other taxes provision fund	-	-	1.822.804	1.822.804
Deferred tax and other tax liabilities fund	134.769	-	2.300.664	2.435.433
Reserve for derivative financial instruments	393.792	-	1.836.207	2.230.000
Reserve for derivative financial instruments	393.792	-	1.836.207	2.230.000
Investments provision fund	165.000	-	-	165.000
Other provisions fund	360.000	847.806	-	1.207.806
Other provisions fund	525.000	847.806	-	1.372.806
Total	1.053.561	847.806	4.136.871	6.038.239

B.2) Provision for deferred tax and other tax liabilities

The items are shown in the appropriate tables in the comment paragraph under item 20) "Income Taxes" in the Income Statement, to which reference should be made.

B.3) Derivative financial instruments - liabilities

Exchange rates

On 30 June 2022, forward agreements were in place, signed with the aim of mitigating structural exposure in GBP, KRW, USD, ZAR and BRL. Said contracts reduce the company's exposure to the risk of changes in the exchange rate on sales and purchases in currencies other than the Euro.

With regard to the forward purchase and sale transactions involving foreign currencies as at 30 June 2022, aimed at hedging exchange rate fluctuations, write-downs of derivative financial instruments were entered for €178 thousand; these amounts include the sterilization impact of the profits and losses on exchange rates recorded on the hedged positions.

The following table groups the contracts by currency:

Type	currency	Notional outstanding (EUR)	MTM (EUR)
Forward	GBP	1,747,844	(5,871)
Forward	USD	10,590,161	(125,619)
Forward	ZAR	640,311	(4,251)
Non-deliverable forward	BRL	3,282,882	(35,871)
Non-deliverable forward	KRW	1,405,741	(6,266)
Total		17,666,939	(177,878)

Rates

As at 30 June 2022, there were derivative contracts in place to hedge the interest rate risk relating to the loan entered into with BNP Paribas, Intesa Sanpaolo, Banco BPM, Deutsche Bank and Unicredit. Reserves of



€2.118 thousand for expected cash flow hedges were recognised for this category of derivative financial instruments.

B.4) Other provisions

The change in the item “Other provisions for risks” is due to the allocation of a provision for risks of €848 thousand relative to tax credits for gas, the use of which is considered uncertain following the changes introduced at the time of the conversion of the Aid Decree Law (Italian Decree Law 50/2022).

C. EMPLOYEE SEVERANCE INDEMNITY

The changes in the balance of this item are shown in the following table (Article 2427, para. 1, no. 4 of the Italian Civil Code):

Employee severance indemnity	31/12/2021	Change in area/ extraordinary transaction	Accrual	Release	Reclassifications	Other movements	30/06/2022
Provision for employee severance indemnity	2.619.262	-	81.751	-	-	(163.528)	2.537.485
Total	2.619.262	-	81.751	-	-	(163.528)	2.537.485

The provision for Employee Severance Indemnity includes the severance accrued as at 30 June 2022 to be paid to all employees upon termination of employment pursuant to Art. 2120 of the Italian Civil Code, the collective agreements and the company agreements.

Uses in the period reflect the share of severance pay paid to employees leaving the company.

D) PAYABLES

D.1) Bonds

Debenture loans	30/06/2022	31/12/2021	Variation
ST portion debenture loans	3.000.000	3.000.000	-
LT portion debenture loans	8.901.502	10.379.166	(1.477.664)
Total	11.901.502	13.379.166	(1.477.664)

The amount of the item refers to the issuance by the Company in 2019 of the bond loan below par (called “Cogne Acciai Speciali S.p.A. – 3.50” 2019- 2026”) for a total nominal value of €15,000,000 (€14,841,279 applying amortised cost) composed of 150 non-divisible dematerialised bonds with an individual nominal value of 100,000 each. These bonds are underwritten at a price of 99.57% of their nominal value, with an issue discount of €64,5 thousand. Interest is paid in arrears on a six-monthly basis, at a nominal gross fixed annual rate of 3.50%; the loan will be repaid by amortisation at par as of 24 December 2021, with six-monthly instalments. The loan is subject to compliance with the NFP/EBITDA covenant.

D.4) Payables to banks



Payables due to banks	30/06/2022	31/12/2021	Variation
ST collateralised bank loans	260.000	260.000	-
ST uncollateralised bank loans	19.905.751	16.401.325	3.504.426
Bank accounts	12.591.904	2.097.239	10.494.665
Advances bank accounts	56.284.922	22.281.463	34.003.459
LT collateralised bank loans	2.265.000	2.395.000	(130.000)
LT uncollateralised bank loans	79.314.171	45.282.948	34.031.223
Total	170.621.748	88.717.975	81.903.773

“Bank accounts” and “Advances bank accounts” includes the payables due to banks resulting from ordinary current accounts, the debt for advances on invoices and payables for bank receipts subject to collection. Current financial debt increased by a total of €44 million. As at 30 June 2022, cash and cash equivalents amounted to €59,486 thousand, as shown in Assets under the item Bank and Postal Accounts. As at 30 June 2022, the monetary and signature lines granted to the Company were renewed until revoked.

The item “Bank loans within the period” includes the short-term debt to banks for loans granted. The portion carried forward indicates the amount of debt that will be repaid within 12 months.

Note that during the period, four medium- to long-term loan agreements were signed for a value of €46.8 million, remunerated at a variable rate to hedge them, and new IRS derivative contracts were signed.

All loans taken out, with the exception of mortgage loans provided by Intesa Sanpaolo and Mediocredito, are subject to NFP/EBITDA and NFP/PN covenants.

The breakdown of payables to banks for loans based on the repayment timeframe is as follows:

Institute	Share within the year	Share beyond the year
Deutsche Bank SACE	1.500.000	13.498.644
Mediocredito	418.380	0
Credito Valtellinese	1.701.556	430.629
Iccrea	945.126	0
Intesa San Paolo	2.000.000	3.981.637
Ipotecario mediocredito	110.690	660.000
Banca BNL SACE	4.000.000	9.027.838
Unicredit SACE	3.750.000	11.261.959
Ipotecario Intesa San Paolo	150.000	1.125.000
Intesa San Paolo SACE	3.590.000	23.219.486
Simest	0	480.000
Banco BPM SACE	2.000.000	17.893.978
Total	20.165.751	81.579.171

There are no payables for medium-long term loans with a maturity of over 5 years.

Details of the net financial position as at 30 June 2022 are as follows (amounts in thousands of Euro):



Net Financial Position	30/06/2022	31/12/2021	Variation
Bank Deposits	59.485.582	54.587.475	4.898.107
Cash on hand	-	-	-
Cash equivalents and treasury shares	59.485.582	54.587.475	4.898.107
Financial assets other than fixed assets	8.920.824	2.399.049	6.521.775
Bonds (within 12 months)	(3.000.000)	(3.000.000)	-
Payable for loans (within 12 months)	(63.876.826)	(24.378.702)	(39.498.124)
Payable for loans (within 12 months)	(25.165.751)	(16.661.325)	(8.504.426)
Other payables (within 12 months)	(279.901)	(247.630)	(32.271)
Derivative financial instruments	(2.230.000)	(393.792)	(1.836.208)
Short-term financial Payables	(94.552.478)	(44.681.449)	(49.871.029)
Short-term financial receivables	154.308	152.864	1.444
° Net financial position short term	(25.991.764)	12.457.939	(38.449.703)
Bonds (beyond 12 months)	(8.901.502)	(10.379.166)	1.477.664
Payables to banks (beyond 12 months)	(81.579.171)	(47.677.948)	(33.901.223)
Other payables (beyond 12 months)	(402.364)	(449.177)	46.813
Other medium/long term financial payables	(90.883.037)	(58.506.291)	(32.376.746)
Other medium/long term financial receivables	250.000	-	250.000
° Net financial position medium/long term	(90.633.037)	(58.506.291)	(32.126.746)
° Net financial position	(116.624.801)	(46.048.352)	(70.576.449)

The changes in net financial debt and cash flows are illustrated and commented in the management report. For further details, see the Cash Flow Statement in the financial statements.

D.7) Trade payables

Trade payables amounting to €278,582 thousand refer to payables to third parties for the purchase of goods and services.

D.9) Payables to subsidiaries

The table below provides a breakdown of payables to subsidiaries:

Details of payables to subsidiaries companies	30/06/2022	31/12/2021	Variation
Cogne Hong Kong Ltd	58.621	249.633	(191.012)
Cogne Edelstahl GmbH	336.858	237.339	99.519
Cogne France S.A.	158.557	67.233	91.324
Cogne Celik Ltd	19.914	14.879	5.035
Cogne USA Inc	177.295	105.246	72.049
Metalinox Cogne	241.048	33.498	207.550
Cogne Stainless Bars S.A.	296.734	1.322.580	(1.025.846)
Other entities	5.642.211	5.365.622	276.589
Total	6.931.238	7.396.030	(464.792)

Payables originally expressed in foreign currency, entered at the exchange rate in force on the date of their occurrence, were aligned to current exchange rates at the end of the period. This resulted in a negative exchange difference on foreign currency payables totalling €816 thousand attributable to third party suppliers and €15 thousand to subsidiaries.

Subdivision of payables by geographical area is as follows:



Geographic area	Italy	EU	Extra EU	Total
Debtenture loans	11.901.502	-	-	11.901.502
Payables due to banks	170.621.748	-	-	170.621.748
Payables to suppliers	230.938.438	20.295.981	27.347.441	278.581.860
Payables to subsidiaries companies	6.134.916	176.022	620.300	6.931.238
Tax payables	2.752.048	-	-	2.752.048
Payables to social security institute	3.911.262	-	-	3.911.262
Other payables	10.733.695	-	-	10.733.695
Payables	436.993.609	20.472.003	27.967.741	485.433.353

D.12) Tax payables

The breakdown of the item is as follows:

Tax payables	30/06/2022	31/12/2021	Variation
Other ST tax payables	878.315	894.463	(16.148)
ST VAT debt	-	433.260	(433.260)
ST payables for income taxes	883.508	1.060.210	(176.702)
Other LT tax payables	-	770.000	(770.000)
Total	2.752.048	5.562.161	(2.810.113)

D.13) Payables to social security institutions and welfare funds

This item includes the payables to the following social security institutions:

Payables to social security institute	30/06/2022	31/12/2021	Variation
ST payables to social security institutes (INPS - only italian c	2.935.011	3.772.789	(837.778)
ST payables to social security institutes (INAIL - only italian c	344.864	350.510	(5.646)
ST payables to social security institutes (OTHERS)	631.387	662.883	(31.496)
Total	3.911.262	4.786.182	(874.920)

As shown in the table, this item also includes payables related to the employee severance indemnity reform under which the portion of the provision accrued from the date the employee exercises the option envisaged by law is paid to INPS or another social security institution.

D.14) Other payables

a) ST payables:

- less than 12 months	30/06/2022	31/12/2021	Variation
ST payables to employees	8.646.969	6.814.561	1.832.408
ST payables to agents	279.901	247.630	32.271
ST other payables	1.404.461	1.304.896	99.565
Total	10.331.331	8.367.087	1.964.244

Payables to employees are broken down as follows:

- payables related to June salaries paid in July 2022 (€2,915 thousand);
- payables relating to the portion of accrued holiday not taken (€2,624 thousand);
- payables related to the accrued 13th month bonus (€1,251);

-
- payables related to the assessment of the seniority bonus (€708 thousand);
 - payables related to the assessment of the performance bonus (€1,149 thousand).

“Other payables of a financial nature” relate to trade payables for the purchase of plant/equipment with instalment payment terms.

Details of the item “other payables”:

- payables for remuneration paid to the Board of Statutory Auditors (€73 thousand);
- payables for remuneration to the Supervisory Body (€46 thousand);
- payables for directors' remuneration (€625 thousand)
- payables to staff hired for projects (€36 thousand);
- payables related to the Internal Assistance Fund (€90 thousand);
- other sundry payables (€814 thousand).

b) Payables beyond the period:

- more than 12 months	30/06/2022	31/12/2021	Variation
LT payables to agents	402.364	449.177	(46.813)
Total	402.364	449.177	(46.813)

It is specified that the amortised cost criterion has not been applied as the relative effects are considered not significant.

E. ACCRUED EXPENSES AND DEFERRED INCOME

The breakdown of accrued expenses and deferred income is as follows:

Accruals and Deferred Income	30/06/2022	31/12/2021	Variation
Accruals for deferred interests	143.036	96.577	46.459
Accruals for insurances	149.051	101.088	47.963
Other accruals	92.137	40.167	51.970
Total Ratei passivi	384.224	237.832	146.392
Accrued interests for capital contribution	378.494	197.677	180.817
Total Risconti passivi	378.494	197.677	180.817
Total	762.718	435.509	327.209

Deferred income refers entirely to the allocation over the duration of five years of tax credits recorded for €289 thousand on assets belonging to the “Industry 4.0” category and for €89 thousand on ordinary assets.



**COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT RESULTING FROM THE
BALANCE SHEET**

Accruals and Deferred Income	30/06/2022	31/12/2021	Variation
Accruals for deferred interests	143.036	96.577	46.459
Accruals for insurances	149.051	101.088	47.963
Other accruals	92.137	40.167	51.970
Total Ratei passivi	384.224	237.832	146.392
Accrued interests for capital contribution	378.494	197.677	180.817
Total Risconti passivi	378.494	197.677	180.817
Total	762.718	435.509	327.209

Guarantees granted to third parties amounted to €31,577 thousand and included guarantees granted to strategic suppliers and the Ministry of the Environment as provided for by Ministry of the Environment Decree no. 370 of 3 September 1998.

Guarantees given on behalf of subsidiaries amount to €3,104 thousand and refer to letters of patronage.



INCOME STATEMENT

Revenues, income, costs and expenses have been shown net of returns, discounts, allowances and premiums, as well as taxes directly related to the sale of products and provision of services.

A) VALUE OF PRODUCTION

A.1) Revenues

This item essentially includes income from the sale of goods, net of returns, discounts and premiums.

Details of revenues realised with other Group companies and related parties are provided in the Management Report.

The table below shows the breakdown of revenues by geographic area:

Revenues from sales of characteristic products	
Italy	125.597.060
EU	173.589.307
Extra EU	16.114.690
Asia	29.002.371
Africa	3.782.799
North America	20.984.830
Central & South America	41.529.668
Oceania	-
Switzerland	77.287.981
Total	487.888.706
% National	26%
% International	74%

A.5) Other revenues and income

“Other revenues and income” is broken down as follows:

Other revenue and income	30/06/2022	30/06/2021	Variation
Other revenues	10.466.488	13.755	10.452.733
Grants	10.466.488	13.755	10.452.733
Revenue from direct sales of work in progress and finished goods	4.340.976	2.149.833	2.191.143
Ordinary gains on sale of tangible assets	4.411	-	4.411
Recovered expenses from subsidiaries	34.170	65.696	(31.526)
Recovered selling expenses	3.394	11.419	(8.025)
Refund of insurance expenses	3.359	8.063	(4.704)
Suppliers' chargers and damages compensations	24.796	-	24.796
Other revenues from transport	217.993	159.366	58.627
Extraordinary financial gains	(379.527)	(386.813)	7.286
Other revenues and income	842.067	857.684	(15.617)
Other revenues	5.091.639	2.865.248	2.226.391
Total	15.558.127	2.879.003	12.679.124

Contributions for operating expenses relate to tax credits booked for energy and natural gas.



Details of other revenues and income from subsidiaries, holding companies and other Cogne Group companies are provided in the Management Report.

B) COSTS OF PRODUCTION

B.6) Costs for raw materials, consumables and goods

The detail of the item is given below:

for raw material and consumables	30/06/2022	30/06/2021	Variation
Raw material	215.660.175	140.554.337	75.105.838
Supply	5.618.643	7.049.354	(1.430.711)
Fuels	213.942	170.007	43.935
Other material	19.428.953	14.265.360	5.163.593
Utilities (Electricity/Water)	29.106.959	11.700.755	17.406.204
Gas / Methane	28.394.651	8.220.693	20.173.958
Purchase of other production material	918.742	650.470	268.272
Purchase of packaging	213.435	174.197	39.238
Additional purchase charges for raw material, components, supplies and consum	2.252.056	1.804.867	447.189
Adjustments purchases of raw material, components, supplies and consumption r	132.069.462	26.704.113	105.365.349
Total	433.877.018	211.294.153	222.582.865

B.7) Costs for services

This item breaks down as follows:

for services	30/06/2022	30/06/2021	Variation
External workings	9.028.794	7.114.309	1.914.485
Purchases transport	266.686	139.539	127.147
Sales transport	7.892.889	6.375.343	1.517.546
Storage	2.585.400	2.127.175	458.225
Insurances	1.677.059	1.443.935	233.124
Fiscal and administrative consultancy services	408.818	185.731	223.087
IT consultancy service	42.868	41.588	1.280
Commercial consultancy service	172.091	95.354	76.737
Technical consultancy service	432.770	222.392	210.378
Legal and notary expenses	181.750	346.283	(164.533)
Other Consultancies	416.788	360.025	56.763
Training expenses	165.583	121.656	43.927
Commissions to agents	978.506	793.169	185.337
Advertising expenses	42.341	16.583	25.758
Surveillance expenses	354.190	311.820	42.370
Travelling expenses	308.555	158.258	150.297
Board of Directors' fees	625.000	500.000	125.000
Statutory auditors' fees	72.800	72.800	-
Supervisory Body's fees	46.800	46.800	-
Cafeteria expenses	293.126	247.855	45.271
Representing expenses	31.481	4.742	26.739
Telephone expenses	155.810	70.671	85.139
Ecology expenses	3.871.991	3.339.244	532.747
Postal expenses	1.280	1.035	245
Cleaning related services	1.859.163	1.645.793	213.370
Other services costs	742.021	414.403	327.618
Quality plants maintenance costs	3.755.235	2.781.020	974.215
Total	36.409.795	28.977.523	7.432.272

B.8) Costs for use of assets

This item mainly includes fees paid for rentals of office machinery, industrial vehicles, plant and machinery, tanks and software, rents and finance leases, as summarised below:

for rents and leases	30/06/2022	30/06/2021	Variation
Renting costs	369.252	356.538	12.714
Leasing costs	1.049.819	706.704	343.115
Other renting related costs	626.014	622.728	3.286
Motorvehicles renting costs	596.677	590.044	6.633
Equipment renting costs	421.357	363.917	57.440
Total	3.063.119	2.639.931	423.188

B.9) Personnel costs

Labour costs totalled €30,617 thousand, as detailed below:

Personnel costs	30/06/2022	30/06/2021	Variation
Salaries and wages	21.631.858	21.050.195	581.663
Social security costs	7.240.352	7.211.576	28.776
Provision for severance indemnity	1.349.269	1.219.433	129.836
Other costs	395.907	34.678	361.229
Total	30.617.386	29.515.882	1.101.504

The following table shows the changes in the company's workforce during the period, broken down by category:

Number of employees	Balance closed at 31.12.2021	Increases	Decreases	Career increase	Balance closed at 30.06.2022
Directors	12		(1)		11
Executive staff	18	2	(2)	5	23
Office workers	270	9	(5)	(2)	272
Office workers in training	6	8	(1)	(1)	12
Manual workers	723	101	(32)	(1)	791
Manual workers in training	18			(1)	17
Total	1.047	120	(41)	-	1.126

B.10) Amortisation/depreciation and write-downs

With reference to this entry, reference should be made to the corresponding items under assets.

The amortisation of intangible fixed assets is detailed below:

Amortization of intangible assets	30/06/2022	30/06/2021	Variation
Amortization of start-up and expansion costs	11.569	11.569	-
Amortization of concessions, licences, trademarks and similar rights	472.760	472.719	41
Amortization of software	295.891	274.225	21.666
Amortization of other costs	158.095	176.122	(18.027)
Amortization of costs for plants compliance	84.663	74.063	10.600
Amortization of costs for improvements on third parties assets	853.848	708.345	145.503
Amortization of costs for multi-year loans	-	15.748	(15.748)
Total	1.876.826	1.732.791	144.035



The depreciation quotas allocated for tangible assets represent the expenses for the period covering use of the assets, the detail is as follows:

Amortization of tangible fixed assets	30/06/2022	30/06/2021	Variation
Amortization of buildings	175.581	150.494	25.087
Amortization of generic plants	814.457	805.426	9.031
Amortization of internal means of transport	7.789	5.203	2.586
Amortization of furnaces and appliances	1.986.452	1.967.867	18.585
Amortization of specific plants	5.321.402	5.255.822	65.580
Amortization of industrial equipments	709.340	788.449	(79.109)
Amortization of vehicles	10.341	11.006	(665)
Amortization of furniture and office equipments	26.288	15.740	10.548
Amortization of EDP machinery	70.596	47.200	23.396
Total	9.122.246	9.047.207	75.039

As already discussed in this document, depreciation has been calculated in relation to the residual possibility of using the assets, applying rates that are unchanged compared to the previous period and considered suitable for aligning the value of the depreciable assets with the effective residual useful life of said assets.

B.14) Other operating costs

This item includes the following charges:

Other operating losses	30/06/2022	30/06/2021	Variation
Other taxes (different than income taxes)	251.589	184.656	66.933
Losses on trade receivables	3.994	28.868	(24.874)
Subscription to newspaper and magazines	14.556	5.134	9.422
Contributions	195.995	63.652	132.343
Other operating costs	1.396.954	1.330.243	66.711
Other extraordinary expenses	299.246	19.997	279.249
Fairs, exhibitions and travels	202.174	68.548	133.626
Administrative sanctions, fines and surcharges	11.135	660	10.475
Total	2.375.643	1.701.758	673.885

C. FINANCIAL INCOME AND CHARGES

C.16.a1) From receivables from fixed assets, from subsidiaries

The breakdown is as follows:

Other financial income	30/06/2022	30/06/2021	Variation
Interest income from loans to subsidiaries companies	-	34.803	(34.803)
from receivables from fixed assets	-	34.803	(34.803)

C.16.d Other financial income other than the above

The breakdown is as follows:



Other financial income	30/06/2022	30/06/2021	Variation
Other financial income	(3.672)	(1.679)	(1.993)
Interests in bank and postal accounts	290	286	4
Other financial income from other companies	-	25.983	(25.983)
Other financial income	(3.382)	24.590	(27.972)

C.17a) Interest and other financial charges from subsidiaries

This item is composed as follows:

Interests expenses and similar charges	30/06/2022	30/06/2021	Variation
Financial charges from subsidiary companies	92.145	56.524	35.621
Interest and other financial charges from subsidiary companies	92.145	56.524	35.621

C.17b) Interest and other financial charges from others

This item is composed as follows:

Interests expenses and similar charges	30/06/2022	30/06/2021	Variation
LT interests payables to bank	1.301.705	931.199	370.506
ST interests payables to bank	149.310	66.225	83.085
Financial charges from other companies	4.452	402	4.050
Financial discounts to clients	686.951	426.512	260.439
Financial institutions agent's fees	506.410	412.810	93.600
Interest and commission factoring	246.390	265.587	(19.197)
Interest late payments	150.540	24.759	125.781
Other financial charges	(19.041)	(10.073)	(8.968)
Others	3.026.717	2.117.421	909.296

C.17 bis) Profits and losses on exchange differences

This item is composed as follows:

Profit (loss) on exchange difference	30/06/2022	30/06/2021	Variation
Exchange profits	3.637.195	1.684.403	1.952.792
Exchange losses	(3.565.839)	(1.671.458)	(1.894.381)
Exchange profits	71.356	12.945	58.411
Unrealised exchange profits	1.648.246	1.737.300	(89.054)
Unrealised exchange losses	(1.065.337)	(655.436)	(409.901)
Unrealised exchange profits	582.909	1.081.864	(498.955)
Total	654.265	1.094.809	(440.544)

D. VALUE ADJUSTMENTS TO FINANCIAL ASSETS

D.18.d) Write-ups of derivative financial instruments

The breakdown is as follows:

Revaluations of derivative financial instruments	30/06/2022	30/06/2021	Variation
Revaluations of derivative financial instruments	2.410.565	3.528.548	(1.117.983)
Revaluations of derivative financial instruments not realized	3.710.867	16.308	3.694.559
Total	6.121.432	3.544.856	2.576.576

The write-up related to realised financial instruments mainly includes the portion arising from nickel hedges made during the period.

D.19.d) Write-downs of derivative financial instruments

The breakdown is as follows:

Devaluations of derivative financial instruments	30/06/2022	30/06/2021	Variation
Write-offs of derivative financial instruments	5.925.433	5.289.042	636.391
Write-offs of derivative financial instruments not realized	2.229.892	1.106.486	1.123.406
Total	8.155.325	6.395.528	1.759.797

The write-down related to realised financial instruments mainly includes the portion deriving from nickel hedges made during the period.

20. INCOME TAX

As at 30 June 2022, the company had a taxable income for IRES and IRAP and related charge of €687 thousand and €1,136 thousand, respectively.

The impact of prepaid and deferred taxes on the income statement reflects the absorption of prepaid taxes of €2,748 thousand.

Income taxes	30/06/2022	30/06/2021	Variation
Corporate income tax (only for italian companies)	687.110	444.429	242.681
Regional tax on productive activities (only for italian companies)	1.135.694	678.560	457.134
Current taxes	1.822.804	1.122.989	699.815
Advanced taxes	2.748.440	1.774.497	973.943
Deferred/Advanced taxes	2.748.440	1.774.497	1.673.758
Total	4.571.244	2.897.486	3.073.388

Operations in the first half of 2022 closed with a profit of €22,199 thousand.

Deferred tax

The details of orders producing prepaid taxes are shown below, highlighting the transactions occurring during the period (article 2427, para. I, no. 14, of the Italian Civil Code):

Description of DTA	31.12.2021		Movements 2022		30.06.2022	
	Temporary Diff.	Tax	Temporary Diff.	Tax	Temporary Diff.	Tax
Other changes (capital gain accrued CDI)	-	-	-	-	-	-
Non-deductible interest expense (CDI)	-	-	-	-	-	-
Provision for doubtful debts taxed (CDI)	394.839	94.761	-	-	394.839	94.761
Provision for doubtful debts taxed	272.951	65.508	-	-	272.951	65.508
Provision for sundrisks	388.000	93.120	-	-	388.000	93.120
Net loss on unrealised foreign exchange	-	-	-	-	-	-
Derivatives that pass through the reserve in SE and not in P&L	-	7.062	-	(675.814)	-	(668.752)
Derivatives	715.690	171.766	-	-	715.690	171.766
Default interest not paid/collected	-	-	-	-	-	-
Unpaid membership contributions	-	-	-	-	-	-
Total prepaid taxes on temporary differences	1.771.481	432.218	-	(675.814)	1.771.481	(243.597)
Losses carried forward tax purposes	13.002.110	3.120.506	(11.451.834)	(2.748.440)	1.550.276	372.066
Total prepaid tax credits	14.773.591	3.552.724	(11.451.834)	(3.424.255)	3.321.757	128.469



Note that the economic effect resulting from the accounting of deferred taxes amounted to €3,424 thousand.

Receivables for prepaid taxes were entered only on the basis of the reasonable certainty of their recovery, on the basis of forecasts for making taxable income such as to allow incorporating prepaid taxes when the differences are reversed. In particular, the assessment of the recoverability of prepaid taxes took into consideration the economic-financial forecasts contained in the 2022 Budget and subsequent economic and financial forecasts.

Details of the items giving rise to deferred taxes as at 30 June 2022 are shown below, highlighting the changes occurring during the period (article 2427, para. I, no. 14, of the Italian Civil Code):

Description of DTL	Movements 2022		30.06.2022	
	Temporary Diff.	Tax	Temporary Diff.	Tax
Accrued capital gain 2016 (CDI)	-	-	-	-
Net gains unrealized exchanges rates	-	-	(439.987)	(105.597)
Derivatives that pass through the reserve in SE and not P&L	-	(477.860)	-	(477.860)
Derivatives	-	-	-	-
Default interest not paid/collected	-	-	(121.536)	(29.169)
Accrued capital gain	-	-	-	-
Ttal deferred taxes on temporary differences	-	(477.860)	(561.523)	(612.629)

ADDITIONAL INFORMATION

1. DIRECTION AND COORDINATION

Pursuant to the provisions of the fourth paragraph of Article 2497 bis of the Italian Civil Code introduced as part of the corporate law reform, it should be noted that the Company, although controlled by MEG S.A, is not subject to management and coordination by the holding company.

2. TRANSACTIONS WITH RELATED PARTIES

During the period, the Company carried out transactions with related parties under market conditions. For more complete information on transactions with related parties, refer to the specific paragraph "Relations with subsidiaries, associates and holding companies" contained in the Management Report.

3. SIGNIFICANT EVENTS OCCURRING AFTER 30 JUNE 2022

Pursuant to paragraph 3. no. 5 of Article 2428 of the Italian Civil Code, the following information on the significant events occurring after the closure of the period are reported.

Incorporation of the subsidiary Cogne Singapore Pte Ltd

In July, in order to strengthen the presence of Cogne Acciai Speciali S.p.A. in the Singapore market, a company named Cogne Singapore Pte Ltd was incorporated, which will have an initial share capital of up to approximately USD 150 thousand, and will be wholly owned by Cogne Acciai Speciali S.p.A.

Acquisition of the minority shareholder Cogne Celik Sanayi ve Ticaret limited Sirteki

In July, with a view to rationalisation, Cogne Acciai Speciali S.p.A. acquired the minority shareholding of Cogne Celik Sanayi ve Ticaret limited Sirteki at its nominal value in order to hold 100% of the share capital of this Turkish subsidiary.

Acquisition of the minority shareholder Cogne France SA

In July, with a view to rationalisation, Cogne Acciai Speciali S.p.A. acquired the minority shareholding of Cogne France SA at its nominal value in order to hold 100% of the share capital of this French subsidiary.

Acquisition of the minority shareholder Metalinox Cogne Acos Inoxidaveis Especiais Metais Ltda

In July, with a view to rationalisation, Cogne Acciai Speciali S.p.A. acquired the minority shareholding of Metalinox Cogne Acos Inoxidaveis Especiais Metais Ltda at its nominal value in order to hold 100% of the share capital of this Brazilian subsidiary.

4. INFORMATION REQUIRED BY LAW NO. 124 OF 4 AUGUST 2017, ART. 1, PARAGRAPH 125

Law 124/2017 introduced in Art. 1, paragraphs 125-129, new obligations on disclosure in relation to the transparency of public funds received and granted; in particular, for companies, paragraph 125 requires the publication in the notes to the financial statements of all economic benefits, of an amount equal to or greater than €10,000, received from public resources.

The law is accompanied by a strict sanctions system: for recipient companies, the breach of the obligation to publish leads to the repayment of the amounts to the funding bodies (paragraph 125).

More recently Law No. 12 of 11 February 2019 (which converted the “simplification decree”), created a link between the obligations imposed by Law no. 124/2017 and the regulations of the National Register of State Aid, aiming to simplify the publication requirements laid down for companies receiving aid.

On the basis of some authoritative interpretations published, firstly the circular letter no. 5 of 22 February 2019 by Assonime, it is deemed that the disclosure in the notes to the financial statements is not required in the following cases:

- amounts received as payment for public works, services and supplies
- remunerated appointments falling within the typical exercise of the company activities
- general measures usable by all companies within the general structure of the reference system defined by the State, e.g. ACE
- selective economic benefits, therefore state aid received in application of an aid scheme, i.e. accessible to all companies meeting certain conditions, on the basis of pre-set general criteria (e.g. contributions for research and development projects and tax facilities) or public resources from public institutions in other States (in or outside Europe) and European institutions or Contributions for training received from interprofessional funds (e.g. Fondimpresa and Fondirigenti); these funds are of an associative nature and legal nature of bodies of private law, funded with contributions paid by the companies themselves.

The same interpretative documents state that it is preferable to adopt the “cash accounting” criterion rather than the “accruals basis” criterion.

Full reference is made to the National Register of State Aid, “Transparency” section.

In addition to the above, it is also specified that Cogne Acciai Speciali S.p.A., a company with high electricity consumption, benefits from reductions which are clearly highlighted by the publication of the name of the Company and the relative discount class on the official website of the Cassa per i Servizi Energetici ed Ambientali (C.S.E.A), to which full reference is made.


CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

Assets	30/06/2022	31/12/2021
A) Unpaid capital contribution from shareholders	-	-
B) Fixed assets		
I - Intangible assets		
1) Start-up and expansion costs	34,156	45,725
4) Concessions, licences, trademarks, and similar rights	16,782,940	17,457,308
5) Goodwill	1,372,083	1,487,124
7) Others	7,125,508	7,504,280
Total	25,314,687	26,494,437
II - Tangible assets		
1) Land and buildings	5,531,608	5,348,881
2) Plant and machinery	102,963,486	107,279,433
3) Fixtures, fittings, tools and equipment	4,527,384	4,267,720
4) Others	1,609,520	1,514,693
5) Work in progress and advances	16,396,521	6,248,506
Total	131,028,519	124,659,233
III - Investments		
1) Investments	5,348,909	3,611,926
a) Financial investments from subsidiary companies	1,718,282	-
d-bis) Financial investments from others companies	3,630,627	3,611,926
2) Receivables	1,134,968	876,803
c) Receivables from parent companies	250,000	-
LT receivables from parent companies	250,000	-
d-bis) Receivables from other companies	884,968	876,803
ST receivables from other companies	884,968	876,803
Total	6,483,877	4,488,729
Total assets (B)	162,827,083	155,642,399
C) Current assets		
I - Inventory		
1) Raw materials, consumable and supplies	67,729,094	58,731,427
2) Work in progress and components products	123,648,574	80,271,685
4) Finished products and goods	130,774,703	115,849,515
5) Advances	4,868,264	2,013,631
Total	327,020,635	256,866,258
II - Receivables		
1) Trade receivables	237,207,090	131,583,044
- less than 12 months	237,207,090	131,583,044
5-bis) Tax receivables	7,291,083	1,456,094
- less than 12 months	7,151,165	1,265,270
- more than 12 months	139,918	190,824
5-ter) Deferred tax assets	1,023,177	4,477,404
5-quater) Other receivables	16,893,784	8,779,917
- less than 12 months	16,891,645	8,776,820
- more than 12 months	2,139	3,097
Total	262,415,134	146,296,459
III - Investments that do not constitute a fixed asset		
5) Derivative financial instruments	8,920,824	2,399,049
6) Other securities/ holdings	67,294	67,294
Total	8,988,118	2,466,343
Cash and cash equivalents		
1) Banks and postal current accounts	80,779,364	68,069,033
2) Bank cheques	170,150	218,739
3) Cash on hand	32,006	17,676
Total	80,981,520	68,305,448
Total current assets (C)	679,405,407	473,934,508
Prepayments and accrued income	2,475,348	502,951
1) Accrued incomes	163,558	12,423
2) Deferred charges	2,311,790	490,528
Total assets	844,707,838	630,079,858

Per il Consiglio di Amministrazione
IL PRESIDENTE
Ing. Giuseppe Marzorati



Liabilities and Net equity	30/06/2022	31/12/2021
Net equity		
I - Share capital	250,000,000	200,000,000
III- Revaluation reserve	-	14,690,000
IV - Legal reserve	3,399,502	1,959,150
VI - Other reserves, with distinct indication	18,660,359	1,619,346
VII - Cash flow hedging reserve	3,352,625	(22,354)
VIII - Retained Earnings	6,817,331	14,760,655
IX - Net profit (loss) for the period	40,143,529	42,319,196
Total net equity (A)	322,373,346	275,325,993
B) Provisions for risks and other charges		
2) Deferred tax and other tax liabilities fund	2,640,782	337,523
3) Reserve for derivative financial instruments	2,230,000	393,792
4) Other provisions fund	1,227,806	400,000
Total provisions for risks and other charges (B)	6,098,588	1,131,315
C) Employee severance indemnity	3,602,333	3,619,967
D) Payables		
1) Debenture loans	11,901,502	13,379,166
ST portion debenture loans	3,000,000	3,000,000
LT portion debenture loans	8,901,502	10,379,166
4) Payables due to banks	175,312,228	95,508,173
- less than 12 months	92,380,430	46,464,106
- more than 12 months	82,931,798	49,044,067
5) Other financial institutions payables	6,720,810	7,290,915
- less than 12 months	4,861,817	4,819,513
- more than 12 months	1,858,993	2,471,402
6) Advances	94,907	553,212
ST advances from customers	94,907	553,212
7) Payables to suppliers	286,611,465	204,361,361
ST payables to suppliers	286,611,465	204,361,361
12) Tax payables	10,350,281	10,194,969
- less than 12 months	10,350,281	9,424,969
- more than 12 months	-	770,000
13) Payables to social security institute	4,164,648	5,149,682
- less than 12 months	4,164,648	5,149,682
14) Other payables	12,222,951	11,040,966
- less than 12 months	11,820,587	10,591,789
- more than 12 months	402,364	449,177
Total	507,378,792	347,478,444
E) Accruals and Deferred Income		
Deferred income	4,876,285	2,326,462
Accrued interests	378,494	197,677
Total liabilities	844,707,838	630,079,858

Per il Consiglio di Amministrazione
IL PRESIDENTE
Ing. Giuseppe Marzorati



Profit and Loss		
	30/06/2022	30/06/2021
A) Production value		
1) Revenues from sales and services	515,557,905	305,108,146
2) Change in work in progress and finished goods	65,164,258	20,569,848
4) Internally generated fixed assets	629,259	497,230
5) Other revenue and income	15,618,669	3,248,562
a) Grants	10,483,594	13,755
b) Other revenues	5,135,075	3,234,807
Total production value (A)	596,970,091	329,423,786
B) Cost of production		
6) for raw material and consumables	446,564,637	224,063,857
7) for services	37,269,860	29,821,054
8) for rents and leases	3,337,553	3,143,866
9) Personnel costs	38,554,288	36,415,899
a) Salaries and wages	27,567,112	26,242,513
b) Social security costs	8,732,617	8,514,623
c) Provision for severance indemnity	1,452,385	1,287,447
d) (Retirement) Pension costs	139,223	117,366
e) Other costs	662,951	253,950
10) Amortization, depreciation and provision	12,325,411	11,835,854
a) Amortization of intangible assets	1,998,671	1,852,726
b) Amortization of tangible fixed assets	10,303,366	9,968,306
d) Write-offs of net working capital receivables and cash and cash equivalents	23,374	14,822
11) Variation in inventory of raw material and consumables	835,189	(2,553,529)
12) Provision for risks	827,806	30,000
14) Other operating losses	4,407,382	2,199,906
Tptal production costs (B)	544,122,126	304,956,907
Differences production value and cost of production (A-B)	52,847,965	24,466,879
C) Financial income and charges		
16) Other financial income	55,149	39,862
d) Other financial income	55,149	39,862
- altri proventi diversi dai precedenti	55,149	39,862
17) Interests expenses and similar charges	3,602,607	2,553,508
Others	3,602,607	2,553,508
17-bis) Profit (loss) on exchange difference	1,614,011	1,169,535
Exchange profits and losses	1,047,456	89,091
Unrealised exchange profits and losses	566,555	1,080,444
Total financial income and expenses (C)	(1,933,447)	(1,344,111)
D) Financial assets revaluations or write-offs		
18) Revaluations	6,121,432	3,544,856
d) Revaluations of derivative financial instruments	6,121,432	3,544,856
19) Write-offs	8,155,325	6,395,528
d) Devaluations of derivative financial instruments	8,155,325	6,395,528
Total financial assets revaluations or write-offs (D)	(2,033,893)	(2,850,672)
Result before taxes (A-B+/-C+/-D)	48,880,625	20,272,096
20) Income taxes	8,737,096	4,184,510
a) Current taxes	5,970,422	2,450,256
b) Previous years taxes	15,641	(47,296)
c) Deffered/Advanced taxes	2,751,033	1,781,550
Profit (loss) for the year	40,143,529	16,087,586

Per il Consiglio di Amministrazione
IL PRESIDENTE
Ing. Giuseppe Marzorati



CONSOLIDATED CASH FLOW STATEMENT

Financial Report	30.06.2022	31.12.2021
A) Cash flows from operations (indirect method)		
Profit (Loss) for the year	40.143.529	42.319.196
Income tax	8.737.096	7.446.726
Interest expense/(income)	3.547.458	6.091.150
(Dividends)	-	-
(Gains)/Losses on disposal of assets	-	-
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses on disposal	52.428.083	55.857.072
<i>Adjustments for non-monetary items that did not have a counterpart in net working capital</i>		
Provisions/(proceeds) to funds	973.700	683.855
Amortisation of fixed assets	12.302.037	24.498.392
Impairment losses/Revaluations	-	-
Translation differences	3.528.845	2.882.828
Value adjustments to financial assets and liabilities of derivative financial instruments not involving a monetary movement	2.184.971	(286.742)
Other adjustments up/(down) for non-monetary items	(2.189.156)	(92.651)
Adjustments for changes in the scope of consolidation/ordinary transactions	-	-
Total adjustments for non-monetary items that did not have a counterpart in net working capital	16.800.397	27.685.682
2) Cash flow before changes in net working capital	69.228.480	83.542.754
<i>Total net working capital</i>		
Decrease/(Increase) in inventories	(70.154.377)	(63.954.239)
Decrease/(Increase) in trade receivables	(105.624.046)	(51.889.330)
Increase/(Decrease) in trade payables	81.791.799	92.612.222
Decrease/(Increase) in accrued income	(1.972.397)	103.318
Increase/(Decrease) and prepaid expenses	2.730.640	1.269.284
Other decreases/(Other increases) in net working capital	(17.246.014)	1.476.483
Total changes in net working capital	(110.474.395)	(20.382.262)
3) Cash flow after changes in net working capital	(41.245.915)	63.160.492
<i>Other adjustments</i>		
Interest received/(paid)	(3.311.208)	(6.110.872)
(Income taxes paid)	(848.909)	(770.000)
(Use of provisions)	-	(108.000)
Change in other provisions for risks and charges/severance pay	(163.528)	(980.443)
Dividends collected	-	-
Other receipts/(payments)	-	-
Total other adjustments	(4.323.645)	(7.969.315)
Cash flow from operating activities (A)	(45.569.560)	55.191.177
B) Cash flows from investing activities		
Tangible fixed assets		
(Flow s from investments)	(17.019.315)	(18.557.933)
Flow s from disinvestments	346.663	-
Intangible fixed assets		
(Flow s from investments)	(818.921)	(2.703.526)
Flow s from disinvestments	-	-
Financial fixed assets		
(Flow s from investments)	(2.004.048)	(444.344)
Flow s from disinvestments	8.900	-
Movable financial assets		
(Flow s from investments)	-	-
Changes in other financial assets	-	-
Cash flow from investing activities (B)	(19.486.721)	(21.705.803)
C) Cash flows from financing activities		
Third party means		
Increase/(Decrease) amount due to banks	43.895.357	5.496.300
Increase/(Decrease) other financial payables	(232.439)	1.304.338
Disbursement of loans	46.800.000	16.980.000
(Repayment of loans)	(12.730.565)	(29.605.636)
Increase/(Decrease) in payables for treasury current account	-	-
Dividends	-	-
Cash flow from financing activities (C)	77.732.353	(5.824.998)
Increase (decrease) of cash and equivalents (A ± B ± C ± D)	12.676.072	27.660.376
Cash and equivalents available at the beginning of period	68.305.448	40.645.072
Cash and equivalents available at the end of period	80.981.520	68.305.448
Increase (Decrease) of cash and equivalents availability	12.676.072	27.660.376

Per il Consiglio di Amministrazione
IL PRESIDENTE
Ing. Giuseppe Marzorati



RECLASSIFIED CONSOLIDATED BALANCE SHEET AND INCOME STATEMENT

(Figures in EUR/000)	30.06.2022	%	31/12/2021	%
Tangible fixed assets	131,029		124,659	
Intangible fixed assets	25,315		26,494	
Financial fixed assets	6,234		4,489	
Total fixed assets	162,577	38%	155,642	48%
Inventory	327,021		256,866	
Trade Receivables	237,207		131,583	
Trade Payables	(286,706)		(204,915)	
Total Working Capital	277,521	65%	183,535	57%
Other Receivables	27,933		15,216	
Other Payables	(31,993)		(28,910)	
Financial assets other than fixed assets				
Provisions for Risks and Charges	(3,801)		(670)	
Employee Severance Indemnity	(3,602)		(3,620)	
Total Net Working Capital	266,058	62%	165,551	52%
Net Invested Capital	428,636	100%	321,194	100%
Total application of funds	428,636	100%	321,194	100%

(Figures in EUR/000)	30.06.2022	31/12/2021
Cash and cash equivalents	80,982	68,305
Financial assets other than fixed assets	8,921	2,399
Cash-pooling account	-	-
Payables to banks due within the period	(72,215)	(29,803)
Payables to other short-term lenders - factoring	(6,721)	(7,291)
Total current financial payables	10,966	33,610
Bonds - short term	(3,000)	(3,000)
Payables for short-term loans	(20,165)	(16,661)
Short-term financial receivables from subsidiaries	-	-
Short-term financial payables to subsidiaries	-	-
Financial derivatives liabilities	(2,230)	(394)
Payables for short-term loans	(14,429)	13,556
Medium/long-term bonds	(8,902)	(10,379)
Payables for medium/long-term loans	(82,932)	(49,044)
Securities	-	-



Medium/long-term financial receivables from subsidiaries	-	-
Net m/l-term financial position	(91,833)	(59,423)
NET FINANCIAL POSITION -NFP	(106,262)	(45,868)
Net equity	(322,373)	(275,326)
Share capital and reserves	(282,230)	(233,007)
Net Income (loss) for the Period	(40,144)	(42,319)
Total Sources of funds	(428,636)	(321,194)

RECLASSIFIED CONSOLIDATED INCOME STATEMENT

(Figures in EUR/000)	30.06.2022	%	30.06.2021	%
Revenues from sales and services	515,558	100%	305,108	100%
Other Revenues and Income	15,619	3%	3,249	1%
Cost of Raw Materials and inventory changes	(382,236)	74%	(200,940)	66%
Service Costs	(36,641)	7%	(29,324)	10%
Costs for use of third party assets	(3,338)	1%	(3,144)	1%
Personnel Costs	(38,554)	7%	(36,416)	12%
Provisions	(828)	0%	(30)	0%
Other Operating Costs	(4,407)	1%	(2,200)	1%
EBITDA	65,173	13%	36,303	12%
Depreciation/Amortisation	(12,325)	2%	(11,836)	4%
Net Financial Income and Charges	(1,933)	0%	(1,344)	0%
Value adjustments to financial assets	(2,034)	0%	(2,851)	1%
Income (loss) before taxes	48,881	9%	20,272	7%
Income tax	(8,737)	2%	(4,185)	1%
Net Income (loss) for the Period	40,144	8%	16,088	5%

Note that the group companies have prudently recorded a provision for inventory to cover the extra cost of electricity as detailed below:

Warehouse fund	Euro
Cogne FRA	426.970
Cogne UK	272.223
Cogne ED	545.432
Metalinox	455.907
Cogne TUR	68.437
Stainless Bars	1.579.523
Cogne DCSP	1.189.222
Total	4.537.714

**RECONCILIATION STATEMENT OF CONSOLIDATED NET EQUITY**

Reconciliation of shareholders' equity	Shareholders' equity	Profit/(Loss) for the year	Minority interests	Profit (losses) attributable to minority
Parent company	287.976.097	22.199.366		
Leasing IAS 17	1.000.699	257.578		
Contribution of companies to the group	33.921.856	17.775.538	0	-
Dividend elimination	-	-		
Goodwill	1.204.331	(109.485)		
Elimination of Capital Gain and other intercompany items	(211.207)	23.745	-	-
Tax effect on consolidation adjustments	381.572	(3.213)	-	-
Intra-group inventory markup	(1.900.000)	-		
Total consolidation adjustments	34.397.250	17.944.163	0	-
CONSOLIDATED FINANCIAL STATEMENTS	322.373.347	40.143.529	0	

Aosta, 28 July 2022

On behalf of the Board of Directors
The Chairman
Giuseppe Marzorati